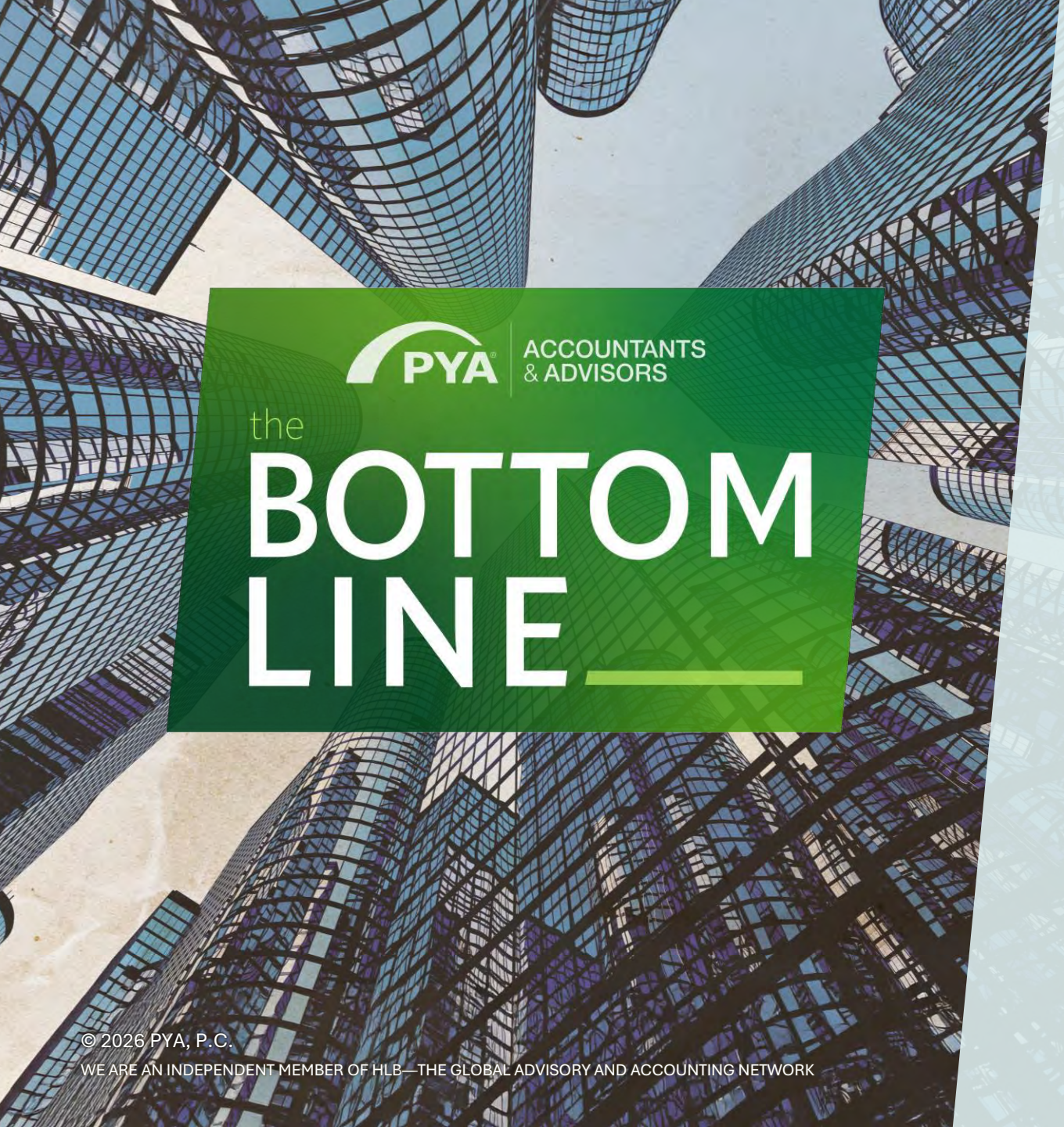


Occupational Fraud:

A Risk Every Organization Faces

September 24, 2026

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WE ARE AN INDEPENDENT MEMBER OF HLB—THE GLOBAL ADVISORY AND ACCOUNTING NETWORK



Introductions



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Today's Agenda

1. Occupational Fraud Fundamentals: What Every Organization Should Know
    a) What is fraud?
    b) Who commits it?
    c) How is it committed?
    d) How is it prevented?
2. The Role of a Forensic Accountant
3. Trends in Fraud and Artificial Intelligence
4. Fraud Prevention and Best Practices

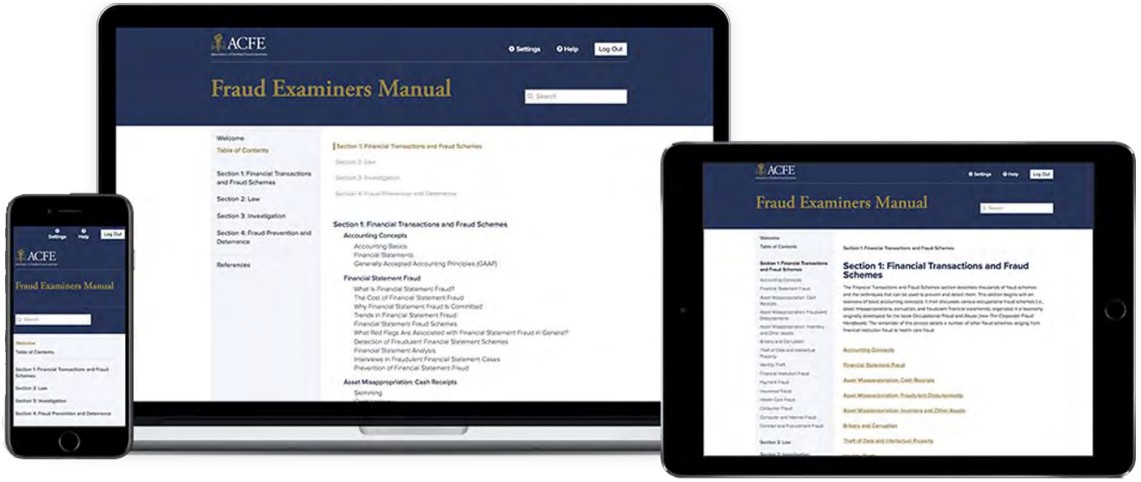


Occupational Fraud Fundamentals:
What Every Organization Should Know

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Key Occupational Fraud Resources and Guidance

- Association of Certified Fraud Examiners (ACFE)
  - *Fraud Examiners Manual*
  - *2026 Report to the Nations*
  - *2026 Anti-Fraud Technology Benchmarking Report*
- **Information from these publications is used throughout this presentation.**







