HumInt

Intelligence Reinvented

Would you like to know what your employees or future employees are thinking?

The problem with human resources
Is that they are resources that are human with all that entails

Most people are honest, sincere, responsible
& prepared to work

Others give people a bad name.
They lie, cheat & steal.

These are the ones you do not want working
for you

Risk management traditionally addresses

- physical and operational risks,

- technology risks,

- business continuity,

- disaster recovery risks,

- credit and market risks,

- compliance risks,

- human resource risks.

What is risk?

- The possibility of losing something of value

Human Resource Risk includes?

- Company culture,
- Talent shortages & retention,
- Incompetence / employee performance, grievances & disputes
- Unethical behaviour
- Low morale
- Excessive absenteeism
- Employee wellness
- Sabotage
- Noncompliance with industry and other regulations and laws.

A BAD HIRE WILL COST IN THE FOLLOWING AREAS:

POOR workmanship

CUSTOMERS & LOST SALES

LOSS OF TOP TALENT existing & potential

Company culture

STAFF MORALE

COMPANY REPUTATION

Legal Fees

20% of annual salary cost

11th edition of the largest global study on occupational fraud

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2,504 real cases of occupational fraud

Data from **125 countries**

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23 major industry categories included

Explores the **costs, schemes, victims and perpetrators** of fraud
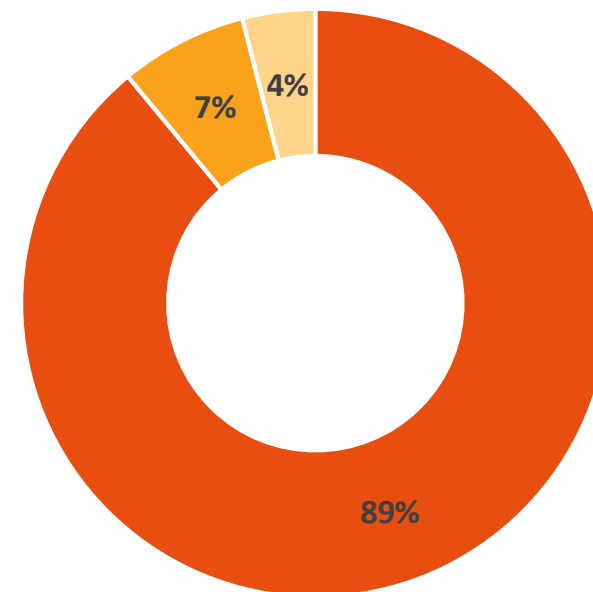

Human bias needs to be removed from candidate screening

- CV verification
- Social media risk assessment
- Integrity assessment
- Reference verification
- Integrity assessments

