

**OCCUPATIONAL FRAUD 2024:
A REPORT TO
THE NATIONS**

How Employee Fraud is Harming Your Organization

A first look at the ACFE's
2024 Report to the Nations

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CEO, Association of Certified
Fraud Examiners

About the study

- 13th edition
- Cases not companies
- 1,921 cases
- 138 countries
- 22 industries
- \$3.1 billion
- Goal: to raise awareness and improve anti-fraud efforts
- [ACFE.com/rtnn](https://www.acfe.com/rtnn)

INFORM YOUR FRAUD RISK ASSESSMENTS.
Use heat maps to understand the frequency and significance of occupational fraud risks.

- **PAGE 13:** Which Asset Misappropriation Schemes Present the Greatest Risk?
- **PAGE 26:** What Are the Most Common Occupational Fraud Schemes in Various Industries?
- **PAGE 56:** What Are the Most Common Occupational Fraud Schemes in High-Risk Departments?

Less risk More risk

BENCHMARK YOUR ANTI-FRAUD PROGRAM.
Compare the components of your anti-fraud program against other organizations.

- **PAGE 38:** What Anti-Fraud Controls Are Most Common?
- **PAGE 44:** How Do Anti-Fraud Controls Vary by Size of Victim Organization?
- **PAGES 82-87:** What Anti-Fraud Controls Are the Most Common In the Region?

IMPROVE YOUR FRAUD PREVENTION AND DETECTION EFFORTS.
Recognize how frauds are most commonly and most quickly detected. Implement the controls that are most effective at preventing and detecting fraud.

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SELL FRAUD PREVENTION TO MANAGEMENT AND CLIENTS.
Demonstrate the risk of occupational fraud to your organization and show the ROI on anti-fraud investments.

- **PAGE 9:** The Global Cost of Fraud
- **PAGE 40:** How Does the Presence of Anti-Fraud Controls Relate to Median Loss?
- **PAGES 42-43:** The Importance of Providing Fraud Awareness Training

MEDIAN LOSS PER CASE
\$145,000

AVERAGE LOSS PER CASE
\$1,662,000

UNDERSTAND WHO PUTS YOUR ORGANIZATION AT THE GREATEST RISK.
Identify what groups are associated with more frequent or more costly incidents of fraud. Recognize the most common behavioral red flags of fraud to identify high-risk individuals.

- **PAGE 56:** What Departments Pose the Greatest Risk for Occupational Fraud?
- **PAGE 57:** Profile of a Fraudster

84% of all fraudsters

EDUCATE OTHERS ABOUT OCCUPATIONAL FRAUD AND WAYS TO EFFECTIVELY COMBAT IT.
Download and share with management, clients, or your anti-fraud team. Use charts, graphs, and findings from the report in your own internal or external presentations. Include customized points in discussions with management or clients, or as part of fraud awareness training programs.

- **PAGES 4-5:** Key Findings

What does occupational fraud cost?



What does occupational fraud cost?



- **\$1,662,000** average loss per case
- **\$3.1 Billion** in losses from cases in our study
- **22%** of cases with losses of \$1 million+

What does occupational fraud cost?

VICTIM ORGANIZATION					
Category	Cases	25 th percentile	Median (50 th percentile)	75 th percentile	Mean*
Region:					
Asia-Pacific	179	\$50,000	\$200,000	\$1,200,000	\$2,684,000
Eastern Europe and Western/Central Asia	64	\$62,000	\$200,000	\$575,000	\$976,000
Latin America and the Caribbean	93	\$37,000	\$250,000	\$878,000	\$1,710,000
Middle East and North Africa	116	\$25,000	\$163,000	\$750,000	\$1,412,000
Southern Asia	123	\$20,000	\$100,000	\$500,000	\$1,696,000
Sub-Saharan Africa	295	\$20,000	\$128,000	\$696,000	\$1,758,000
United States and Canada	613	\$24,000	\$120,000	\$500,000	\$1,249,000
Western Europe	114	\$50,000	\$181,000	\$1,000,000	\$2,100,000
Organization type:					
Private company	708	\$25,000	\$150,000	\$700,000	\$1,380,000
Public company	442	\$28,000	\$150,000	\$800,000	\$1,729,000
Nonprofit	164	\$21,000	\$76,000	\$273,000	\$611,000
Government	289	\$30,000	\$150,000	\$868,000	\$2,306,000
National	129	\$46,000	\$210,000	\$1,352,000	\$3,078,000
State/provincial	81	\$15,000	\$92,000	\$358,000	\$949,000
Local	66	\$27,000	\$148,000	\$505,000	\$2,451,000
Organization size:					
<100 employees	340	\$30,000	\$141,000	\$700,000	\$1,348,000
100–999 employees	365	\$20,000	\$130,000	\$693,000	\$1,615,000
1,000–9,999 employees	520	\$22,000	\$102,000	\$500,000	\$1,606,000
10,000+ employees	435	\$37,000	\$200,000	\$1,000,000	\$1,833,000

What does occupational fraud cost?