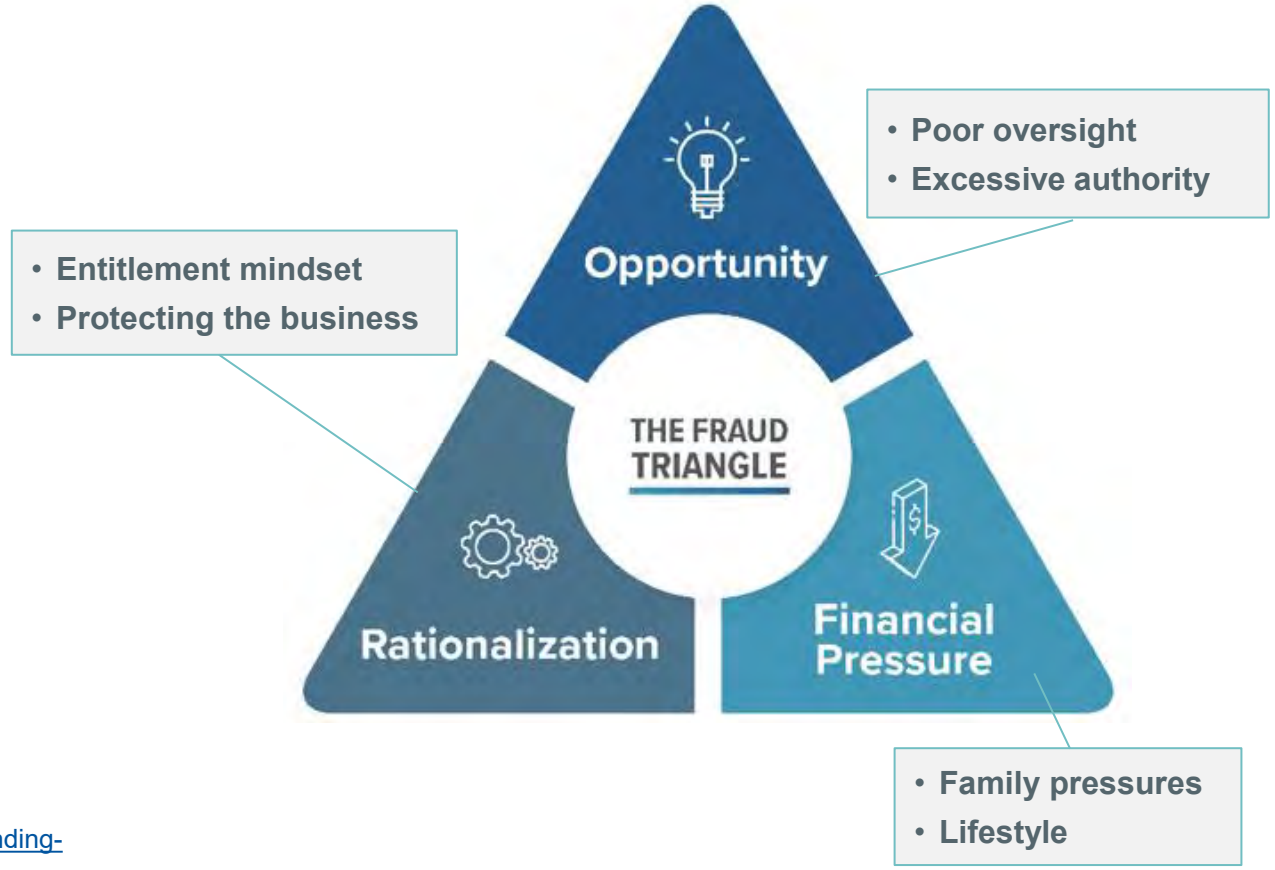
Can be found at:

https://www.acfe.com/training-events-and-products/books-and-manuals

Understanding the Fraud Triangle

Occupational fraud is the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of an organization's resources or assets.

- Financial pressure
  - A "non-shareable" financial problem, often solved with cash or assets
- Opportunity
  - A perception that a crime can be committed without being caught
- Rationalization
  - Justification of the misdeed before the crime is ever committed

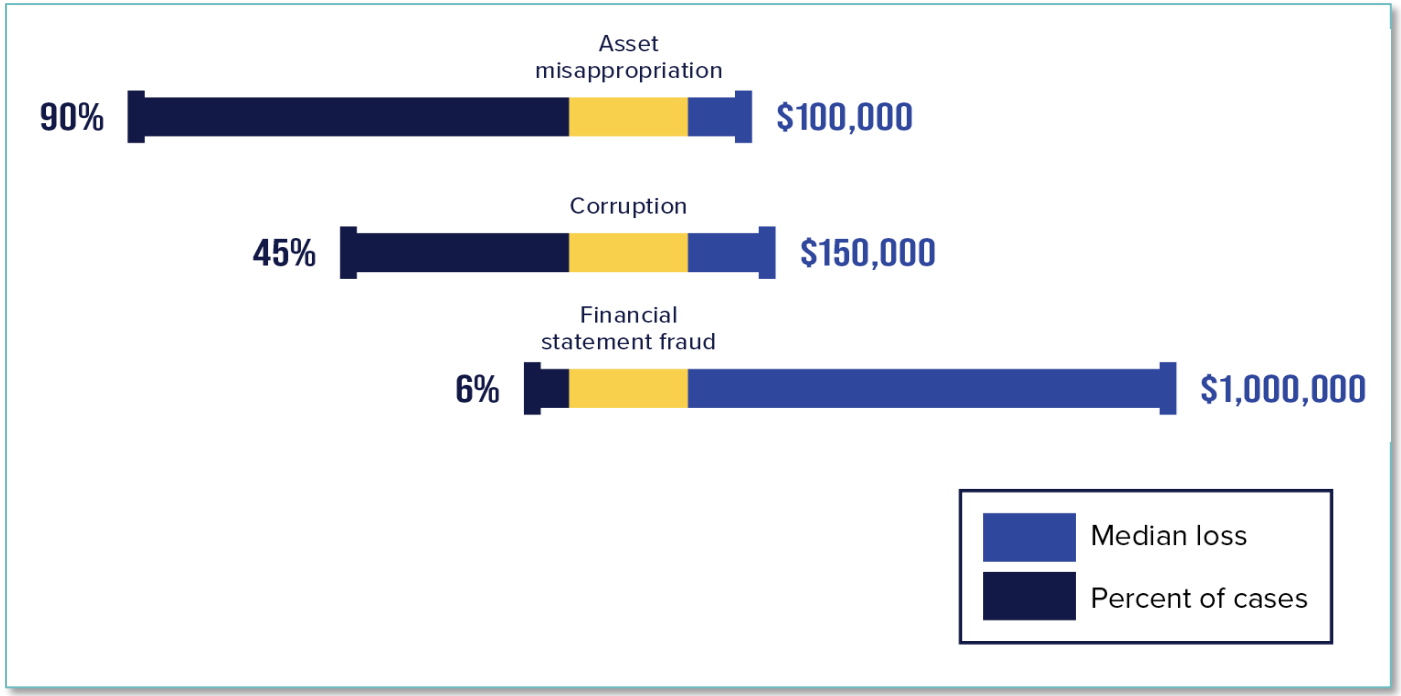


Sources:

- https://bjs.ojp.gov/taxonomy/term/financial-fraud
- https://fraudexaminersmanual.com/section-3-fraud-prevention-and-deterrence/understanding-financial-crime/research-on-occupational-fraud-and-abuse/?highlight=triangle

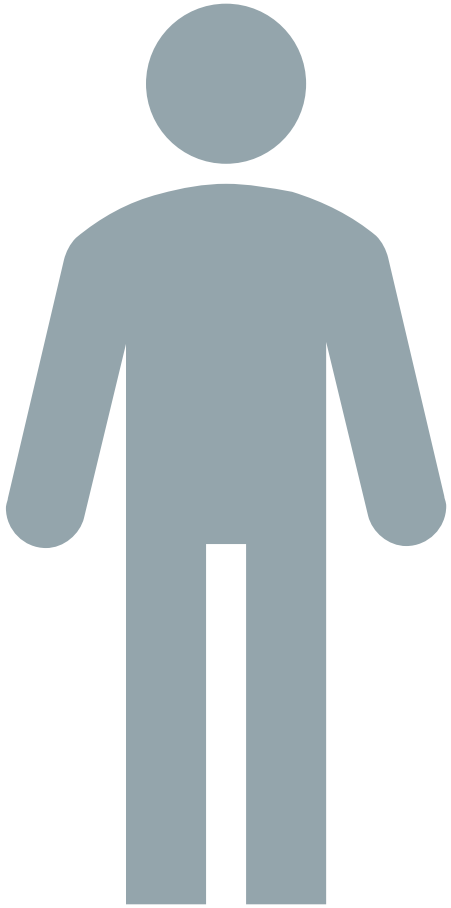
Types of Occupational Fraud

- Asset misappropriation
  - A scheme in which an employee steals or misuses the employing organization's resources
- Financial statement fraud
  - A scheme in which an employee intentionally causes a misstatement or omission of material information in the organization's financial reports
- Corruption
  - A scheme in which an employee misuses their influence in a business transaction in a way that violates their duty to the employer in order to gain a direct or indirect benefit



Source: https://www.acfe.com/fraud-resources/report-to-the-nations

Case Study #1 | Non-Profit Entity



- Gender: Male
- Tenure: 8 years
- Age: Late-Twenties
- Alleged Fraud: $5,000
- Length: 1-time
- Position: Controller
- Outcome: Terminated

Red Flags

- Lifestyle
- Conflict of Interest

Corrective Action

- Segregation of duties
- Internal controls assessment
- Implementation of an automated approval workflow

Common Fraud Myths vs. Reality

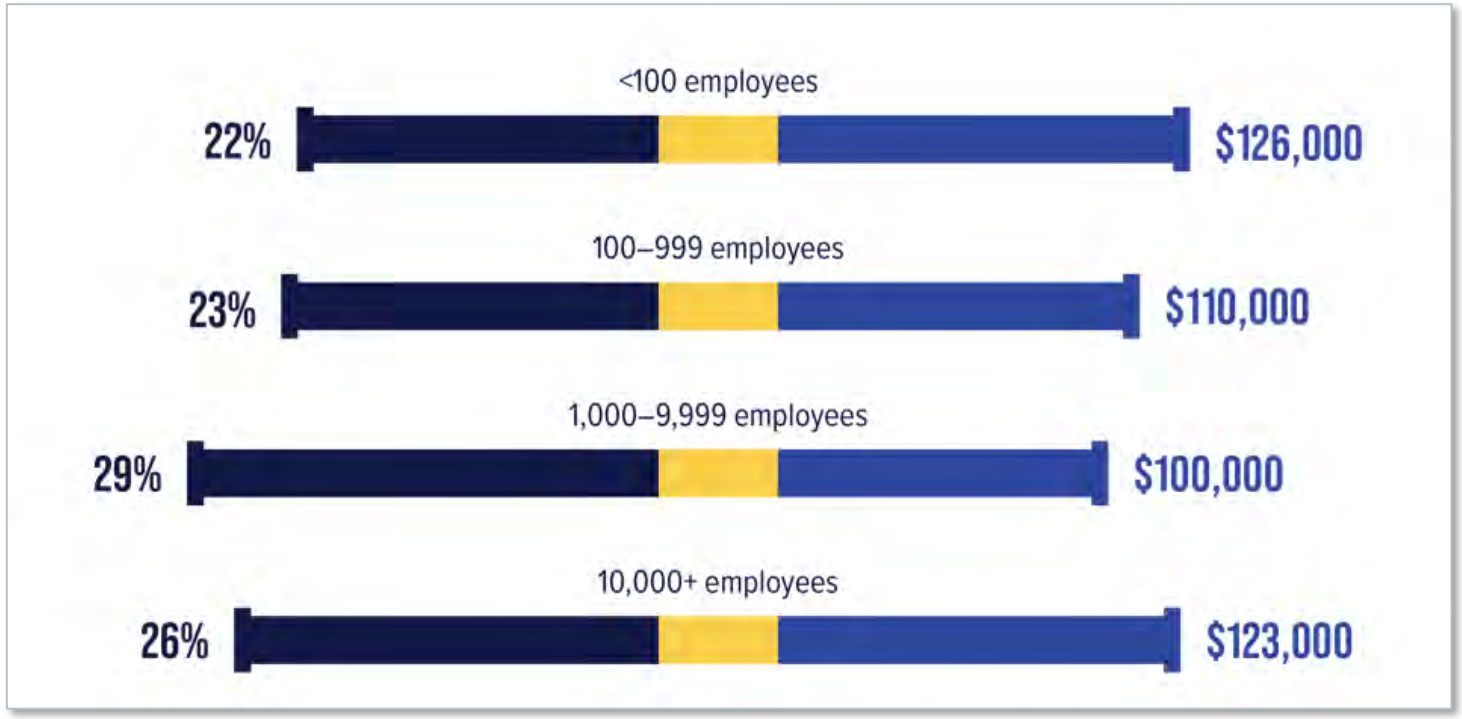
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Myth