AVAILABLE ONLINE

Fig. 39 **Do Perpetrators tend to have prior fraud convictions?**

- Never charged or convicted ■ Charged, but not convicted
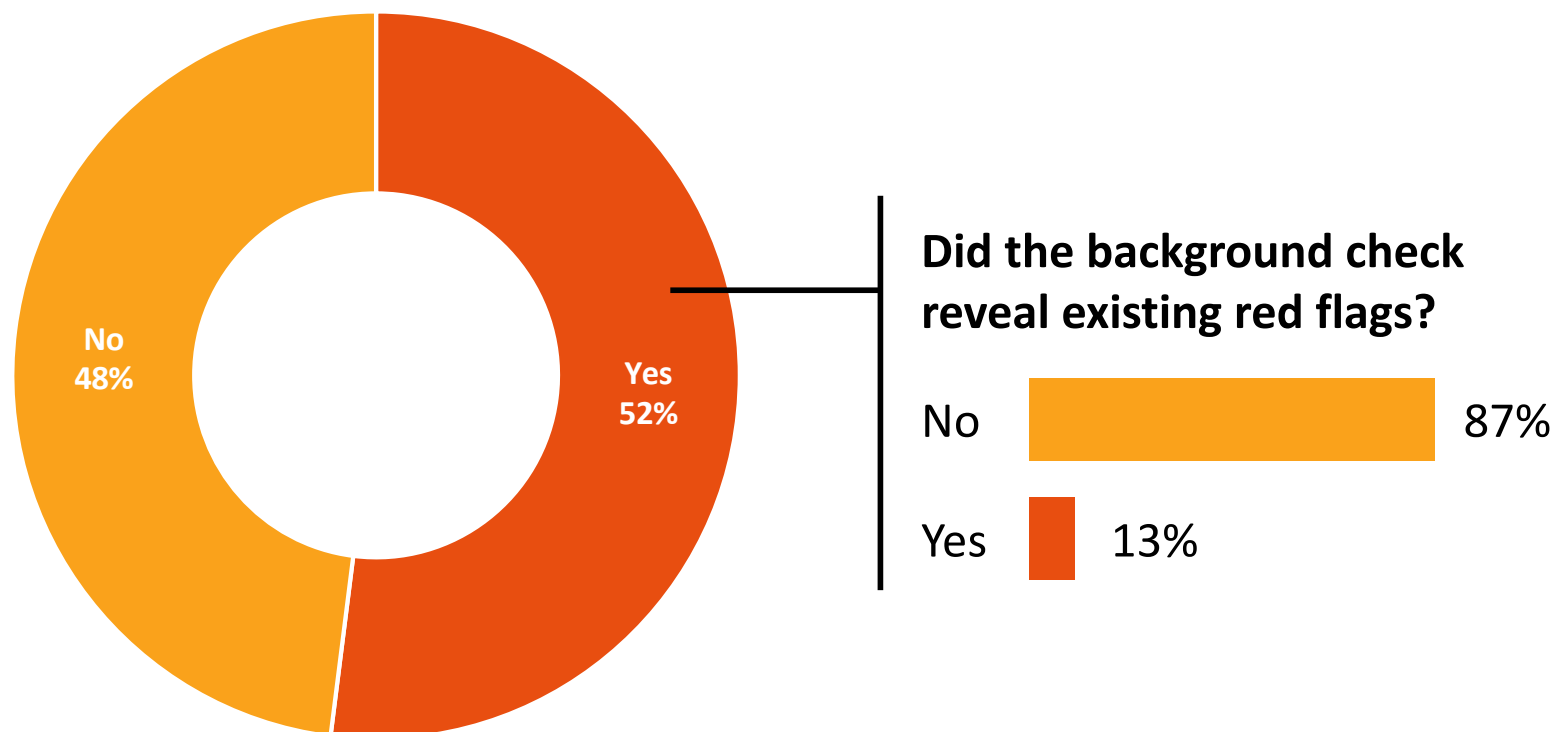- Had prior convictions

4%

7%

89%

Fig. 40 **Do Perpetrators tend to have prior employment-related disciplinary actions for fraud?**