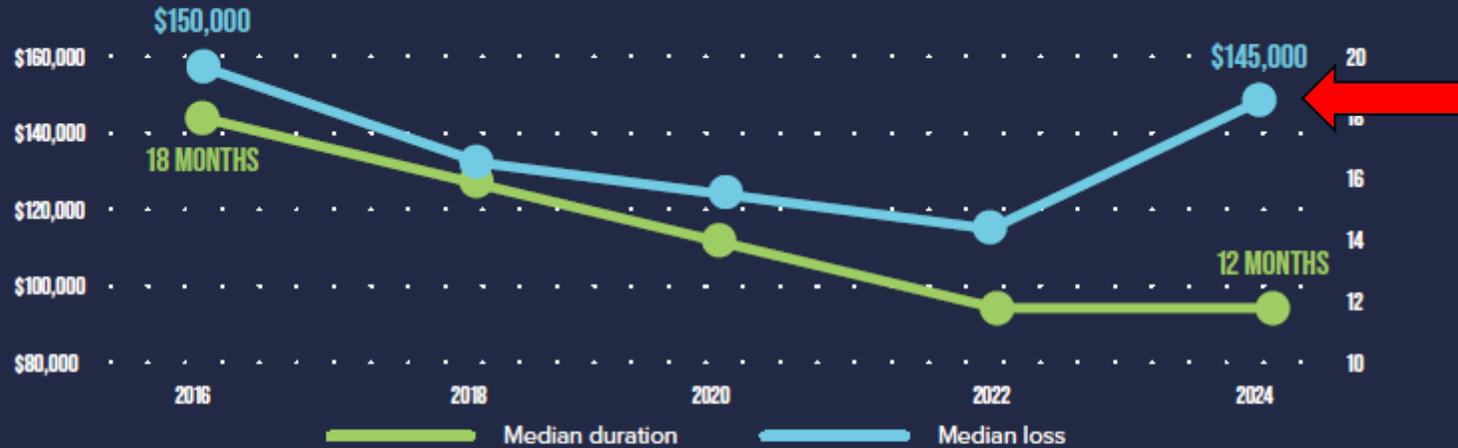
VICTIM ORGANIZATION					
Category	Cases	25 th percentile	Median (50 th percentile)	75 th percentile	Mean*
Industry:					
Banking and financial services	299	\$16,000	\$120,000	\$686,000	\$1,627,000
Government and public administration	168	\$43,000	\$200,000	\$1,000,000	\$2,451,000
Manufacturing	174	\$69,000	\$267,000	\$1,200,000	\$1,816,000
Health care	112	\$25,000	\$100,000	\$488,000	\$721,000
Retail	78	\$15,000	\$48,000	\$250,000	\$1,361,000
Energy	75	\$20,000	\$152,000	\$1,100,000	\$2,603,000
Construction	71	\$81,000	\$250,000	\$1,000,000	\$1,499,000
Education	68	\$14,000	\$50,000	\$330,000	\$1,037,000
Insurance	68	\$29,000	\$190,000	\$771,000	\$2,135,000
Technology	64	\$29,000	\$145,000	\$1,200,000	\$1,610,000
Religious, charitable, or social services	57	\$20,000	\$85,000	\$268,000	\$718,000
Transportation and warehousing	55	\$50,000	\$121,000	\$750,000	\$1,583,000
Information (e.g., publishing, media, telecommunications)	50	\$25,000	\$166,000	\$1,000,000	\$1,170,000
Agriculture, forestry, fishing, and hunting	40	\$42,000	\$165,000	\$890,000	\$1,027,000
Services (other)	40	\$44,000	\$170,000	\$1,188,000	\$1,735,000
Services (professional)	39	\$28,000	\$100,000	\$750,000	\$1,008,000
Food service and hospitality	35	\$10,000	\$100,000	\$300,000	\$1,174,000
Arts, entertainment, and recreation	34	\$10,000	\$44,000	\$263,000	\$217,000
Utilities	31	\$15,000	\$100,000	\$300,000	\$1,133,000
Real estate	29	\$45,000	\$200,000	\$1,400,000	\$2,328,000
Mining	24	\$200,000	\$550,000	\$2,395,000	\$2,912,000
Wholesale trade	15	\$21,000	\$361,000	\$1,000,000	\$3,940,000

Covid Impact?

After seeing a decline in fraud losses over several studies, the median loss of frauds that occurred during the pandemic increased notably, even while the time to detection did not change.



MEDIAN LOSS UP 24%
from 2022–2024



MEDIAN LOSSES FOR ALL THREE PRIMARY CATEGORIES OF OCCUPATIONAL FRAUD INCREASED FROM 2022–2024



	2022	2024	CHANGE
Financial statement fraud	\$593,000	\$766,000	↑ 29%
Corruption	\$150,000	\$200,000	↑ 33%
Asset misappropriation	\$100,000	\$120,000	↑ 20%



Covid Impact?