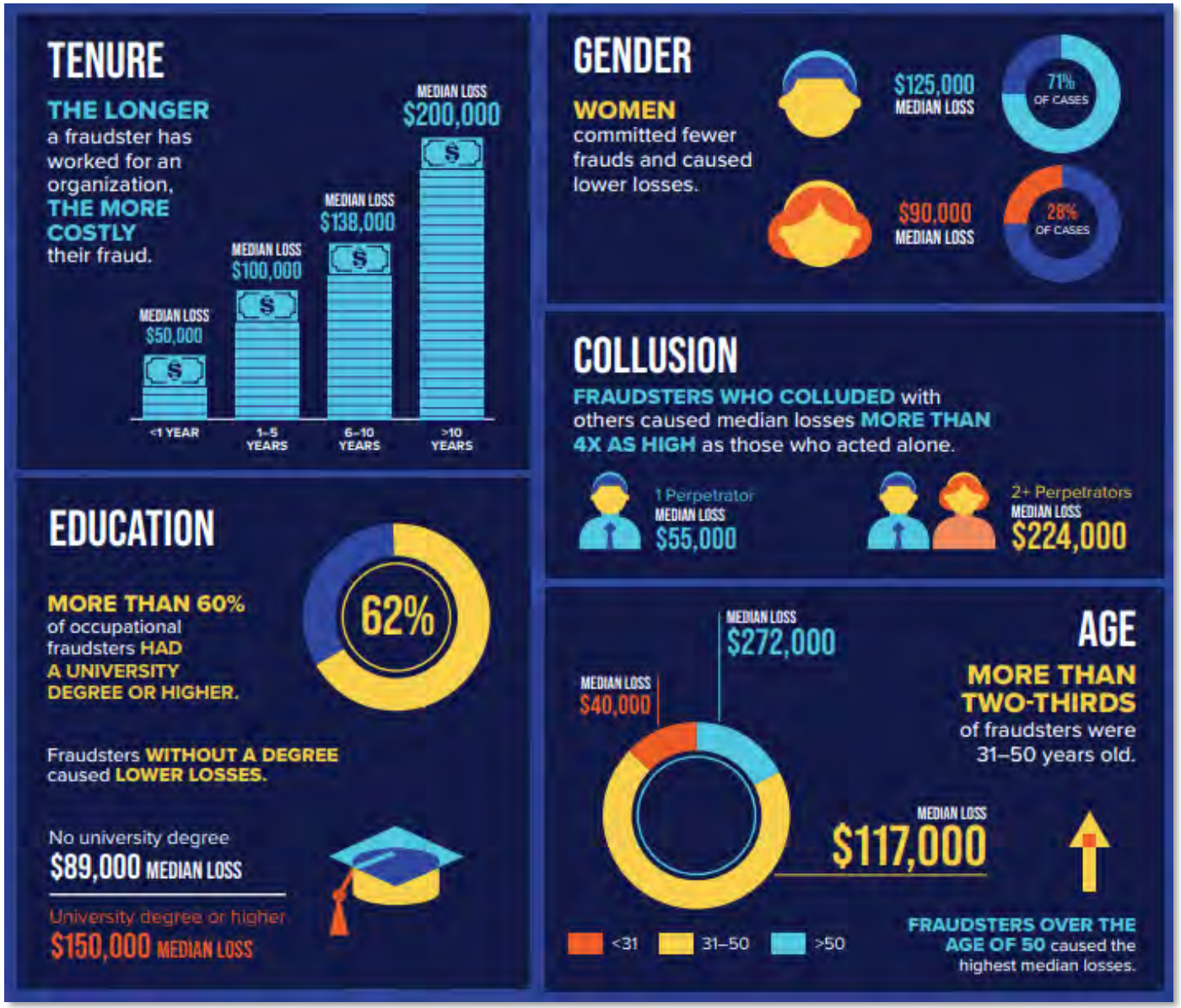
Fraud can only happen in large organizations.

Reality

Every organization is vulnerable.



Source: https://www.acfe.com/fraud-resources/report-to-the-nations



Common Fraud Myths vs. Reality (*cont.*)

Myth

Trusted employees are low risk.

Reality

Many fraudsters are long-tenured, trusted individuals.

Source: https://www.acfe.com/fraud-resources/report-to-the-nations

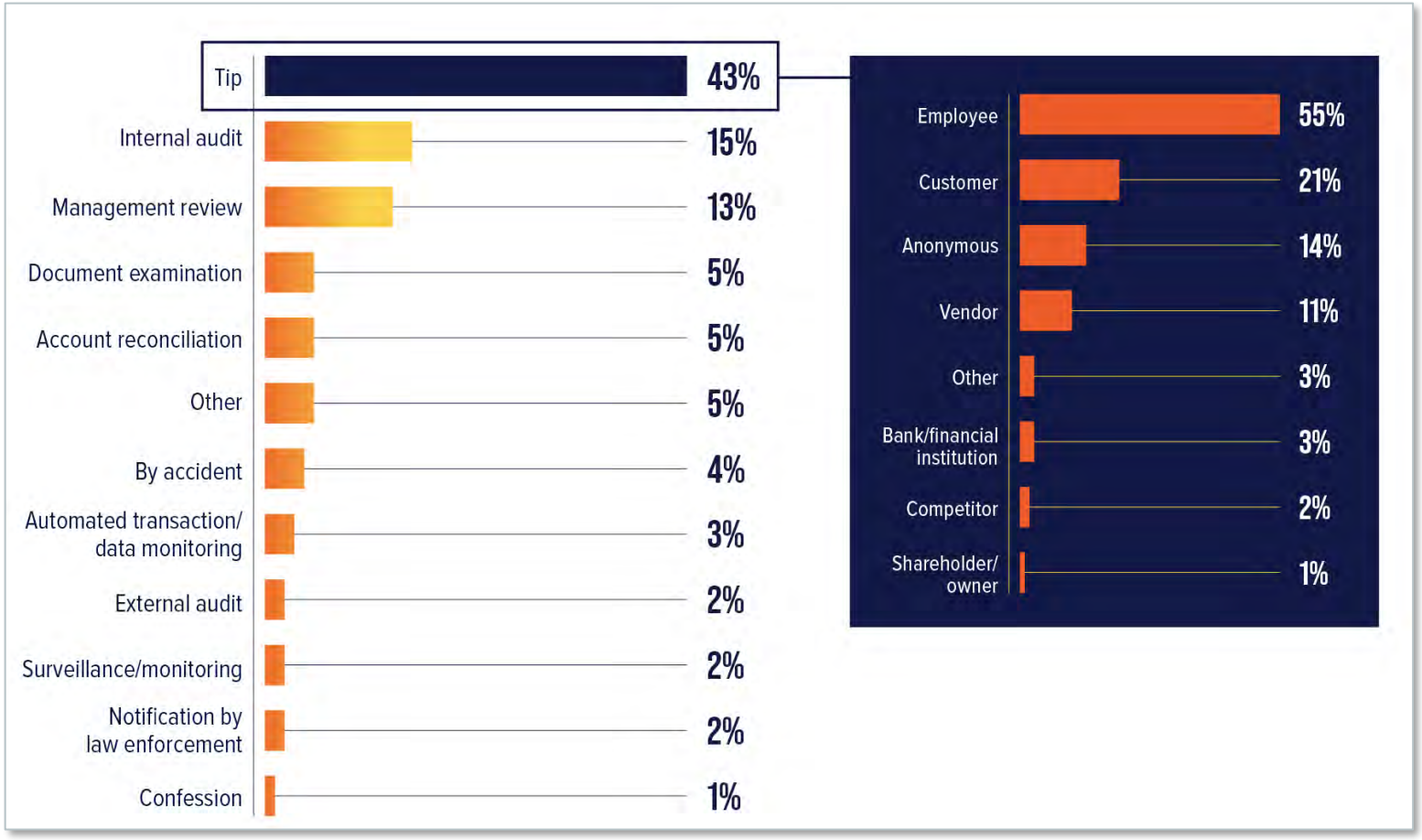
Common Fraud Myths vs. Reality (*cont.*)

