

Less than half of privately held businesses have specialist staff to detect fraud



Less than half (45 per cent) of privately held businesses have specialist staff in place to detect and prevent fraud, according to the International Business Report, produced by Grant Thornton International. Regionally, the NAFTA (North American Free Trade Agreement) countries have the most PHBs reporting specialist staff (58 per cent) while at 26 per cent, East Asia has the lowest percentage.

Ken Sharp, Grant Thornton International global leader for assurance services says: "Globally, fraud costs businesses billions of dollars each year. It is important for privately held businesses to take steps to protect themselves against fraud. Whether specialists are employed or not, processes should be in place to ensure that potentially fraudulent activity is caught in the early stages. As the global economy weakens, and jobs are under threat, the temptation to commit fraud could increase. Businesses should be extra vigilant in these difficult times to ensure that their business is protected."

In those businesses which employ people to detect and prevent fraud, the number of people involved in anti-fraud activity has increased by 12 per cent globally. Regionally, NAFTA countries lead the way with a 16 per cent increase, while the European Union reports a six per cent increase.

The Philippines not only has the highest percentage of PHBs reporting having employees in place to detect and prevent fraud (72 per cent), but those businesses also report the highest increase of those employees (60 per cent).

To protect themselves from fraud, it is important for businesses to understand the damage that fraud can inflict on them. Owners and managers can develop an anti-fraud culture and introduce appropriate policies, controls and procedures to prevent fraud. They can implement systems and procedures aiming to catch fraud in its early stages. In the event that an investigation becomes necessary, they should keep an up to date fraud response plan. It is also important to have an up to date insurance policy that is consistent with current business risks.

Jay Ramesh Managing Partner of Grant Thornton in Botswana comments "It is commendable to note that Botswana businesses rank above average in the percentage of privately held businesses employing specialists to detect fraud. This awareness has to increase further as the size of the businesses grow further in Botswana with the positive change in the economic scenario.

Introduction of internal controls coupled with regular monitoring of those controls and placing more reliance on authentic internal audit procedures will further enhance the detection of frauds and consequent loss of profit through fraud”

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Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey’s name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 16 years of trend data for original EBS participants and 6 years for original IBOS countries. The 16 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 6 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2008, this will result in a donation of over US\$39,000.

The research was conducted by Experian Business Strategies Limited. To find out more about IBR and to obtain details of IBR reports and results please visit www.internationalbusinessreport.com.