CASES INVOLVING MORE THAN 1 PERPETRATOR



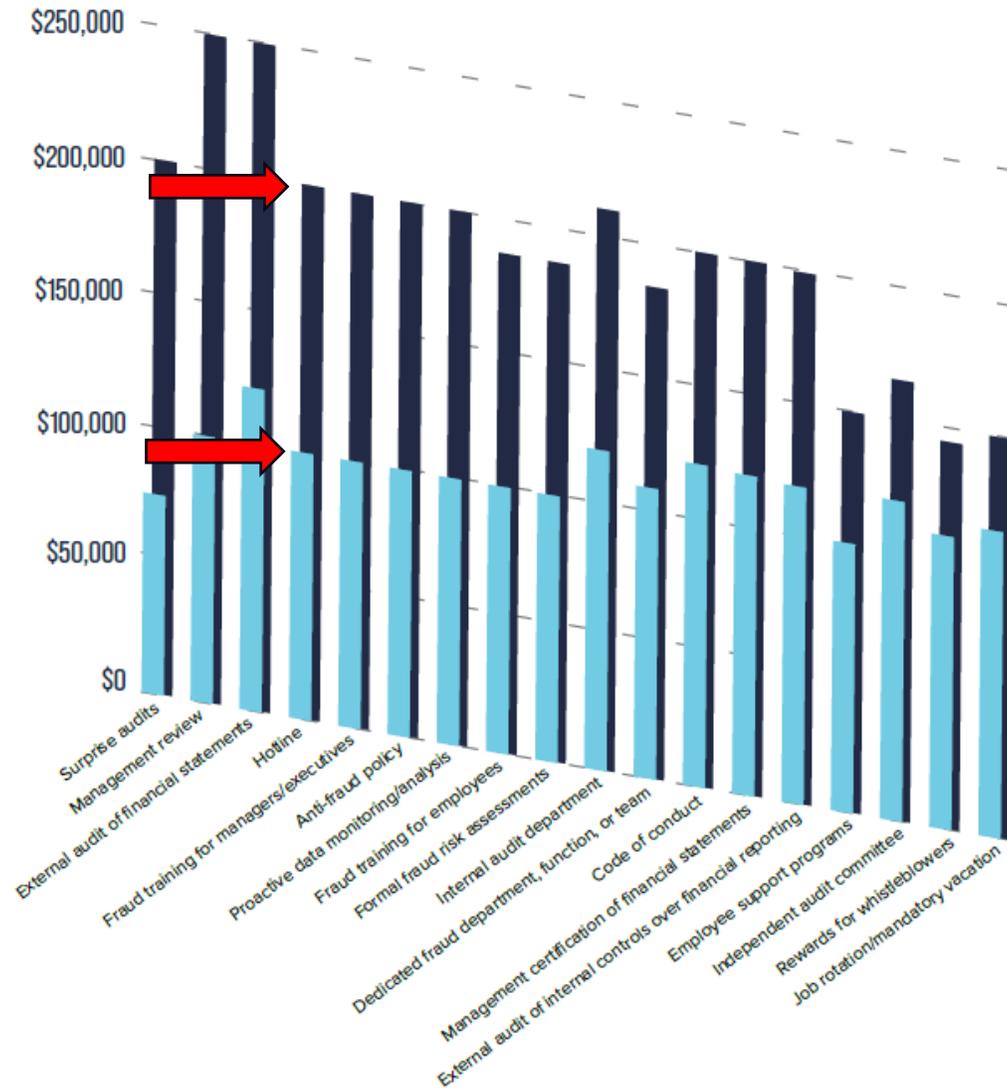
The trend of **INCREASING COLLUSION** among perpetrators **SLIGHTLY REVERSED** during the pandemic.

Anti-fraud controls

All 18 controls we tested were associated with lower losses.

All 18 were also associated with shorter duration.

This can help demonstrate ROI on your investment in anti-fraud programs.