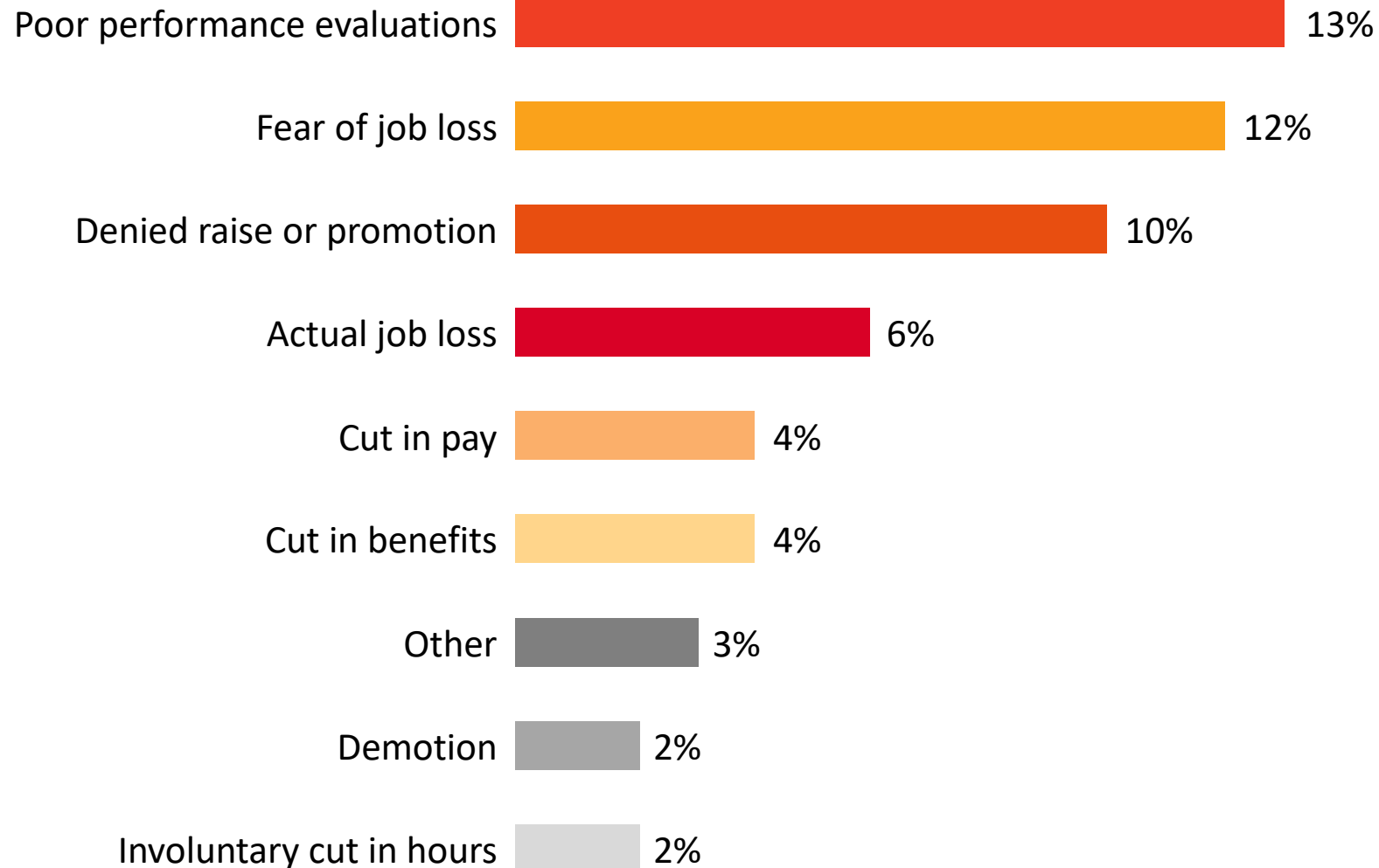■ Never punished or terminated ■ Previously terminated ■ Previously punished

