A Primer on the Worldwide Recognition of new Anti-fraud Professional in Management

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Mr Wells of the Association of Certified Fraud Examiners says “fraud is not an accounting problem; it is a social phenomenon. If you strip economic crime of its multitudinous variations, there are but three ways a victim can be unlawfully separated from money: by force, stealth or trickery. While the first two are on the wane, the third is not. And the reasons have little to do with accounting controls”.

In the twentieth century, the work related to anti-fraud activities (awareness, prevention, detection and examination) were entrusted to the audit professionals. So that, the fraud risk was mitigated by the use of auditor’s knowledge.

Twenty-first century, however, is witnessing major changes in that behaviour. It is now seen that the pure knowledge of accounting is not sufficient to deal completely with the fraud related problems. Recent risk-based management systems helped the development of the specialized anti-fraud agents and their professions. While these are happening more in the other side of Atlantic, Europe has continued to follow the traditional approaches to the fraud related issues with the exceptions of mainly the US-based multinationals.

With the globalization, the time has now come to worldwide recognition of anti-fraud profession and professionals. In support of this phenomenon, recent scandals like Enron, MCI, and Parmalat with gigantic dimensions helped to the awareness of fraud risks by the larger populations.
To combat better with fraud, a **recommendation** concerning the new profession should, then, be the **advocacy** for establishment, regulation and development of a separate anti-fraud discipline and profession by the codification of necessary legal framework by national Public regulators in each respective country.

Thus, similar to the audit professionals, countries will then have a set of certification requirements for the profession, which were recognized in the appropriate legal documents. The work and the function of such professionals in the Management should also be regulated, for example by bringing the minimum employment requirements of such professionals in given size entities.

Today it is largely agreed that, **primary responsibility** for the prevention, detection and investigation of fraud rests with Management, which also has the responsibility to manage the risk of fraud. Many organisations, mainly in the North America now have a dedicated in-house "security" function with responsibility to manage fraud investigations and other fraud related tasks such as the establishment of awareness or prevention programmes.

This is where the Management requires **qualified person** to perform these tasks. Current management of the fraud risk function may be assisted by internal audit. In fact, this is a compromise, as the emerging anti-fraud profession is not fully understood by all entities and the number of qualified professionals is not enough to cope with all their tasks. Once the profession reaches at its cruising altitude, the auditor's functions in the fraud-related tasks will change from the examination to the appraisal of anti-fraud processes. Audit, then, will have the task of evaluation of the programmes established by the anti-fraud professionals.

In the context of fraud risk analysis, anti-fraud professional will be confronted to perform standard **risk analysis** as applied to the fraud risk. New professional, the fraud risk officer should have a good set of contemporary competencies. While the knowledge of a good auditor may help to acquire the new skills necessary to perform difficult tasks, there are certainly new and unrelated skills needed to become a good anti-fraud professional.

In this work an attempt was made to illustrate that the fraud is a social phenomenon and as such it constitutes a business risk. The synthesis was also extended to determine the place of the fraud risk in risk response.

In conclusion, it is evident that twenty-first century has already witnessed the emergence of the new anti-fraud discipline in the Management with a very important role. Now, it is the time to recognize this profession as it deserves.

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