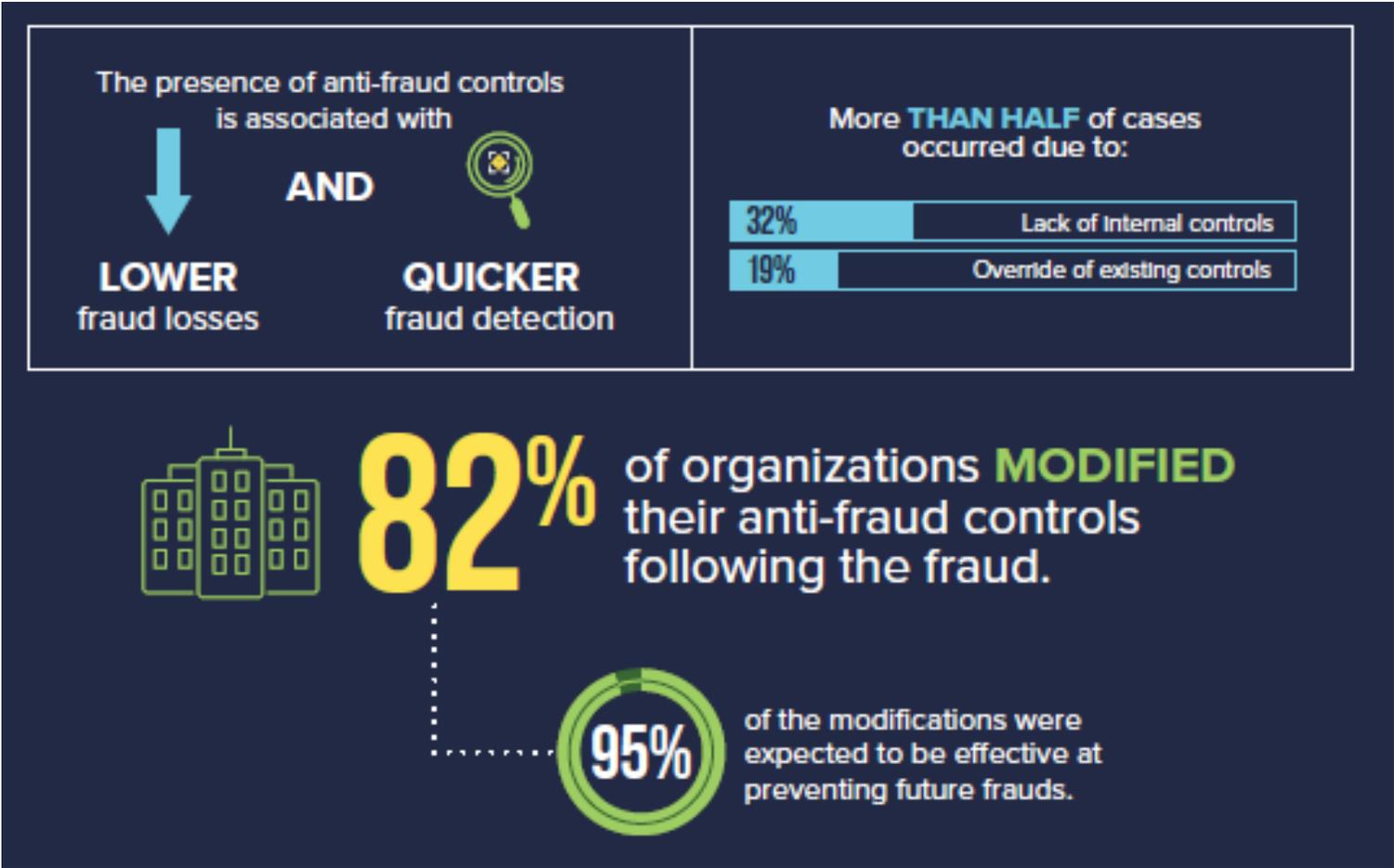


Legend:
 ■ Median loss with control in place (light blue)
 ■ Median loss without control in place (dark blue)

Anti-fraud controls

Control	Percent of cases	Control in place	Control not in place	Percent reduction
Surprise audits	→ 42%	\$75,000	\$200,000	63%
Management review	72%	\$100,000	\$250,000	60%
External audit of financial statements	84%	\$121,000	\$250,000	52%
Hotline	71%	\$100,000	\$200,000	50%
Fraud training for managers/executives	62%	\$100,000	\$200,000	50%
Anti-fraud policy	60%	\$100,000	\$200,000	50%
Proactive data monitoring/analysis	→ 45%	\$100,000	\$200,000	50%
Fraud training for employees	63%	\$100,000	\$187,000	47%
Formal fraud risk assessments	→ 48%	\$100,000	\$187,000	47%
Internal audit department	80%	\$120,000	\$210,000	43%
Dedicated fraud department, function, or team	50%	\$109,000	\$184,000	41%
Code of conduct	85%	\$121,000	\$200,000	40%
Management certification of financial statements	77%	\$120,000	\$200,000	40%
External audit of internal controls over financial reporting	72%	\$119,000	\$199,000	40%
Employee support programs	59%	\$101,000	\$150,000	33%
Independent audit committee	68%	\$120,000	\$165,000	27%
Rewards for whistleblowers	14%	\$110,000	\$145,000	24%
Job rotation/mandatory vacation	23%	\$115,000	\$150,000	23%