Myth

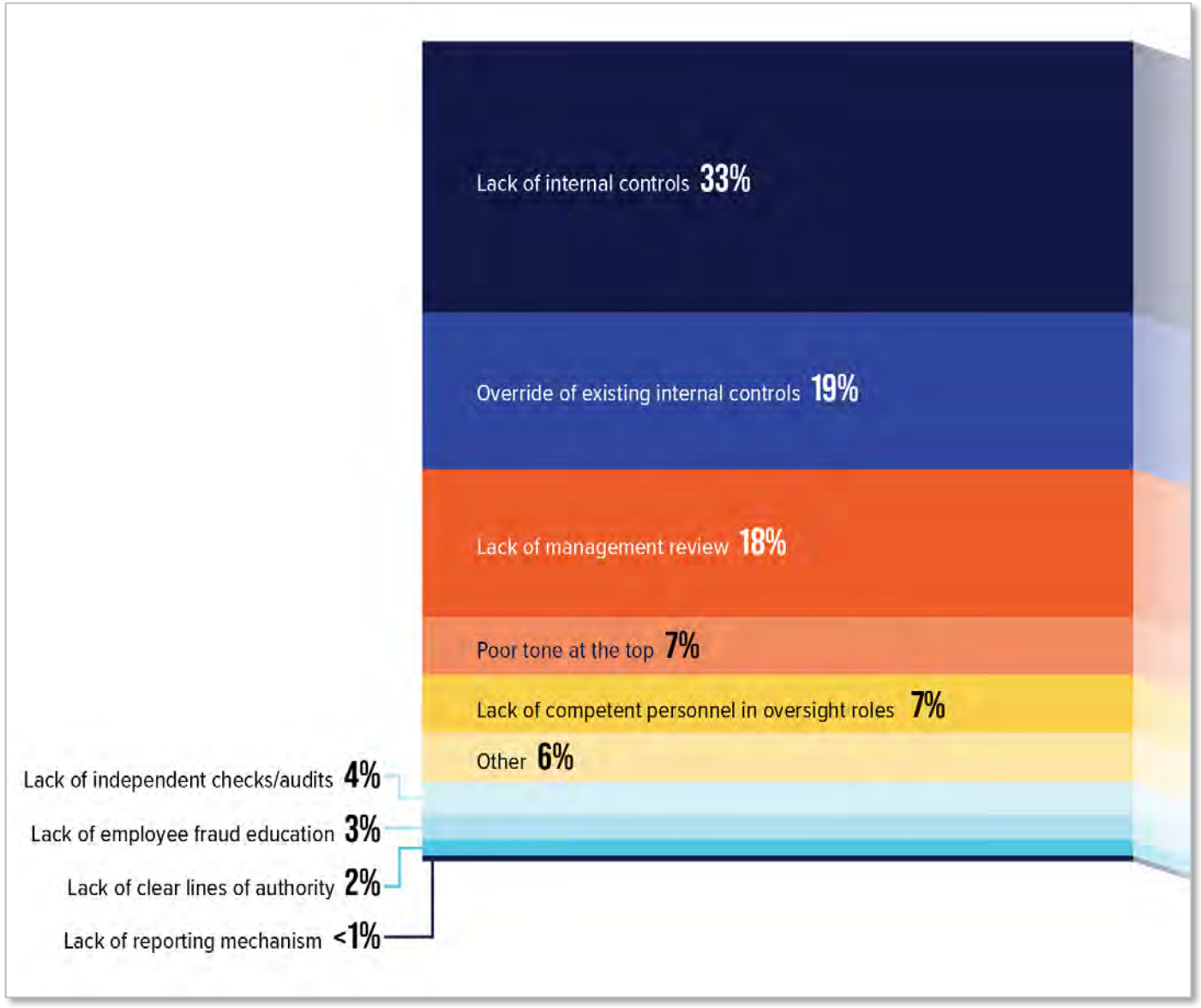
Audits will catch fraud.

Reality

Tips are the most common detection method.



Source: https://www.acfe.com/fraud-resources/report-to-the-nations



Common Fraud Myths vs. Reality (*cont.*)

Myth

Strong controls eliminate fraud.

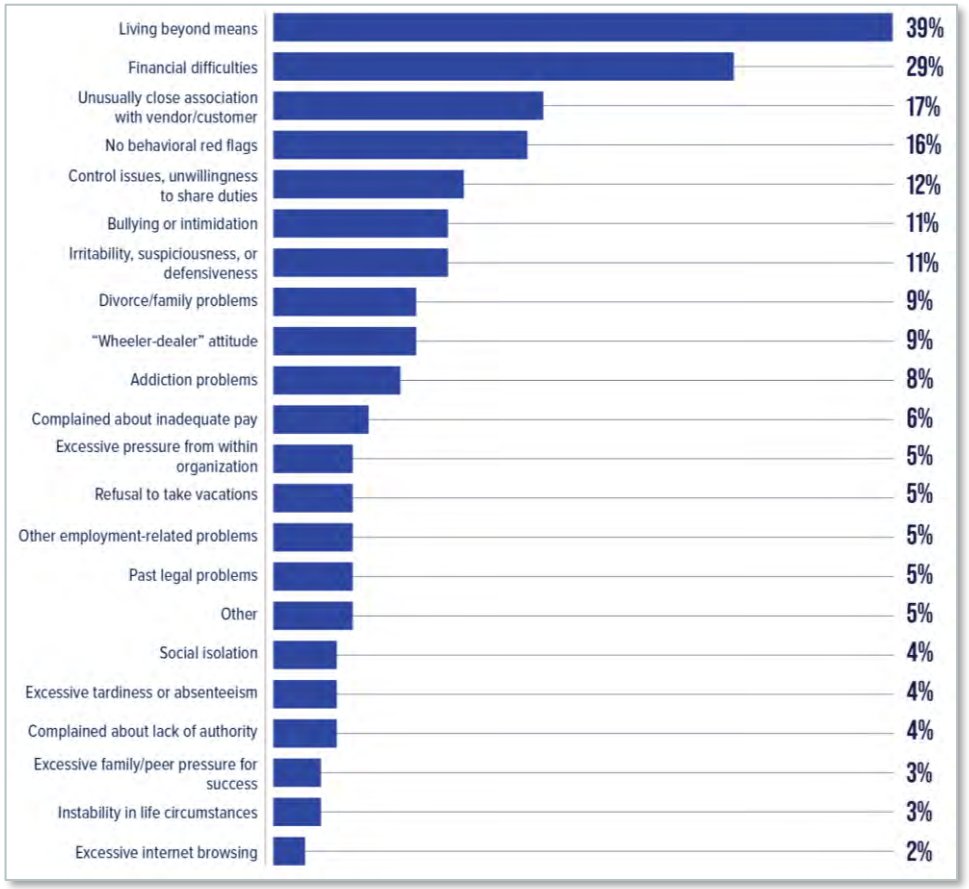
Reality

Controls *reduce* risk;
culture matters too.

