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CHARITY GOVERNANCE CONFERENCE AND WORKSHOPS 2021

FRAUD PREVENTION, ANTI-MONEY LAUNDERING & COUNTERING THE FINANCING OF TERRORISM



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Fraud Risk Management

Governance & Culture

- Tone from the top & board oversight
- Soft controls: **transforms behaviour**
- Sets the **foundation** for effective controls

Preventive Controls

- **Proactively** reduce fraud risk
- Fraud risk **avoidance** and **likelihood reduction**
- E.g., restricted access, edit checks, authorization, segregation of duties

Detective Controls

- **Timely detect** fraud incident
- Fraud risk **impact reduction**
- E.g., reconciliation, review, monitoring, surveillance, KPI/KRI/trend analysis

Fraud Risk Assessment

Governance
& Culture

Rationalization to Commit Fraud

Preventive
Controls

Opportunity to Commit Fraud

Detective
Controls

Personal
& External
Circumstances

Pressure on Perpetrator to Commit Fraud





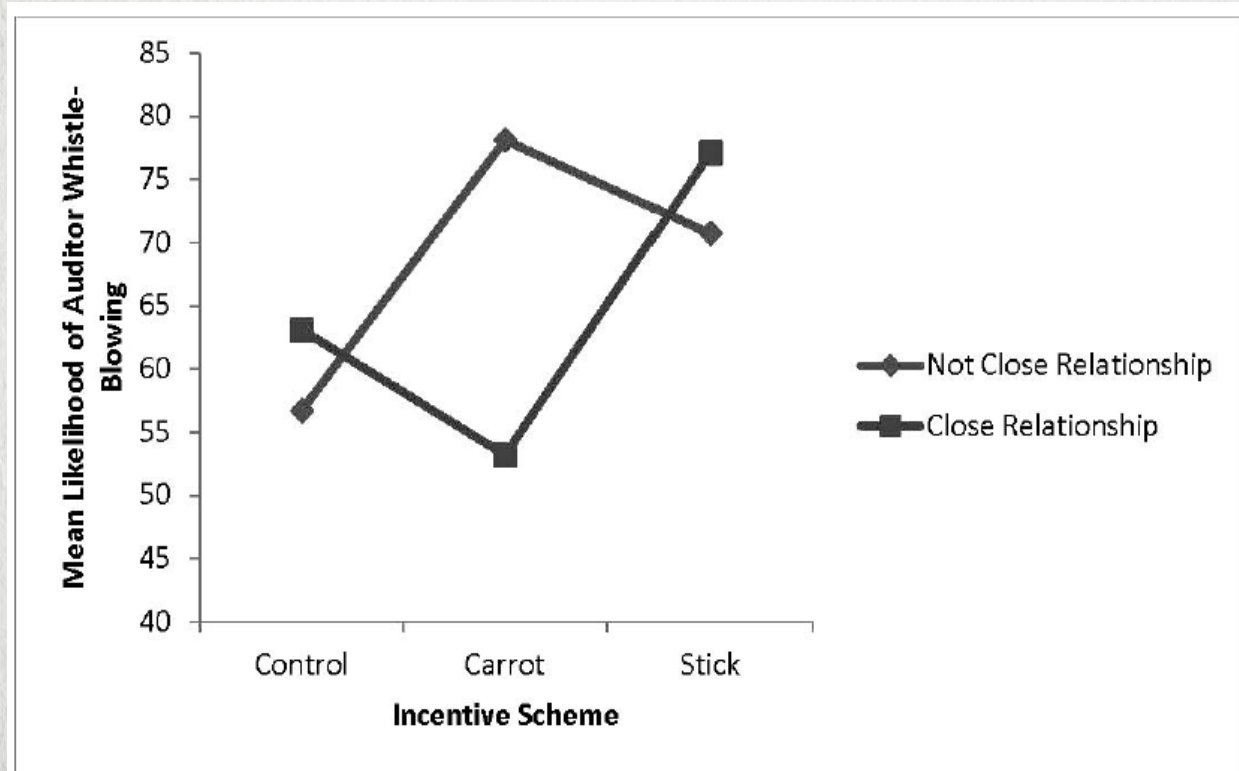
Whistleblowing: A Detective Tool







Effects of **Incentive Schemes** and **Working Relationships** on Auditors' Propensity to Report a Questionable Act



Source:
Boo et al. (2016)
in AJPT

Whistleblowing: **Carrot** or **Stick**?

Reward

- IRAS (Singapore)
- SEC (U.S.)

Penalty

- CDSA, TSFA (Singapore)
- Others?

Thank You

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Question

- Which works better to promote whistleblowing: **reward** or **penalty**?
- Will your answer be different if there is **a close relationship** between the whistleblower and the wrongdoer?