Anti-fraud controls

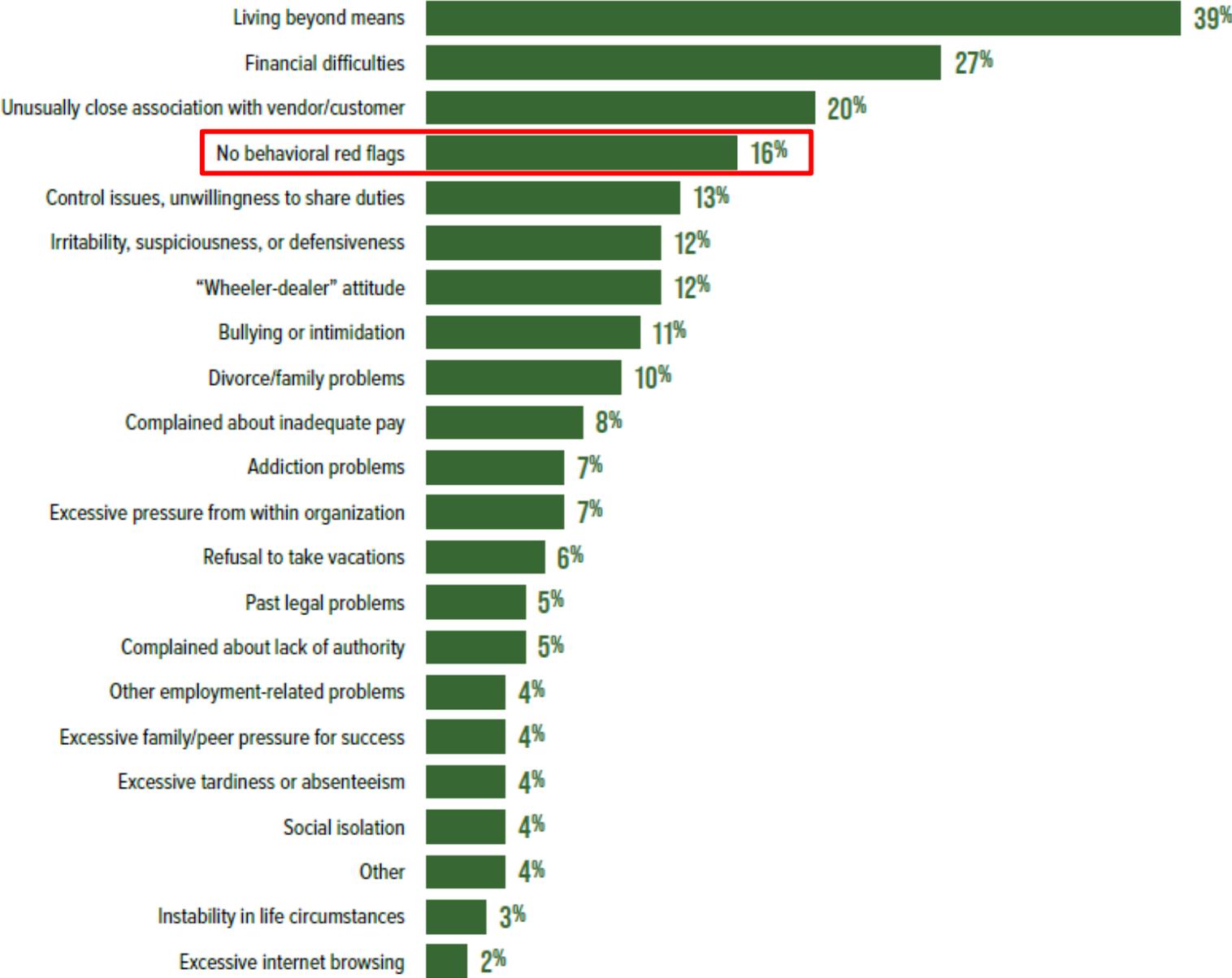


Behavioral Flags

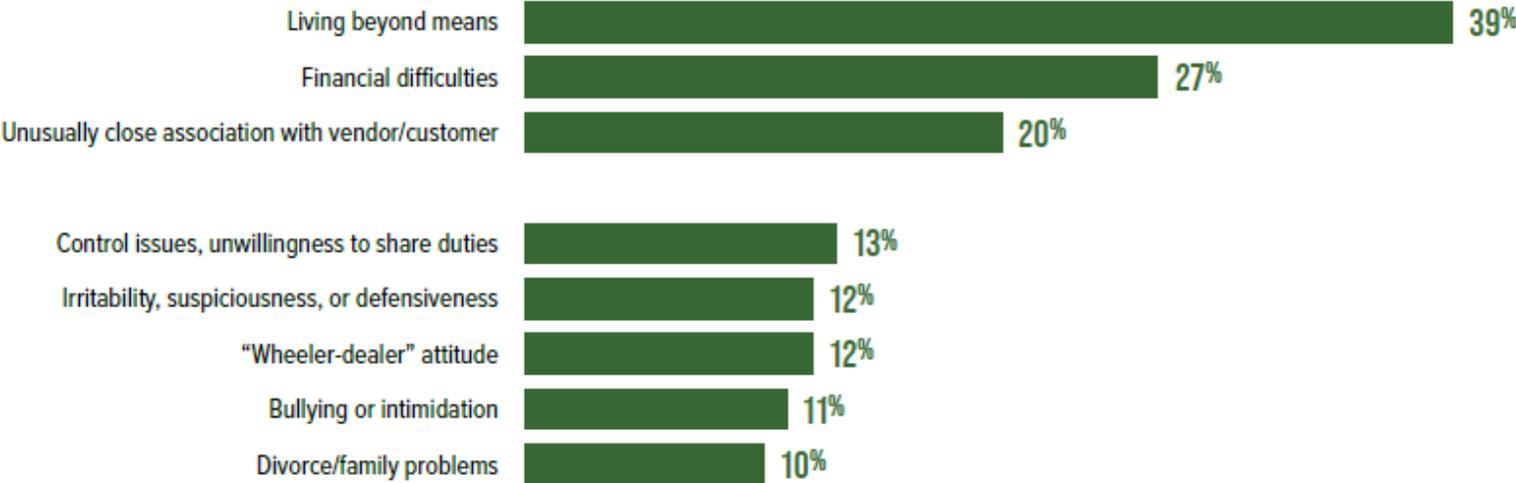


- Occupational fraud is a behavioral problem
 - 95% first time offenders
 - 85% clean employment history
- All three factors need to be present

Behavioral Flags



Behavioral Flags



Behavioral Flags

75% of fraudsters displayed at least one of the **8 MOST COMMON** behavioral clues; each of these **BEHAVIORAL RED FLAGS** was observed in **AT LEAST 10%** of cases.