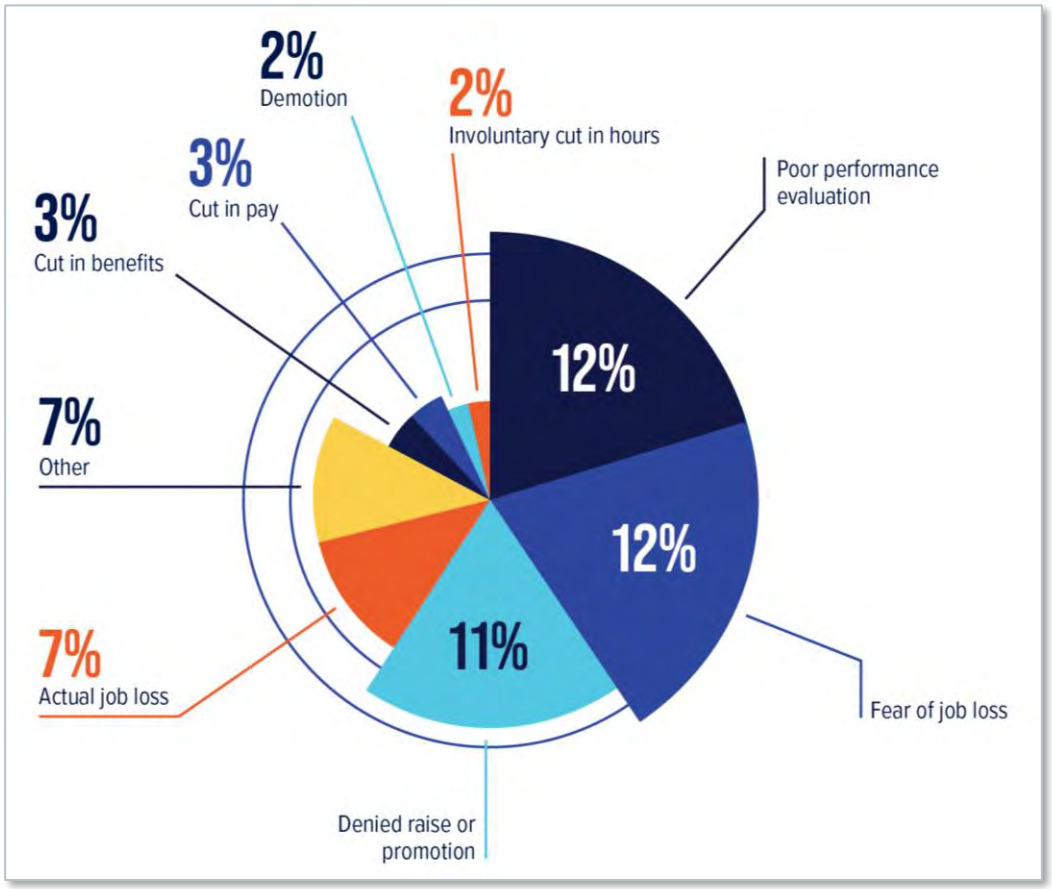
Source: https://www.acfe.com/fraud-resources/report-to-the-nations

Behavioral and Organizational Warning Signs

Behavioral Indicators

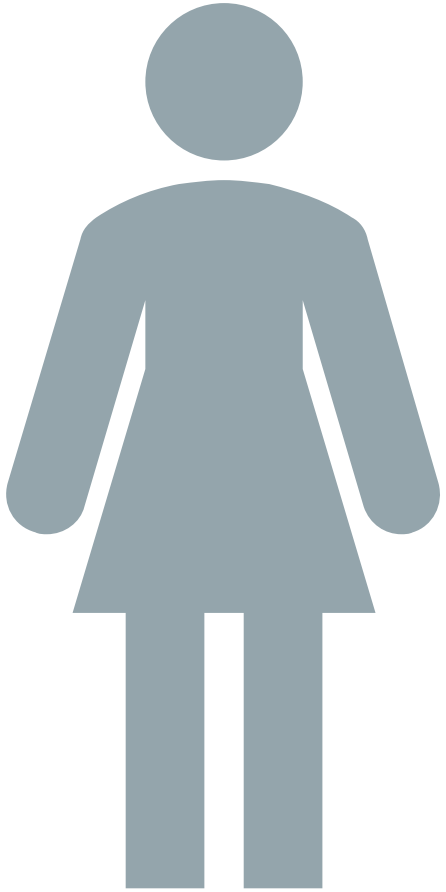


Organizational Environment



Source: https://www.acfe.com/fraud-resources/report-to-the-nations

Case Study #2 | Private Organization



- Gender: Female
- Tenure: Unknown
- Age: Mid-forties
- Alleged Fraud: $500,000
- Length: 8 years
- Position: Customer Service Representative
- Outcome: Prosecuted

