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## Watchdog Issues SME Fraud Prevention Code

Britain's small and medium-sized businesses (SMEs) are uniquely vulnerable to fraud through an all-too-common combination of low awareness and poor or non-existent internal controls. Independent watchdog the Fraud Advisory Panel is helping plug the gap with a guide to managing fraud risk aimed specifically at the sector.

*Fighting Fraud: A Guide for SMEs (2<sup>nd</sup> edition)* covers the policies, structures and procedures that a business should have in place if it is to prevent and detect fraud.

Chairman of the Fraud Advisory Panel, Ros Wright said that "much has been written about fraud in big business but there's a lot less advice for the 99.3% of British firms with less than 50 employees. Yet implementing a few relatively simple measures will help protect both their bottom line and reputation."

Mrs Wright added that "SMEs can be particularly vulnerable to fraud when the focus is on building the company rather than what may be seen as secondary control mechanisms. It can be particularly difficult for family businesses or those with just a few employees to accept that there could be a problem. But lasting success and trust demands good systems, not complacency. The alarming case studies we've collected show how damaging things can get when managers ignore the darker side of life."

The pamphlet directs attention to three key aspects of fraud management:

- **Prevention:** implement a culture, supported by policies and procedures, to prevent your business from becoming a victim.

- **Detection:** implement systems and procedures to detect problems at an early stage. Actions include staff training and awareness programmes, whistle-blowers' hotlines, spot audits and data mining.
- **Investigation:** prepare for fraud by having a fraud response plan and keeping it up-to-date.

*Fighting Fraud* also provides advice for directors and senior managers on spotting the signs of fraud, plus a checklist of essential measures.

*Fighting Fraud: A Guide for SMEs* is available free of charge on the Fraud Advisory Panel's website, [www.fraudadvisorypanel.org](http://www.fraudadvisorypanel.org).

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#### **Note to Editors**

1. The Fraud Advisory Panel is a registered charity which raises awareness of the immense social and economic damage caused by fraud and helps private and public sectors, as well as the public at large, to fight back. It was established in 1998 by the Institute of Chartered Accountants in England and Wales (ICAEW) which continues to provide valuable support. Since its foundation the Panel has:
  - ✚ raised the profile of fraud in Whitehall, helping to push the issue up the legislative and policy making agenda
  - ✚ developed major proposals for the reform of policing, prosecution and the law
  - ✚ worked to improve business and professional education and training
  - ✚ commissioned important new research, for instance on the extent of fraud, cybercrime and the risk to SMEs
  - ✚ raised awareness through conferences, seminars and the media.

#### **For Further Information**

- ✚ Dawn Chapman (ICAEW Press Office) on 020 7920 8564.

✚ *Fighting Fraud: A Guide for SMEs* can be downloaded from [www.fraudadvisorypanel.org](http://www.fraudadvisorypanel.org).