39%

Living beyond means



27%

Financial difficulties



20%

Unusually close association with vendor/customer



13%

Control issues, unwillingness to share duties



12%

Irritability, suspiciousness, or defensiveness



12%

“Wheeler-dealer” attitude



11%

Bullying or intimidation



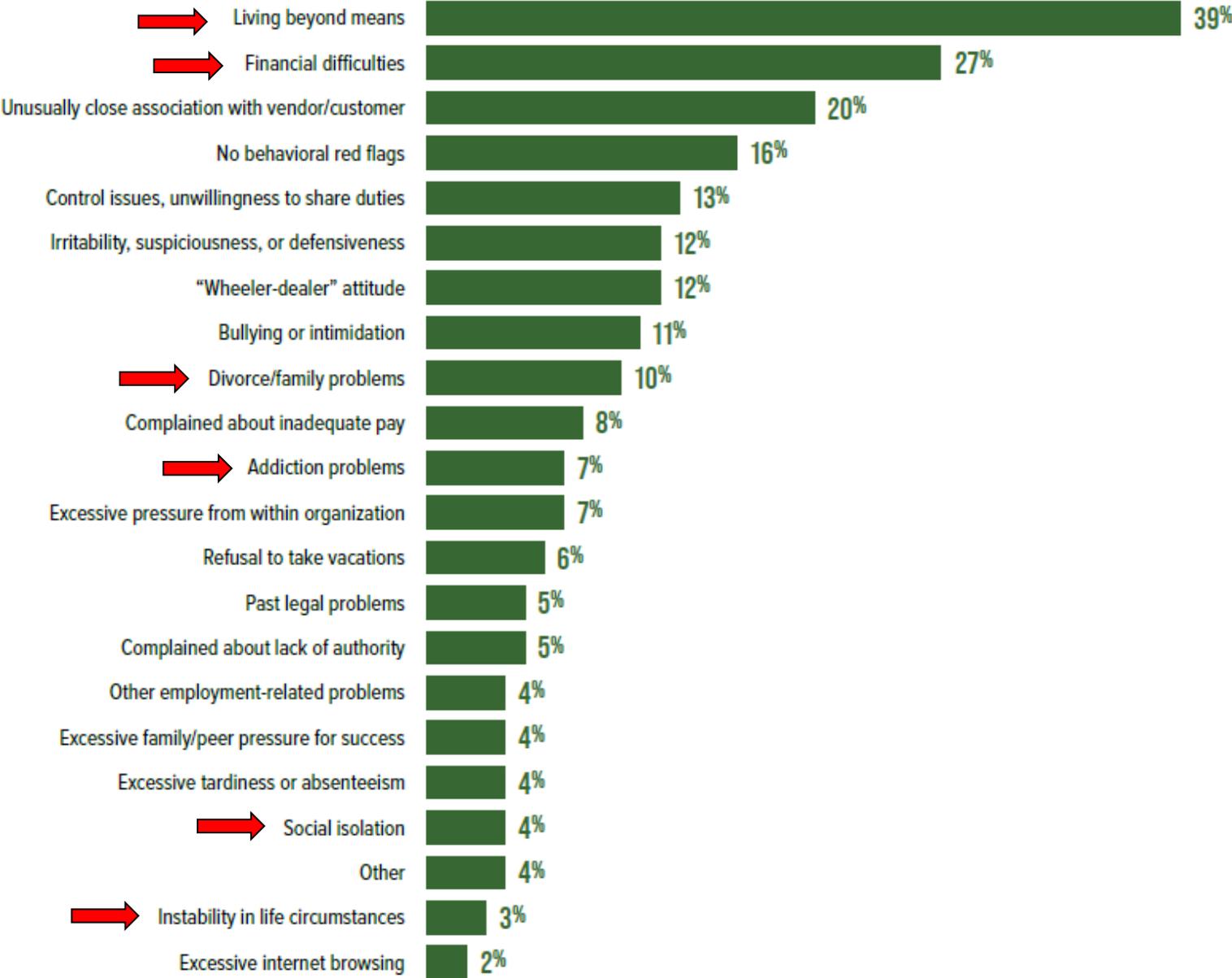