Red Flags

- Control issues

Corrective Action

- Segregation of duties

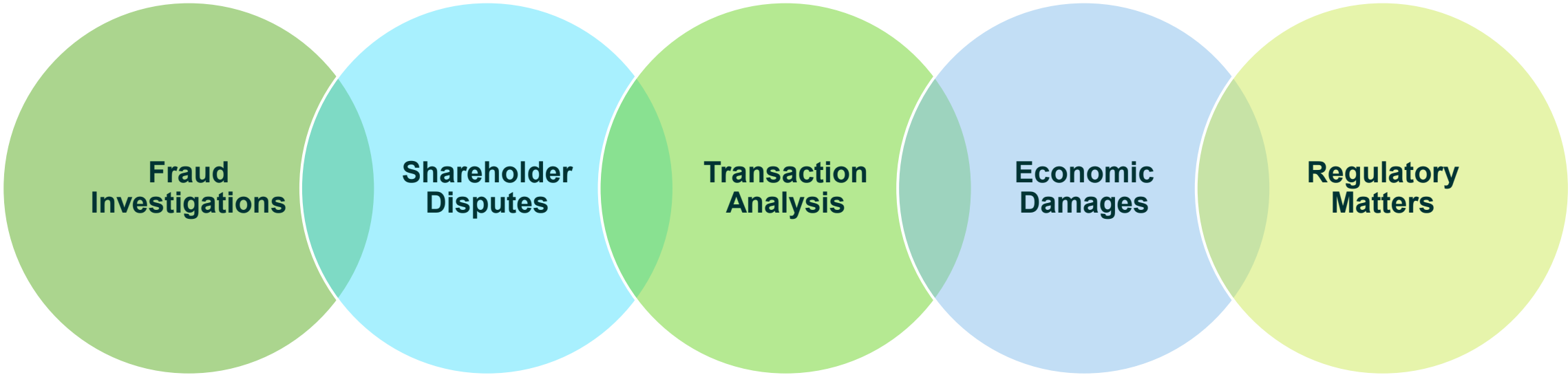


The Role of a Forensic Accountant

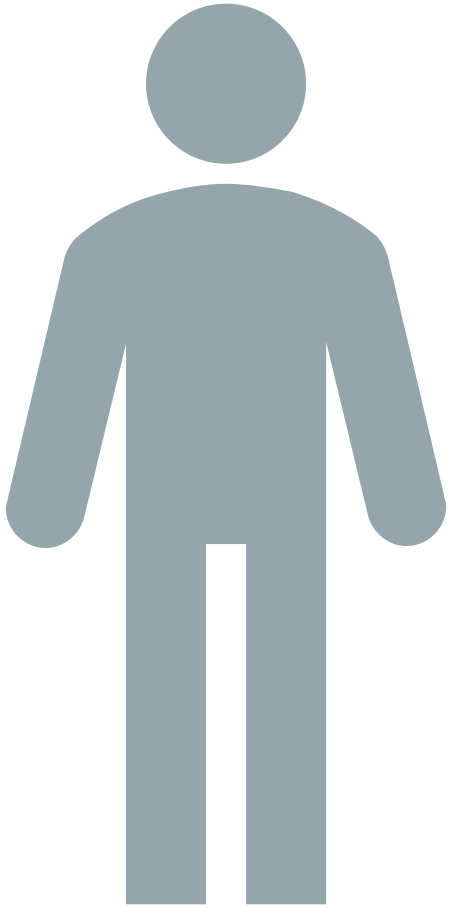
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The Role of a Forensic Accountant

- Blend of accounting, investigation, and communication
- Objective analysis of complex financial issues
- Supports organizations, attorneys, boards, and regulators



Case Study #3 | Large Publicly-Traded Organization



- Gender: Male
- Tenure: 8 years
- Age: Mid-forties
- Alleged Fraud: $14,000,000
- Length: 4 years
- Position: Assistant Treasurer
- Outcome: Prosecuted

Red Flags

- Lifestyle
- Conflict of interest (vendor relationship)

Corrective Action

- Review of vendors and services provided



Trends in Fraud and Artificial Intelligence

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Fraud and Artificial Intelligence



AI enables fraud

- Creates convincing scams and impersonations
- Generates fake documents and identities
- Increases the speed and scale of fraud

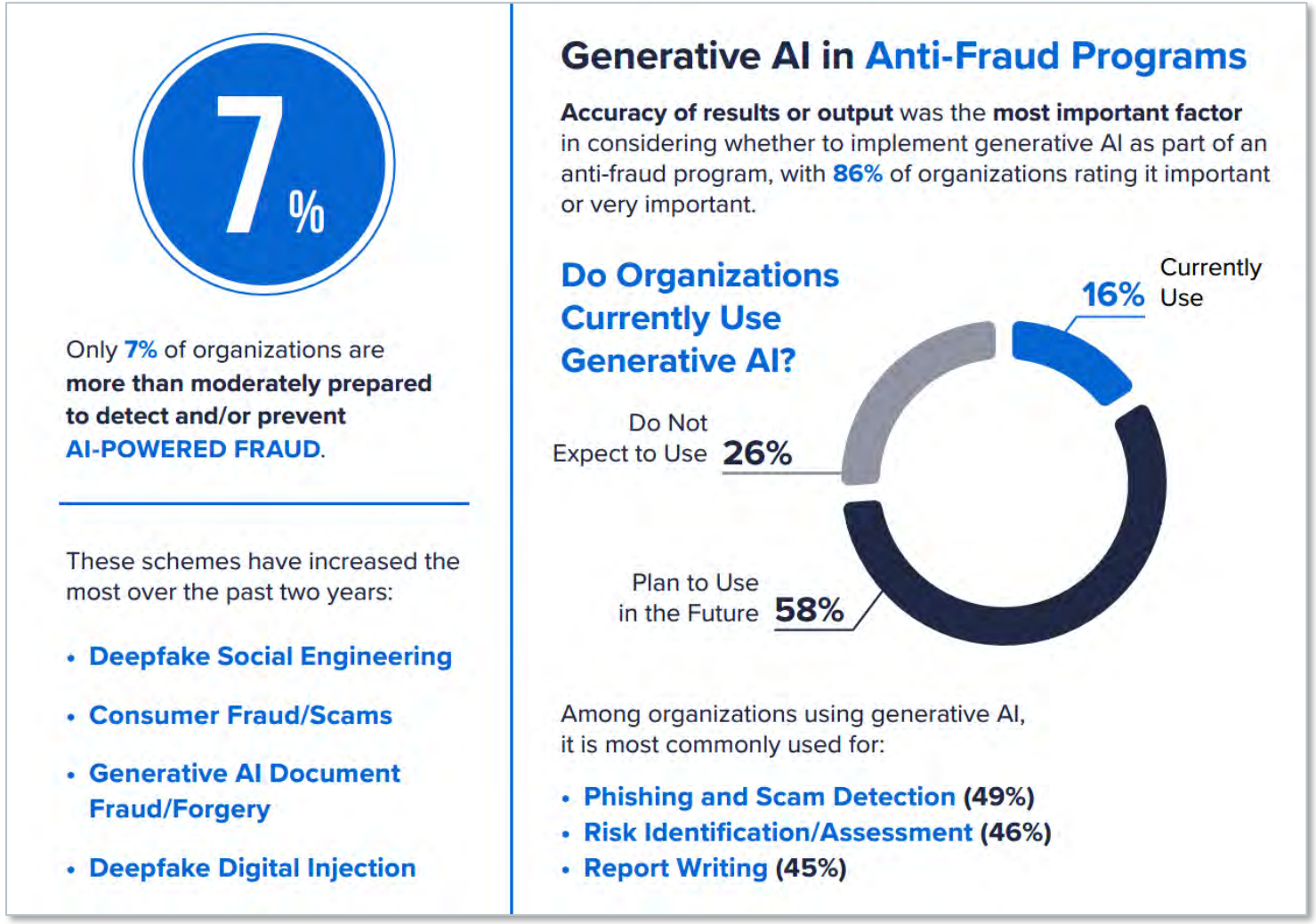


AI helps detect fraud

- Detects unusual transactions and patterns
- Identifies phishing and scam activity
- Supports risk monitoring and investigations
- Ability to analyze unstructured data