84%

8%

8%
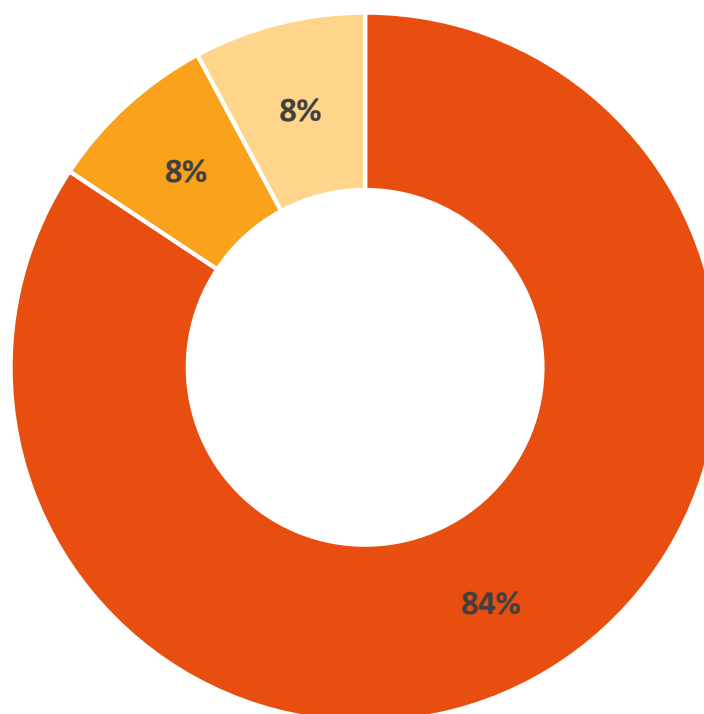
PERMANENT, TEMPORARY OR CONTACT

WHY YOU SHOULD BE RE-SCREENING CURRENT EMPLOYEES

Which HR-related issues are most commonly experienced by fraud perpetrators?

Issue	Percentage
Poor performance evaluations	13%
Fear of job loss	12%
Denied raise or promotion	10%
Actual job loss	6%
Cut in pay	4%
Cut in benefits	4%
Other	3%
Demotion	2%
Involuntary cut in hours	2%

LIFESTYLE AUDITS
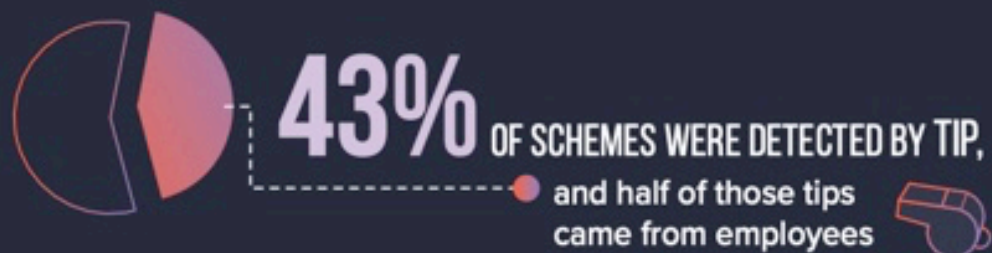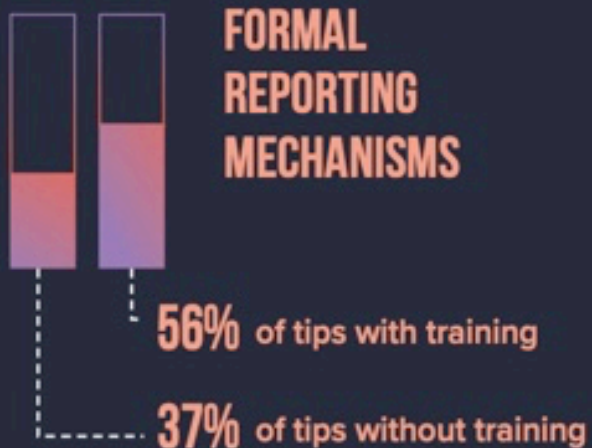
42% of OCCUPATIONAL FRAUDSTERS WERE

LIVING BEYOND THEIR MEANS

26% of OCCUPATIONAL FRAUDSTERS WERE

EXPERIENCING FINANCIAL DEFFICULTIES

Organizations with
FRAUD AWARENESS TRAINING
for employees were
more likely to gather tips through

FORMAL REPORTING MECHANISMS

56% of tips with training

37% of tips without training

43% OF SCHEMES WERE DETECTED BY TIP, and half of those tips came from employees

TELEPHONE HOTLINE and **EMAIL** were each used by whistleblowers in **33%** OF CASES

Behavioral Red Flags of Fraud

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.

85% OF ALL FRAUDSTERS displayed at least one **BEHAVIORAL RED FLAG** while committing their crimes.

7 KEY WARNING SIGNS

42%	26%	19%	15%	13%	13%	12%
Living beyond means	Financial difficulties	Unusually close association with vendor/customer	Control issues, unwillingness to share duties	Irritability, suspiciousness, or defensiveness	"Wheeler-dealer" attitude	Divorce/family problems

ifacts
Employee Screening & Vetting Services

In **52%** of cases, the fraudster exhibited red flags connected to their **work duties**.

