Companies Still Unprepared for FCPA, UK Bribery Act

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Objective:
This article summarizes the findings of Kroll’s 2011 Global Fraud Survey and highlights many of the main points from that report. The survey was performed by the Economist Intelligence Unit and involved the polling of 1,265 senior executives from various industries worldwide during June and July 2011.

Key Findings:
- 60% of frauds are committed by a company’s internal personnel, up from 55% in the 2010 report
- Companies cut back on security during difficult economic times as it is a cost and non-revenue-producing business segment
- 47% of respondents considered their company to be vulnerable for a “regulatory or compliance breach”
- Fewer than 30% of the respondents believed that their company had trained managers, vendors, and foreign employees to be familiar and compliant with the Foreign Corrupt Practices Act and UK Bribery Act
- Actual instances of fraud have decreased, but the number of respondents who believe their company is “highly or moderately vulnerable” to fraud increased by 10%-15%

Conclusion:
With the ever-increasing threat of fraud, companies need to maintain high levels of security even during difficult economic times. The authors believe that because of the rising threat of fraud committed by insiders, a key to this is performing detailed screening and background checks on potential employees as well as emphasizing the code of conduct at key points in the hiring process and during the employee’s career progression.