Sources:
https://www.acfe.com/-/media/files/acfe/pdfs/benchmarking-report/anti-fraud/2026-anti-fraud-technology-benchmarking-report.pdf
https://www.acfe.com/fraud-magazine/all-issues/issue/article?s=2026-marapr-lessons-from-deepfake-frauds
https://www.journalofaccountancy.com/issues/2026/jul/a-guide-to-fighting-ai-fueled-ap-ar-fraud/

Fraud and Artificial Intelligence (*cont.*)



Source: https://www.acfe.com/-/media/files/acfe/pdfs/benchmarking-report/anti-fraud/2026-anti-fraud-technology-benchmarking-report.pdf



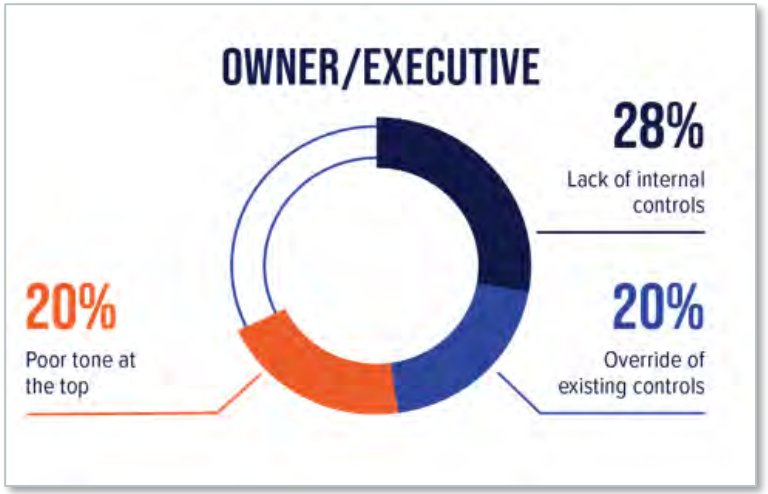
Fraud Prevention and Best Practices

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Preventing What Went Wrong

- ✓ Design controls around identified fraud risks
- ✓ Strengthen management review
- ✓ Monitor control overrides
- ✓ Set the right tone at the top







Source: https://www.acfe.com/fraud-resources/report-to-the-nations

Case Study Comparison

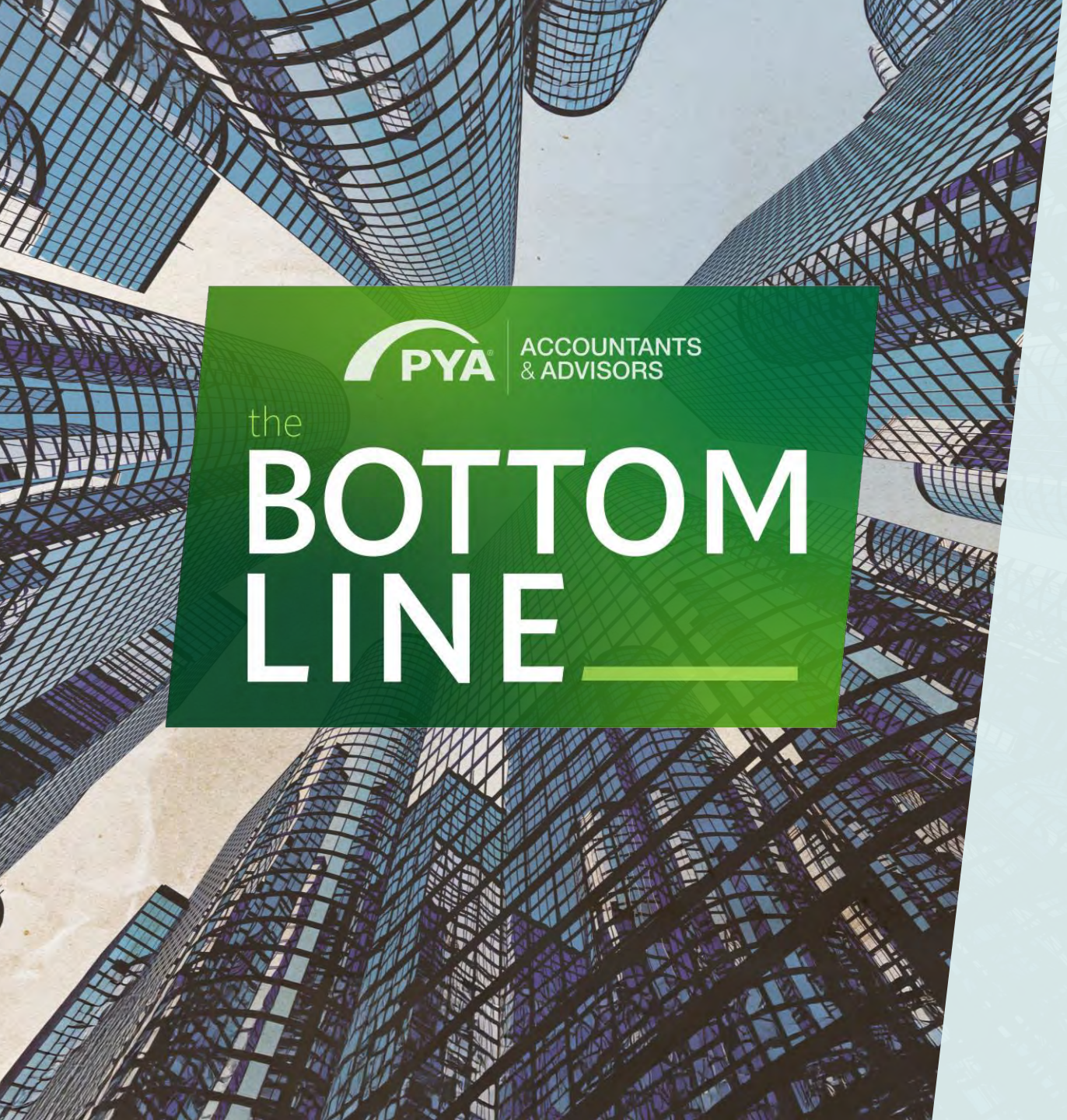
- From a $5,000 one-time loss to $14 million over four years – fraud spans every role, age, and tenure. It can happen to any organization.

Attribute	Case 1	Case 2	Case 3
Gender	Male	Female	Male
Age	Late-Twenties	Mid-forties	Mid-forties
Position	Controller	Customer Service	Assistant Treasurer
Tenure	8 years	Unknown	8 years
Alleged Fraud	$5,000	$500,000	$14,000,000
Length	1-time	8 years	4 years
Outcome	**Terminated**	**Prosecuted**	**Prosecuted**

Fraud Prevention and Best Practices

Fraud prevention is **most effective** when awareness, controls and accountability **work together**.





Our Next Installment:

November 5, 2026
12:30 pm – 1:30 pm ET

Tax Updates: Staying on Top of OB3 Regulations

1 CPE credit available

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