



See the threat before it strikes

Using innovative analytics to mitigate fraud and risk

Fraud and misconduct—or integrity risk—costs companies \$6.3B annually.¹ Yet despite increasing legal and regulatory scrutiny, instances of fraud and misconduct are on the rise. In response, some organizations categorize integrity risk in isolation while others take a reactive stance. But these approaches severely limit an organization's ability to effectively mitigate integrity risk and result in gaps. These gaps enable the drivers of integrity risk to flourish, resulting in greater exposure and vulnerability for the organization. Without an effective integrity risk management program, your organization may be limited to treating the symptoms of fraud and misconduct without addressing the disease.

Integrated approach, better results

What's needed now is an integrated approach to predicting, detecting, and preventing wrongdoing related to fraud and misconduct. Deloitte Risk and Financial Advisory's Enterprise Integrity Risk (EIR) solution does just that. We deliver the methodologies, processes, and technologies you need to identify, manage, and mitigate fraud and misconduct risk.

Our EIR solution features cutting-edge technology that enables your organization's business functions to trim down the gaps related to risk mitigation and fraud detection.

As a result, you'll gain a full view of risk and compliance, increase cross-functional cooperation, and become more predictive and proactive.

The impact of financial crime

In 2016, the Securities and Exchange Commission and the Department of Justice:

 Filed **868** enforcement actions covering a range of misconduct

 Obtained orders totaling over **\$4 billion** in disgorgement and penalties

 Brought actions against **30** businesses for violating the Foreign Corrupt Practices Act (FCPA)

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Source: FCPA Corporate Enforcement Policy, available at <https://www.justice.gov/criminal-fraud/file/838416/download>.

¹ Association of Certified Fraud Examiners (ACFE) 2016 Global Fraud Study, Report to the Nations on Occupational Fraud and Abuse, ACFE, Inc., <http://www.acfe.com/rtrn2016/docs/Staggering-Cost-of-Fraud-infographic.pdf>

Steps to success

We recognize integrity risk can result from isolated and limited responses, so we focus on transforming your disparate activities and data into actionable insights. We leverage a five-phase methodology tailored to meet the specific gaps within your organization:

1. **Assess:** To gauge the current state of your enterprise integrity risk program and select areas of focus
2. **Understand:** To evaluate your organization's controls, systems, and data for each focus area
3. **Compile:** To create a cross-functional profile of your organization's risks and controls
4. **Deploy:** To implement analytics that proactively detect enterprise integrity risks across your organization to generate key insights and observations
5. **Design:** To create enhancements and continuous process improvements

With this approach, we take a closer look at your organization's existing data to proactively identify exposure gaps and vulnerabilities to risks. Then we address the gaps to decrease your integrity risk over time, while concurrently positioning your organization for transparency and improved resilience.

Making an impact that matters

With Deloitte's EIR solution, organizations are positioned to:

- **Increase coordination:** Using holistic strategies and reliance models fueled by data, we work with your team to align risk management functions across the enterprise.
- **Gain a full view of risk and compliance:** We assist your organization as it moves from maintaining separate lines of defense to integrating efforts and proactively managing risk.
- **Reduce liability:** With our proactive approach, your organization can reduce

Enterprise integrity risk drivers

We begin every engagement by looking at five drivers that impact enterprise integrity risk:



A complex, disconnected or "growth at all costs" business model

A "growth at all costs business model" typically contains inherent conduct vulnerabilities. Early warning signs are sometimes overlooked, patterns of poor behavior are addressed in isolation, and a pattern of failing to consistently escalate incidents of misconduct.



Manual and complicated processes and procedures

Burdensome compliance may interfere with business agility. It's likely that employees may overlook or ignore the voluminous pages of compliance documents directed at deterring misconduct.



Weak systems for monitoring enterprise integrity risks

Inadequate monitoring allows misconduct within the organization to remain hidden.



Disparate subcultures or problematic prevailing culture

Failing to establish a uniform culture guided by "the tone from the top" can allow subcultures to thrive without detection.



Human motivation

Human motivation is at the heart of why one individual may exploit a situation and a different individual may not.

the risk of violating regulations and incurring fines, while corporate officers can mitigate the risk of individual liability.

- **Achieve cost-efficiency:** You may not need to make large-scale investments to replace existing platforms. We work with your organization to leverage technologies and platforms so you can do more with less.
- **Improve performance and meet expectations:** Regulators, management, boards, and even the public recognize the

power of data. We leverage analytics so you can deliver better transparency, more insight, and stronger compliance across the entire organization.

- **Predict and become proactive:** Our methodology moves your organization from reacting to predicting and sensing in order to act and monitor—enhancing your ability to understand where the next misconduct failure is likely to occur.

Contact us

For more information on how Deloitte can help you close the gaps and take control of enterprise integrity risk, contact:

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