The Oversight Systems Report on Corporate Fraud

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**Objective:**

This survey builds on a similar 2005 survey where company fraud examiners all over the country were asked to report about the relevance of corporate fraud since the implementation of the Sarbanes-Oxley Act in 2002.

**Methods Used:**

86 fraud examiners participated in this invitation-only online survey. Survey participants included anti-fraud professionals such as internal auditors, independent auditors, law enforcement officials, investigators and management consultants.

**Key Findings:**

- More than 75% of the respondents believe that institutional fraud is more prevalent today than in 2002.
- Expense and reimbursement schemes (41%) and extortion (35%) are the greatest sources of corporate fraud.
- 56% of the respondents have personally witnessed financial misconduct in the past year.
- One in five respondents feel that US companies are dishonest.
- Almost 80% of the respondents believe that corporate fraud occurs because of the pressure of meeting quarterly/annual goals. 71% believe that fraud occurs because of the executive’s desire for personal gain.
- 43% of the respondents believe that corporate fraud can be prevented if there is a strong tone of ethics from the top levels of the organization.
- Three quarters of the respondents feel that corporate fraud would reduce if white-collar criminals were prosecuted and sentenced in the same way as violent criminals.

**Conclusion:**

Even after the Sarbanes-Oxley Act, corporate fraud is more prevalent today than it was in 2002, as well as it was in 2005 when a similar survey was done.

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