10%

Divorce/family problems

Nathan Mueller



Behavioral Flags



Detecting Fraud

Tips are the #1 way fraud is detected. Always!

More than half come from employees

33% came from outside the organization

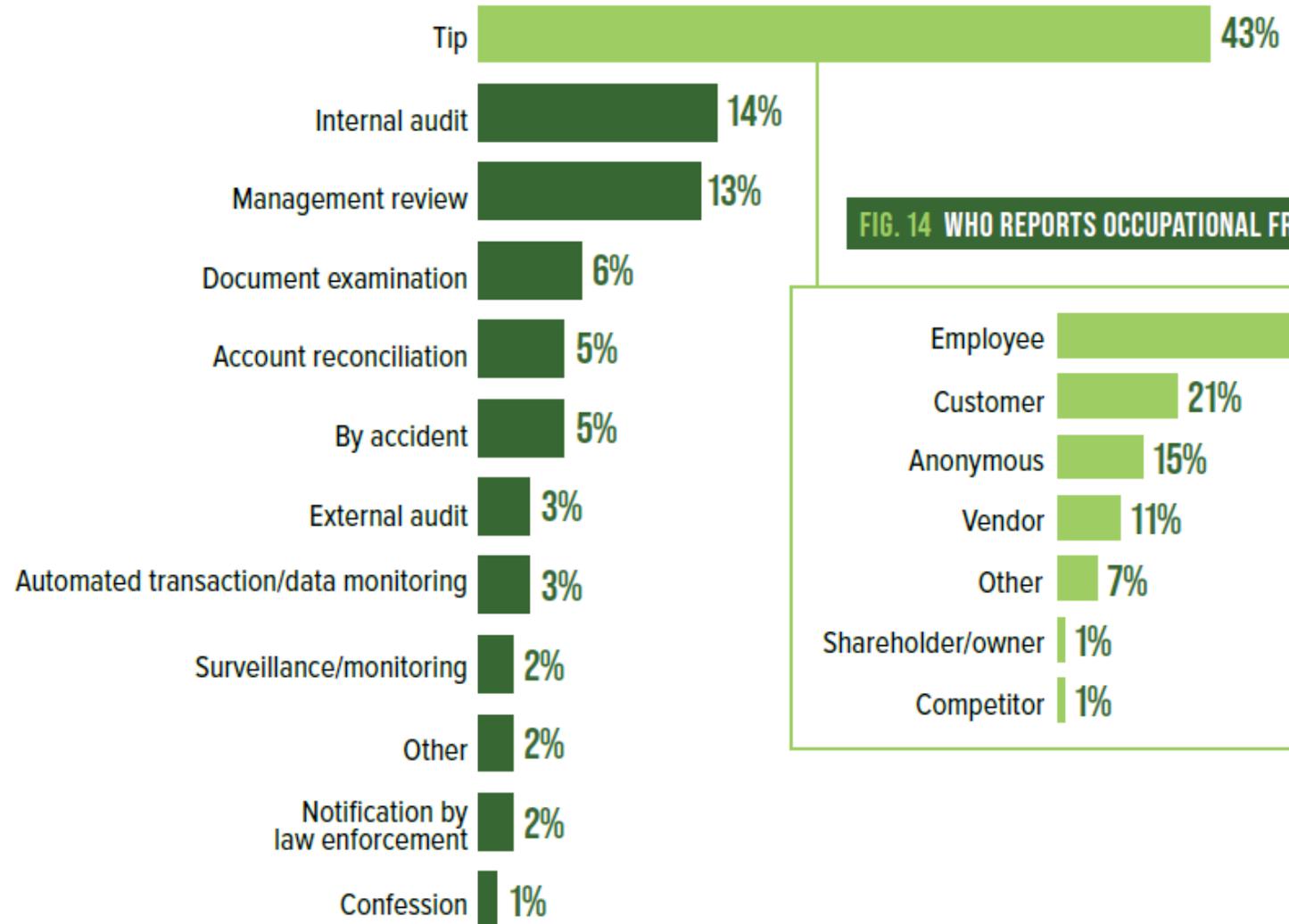
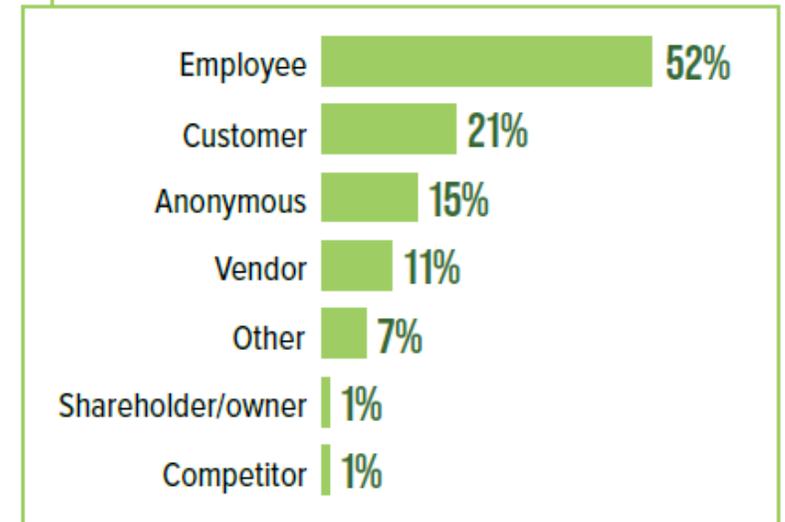