Unusually close association with vendor/customer
19%

Control issues, unwillingness to share duties
15%

Irritability, suspiciousness, or defensiveness
13%

"Wheeler-dealer" attitude
13%

Complained about inadequate pay
8%

Refusal to take vacations
7%

Excessive pressure from within organization
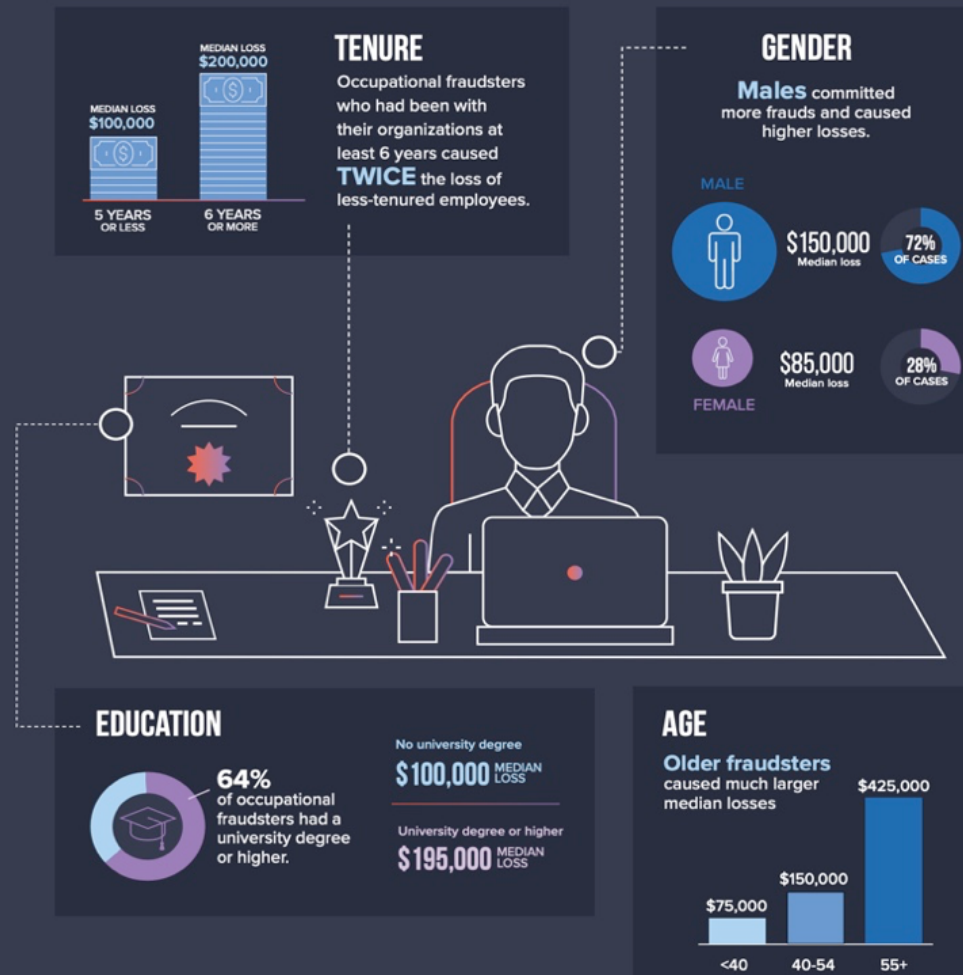7%

Past employment-related problems
6%

Complained about lack of authority
5%

Profile of a Fraudster

Our study includes perpetrator data from more than 2,000 fraud cases, which can help organizations assess fraud risk in their own workforces.

- Blaming an individual does not change fraud & corruption. If the system is not improved the same error is likely to recur.

- Preventing errors requires a **systems** approach in order to modify the conditions that contribute to errors.

What are you going to do to make Human Intelligence work in your organization?

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