FIG. 14 WHO REPORTS OCCUPATIONAL FRAUD?



Fraud Awareness Training

THE IMPORTANCE OF PROVIDING FRAUD AWARENESS TRAINING

Providing fraud awareness training to staff at all levels of an organization is a vital part of a comprehensive anti-fraud program. Our study shows that training employees, managers, and executives about the risks and costs of fraud can help reduce fraud losses and ensure frauds are caught more quickly.

A GROWING PERCENTAGE OF ORGANIZATIONS ARE PROVIDING FRAUD AWARENESS TRAINING FOR THEIR STAFF



Organizations that **DID NOT PROVIDE** fraud awareness training lost nearly **2X MORE.**

TRAINING BOTH employees and managers/executives

\$100,000

TRAINING NEITHER employees nor managers/executives

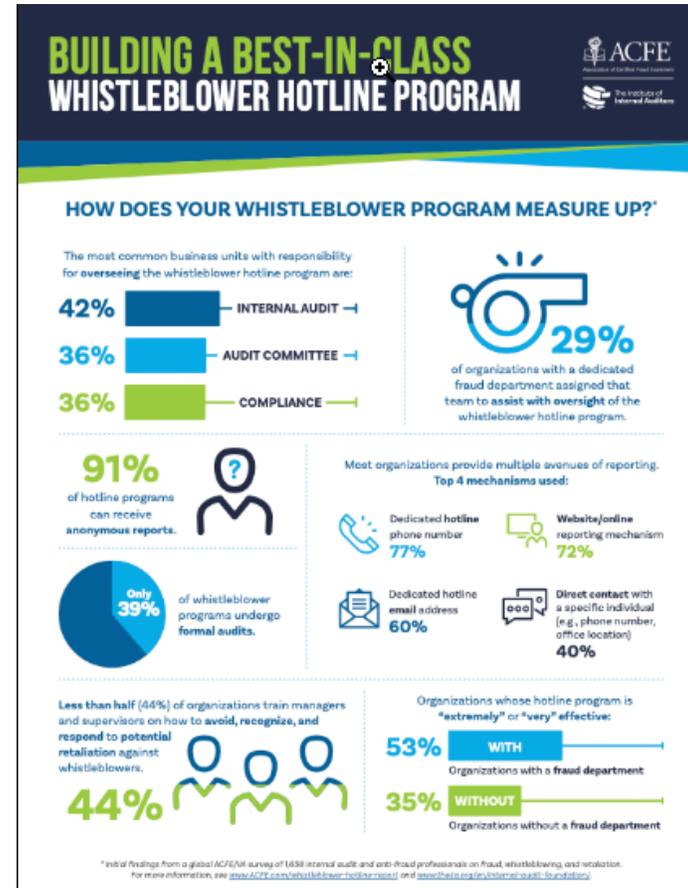
\$199,000



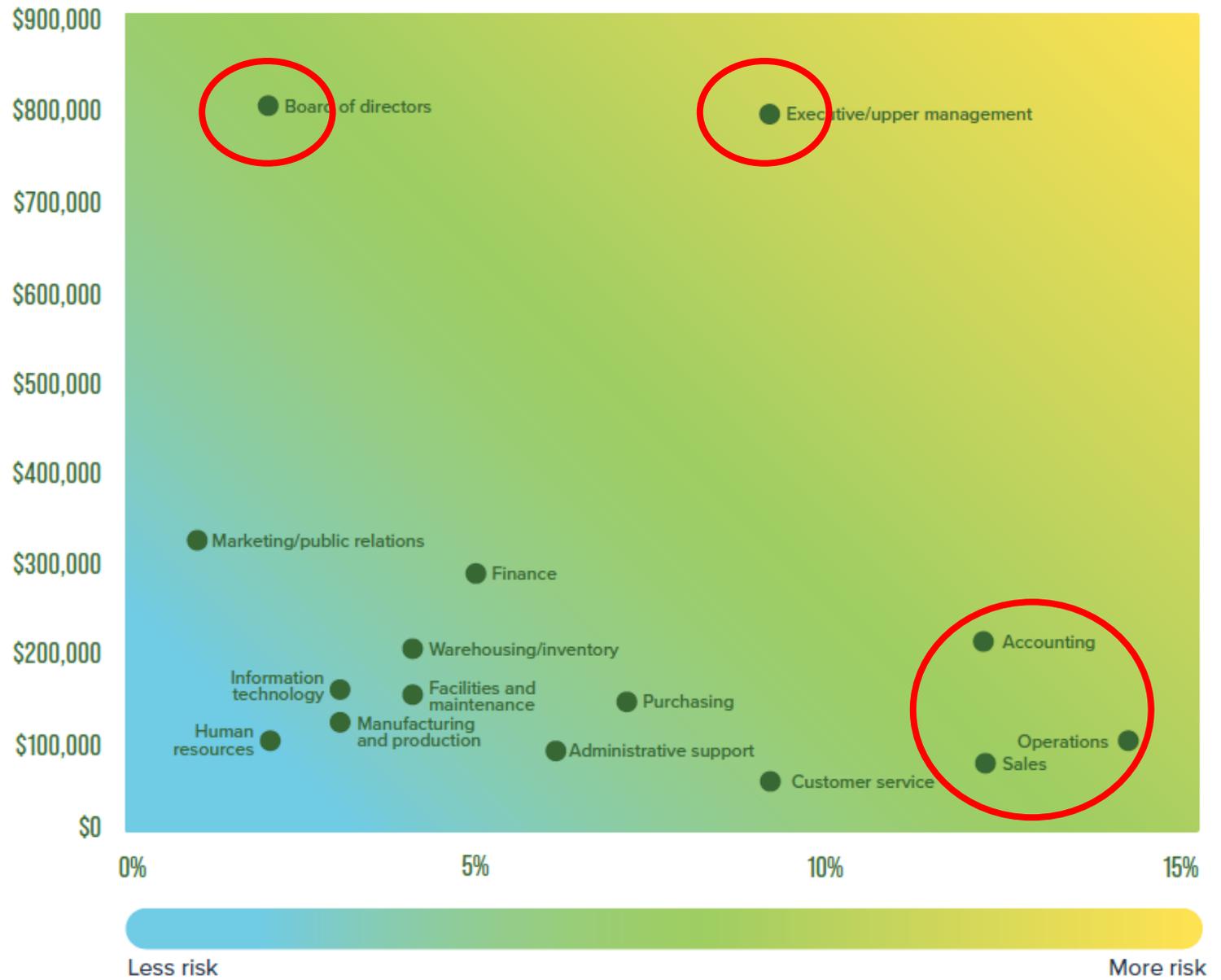
TIPS ARE TWICE as likely to come from employees who received fraud awareness training as from employees who did not.

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Assessing risk: by department



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75% of occupational frauds came from these 8 departments

Department	Cases	Billing	Cash larceny	Cash on hand	Check and payment tampering	Corruption	Expense reimbursements	Financial statement fraud	Noncash	Payroll	Register disbursements	Skimming
Operations	227	22%	7%	10%	8%	44%	13%	2%	20%	12%	2%	8%
Accounting	202	33%	19%	17%	32%	36%	21%	9%	16%	15%	6%	21%
Sales	202	13%	9%	7%	4%	49%	7%	4%	20%	4%	2%	12%
Customer service	154	10%	11%	15%	12%	40%	6%	2%	25%	3%	3%	10%
Executive/upper management	147	33%	11%	10%	14%	65%	24%	11%	18%	16%	4%	8%
Purchasing	109	33%	8%	6%	4%	79%	6%	4%	21%	4%	3%	5%
Administrative support	98	31%	15%	19%	15%	46%	17%	4%	18%	10%	4%	20%
Finance	82	20%	23%	24%	22%	45%	17%	11%	11%	11%	4%	13%

Less risk

More risk

Using the Report

- Educate others
- Improve your fraud prevention and detection efforts
- Benchmark your fraud program
- Sell fraud prevention to management and clients
- Inform your risk assessments
- Understand who puts you at risk

MAKE AN IMPACT: HOW TO USE THE REPORT

Occupational Fraud 2024: A Report to the Nations analyzes 1,921 real cases of occupational fraud that were investigated between January 2022 and September 2023. The findings presented in this report can be used by anti-fraud professionals, organizational management, and others to improve their fraud prevention, detection, and response efforts.

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