

New Book Received

Corporate Fraud and Internal Control: A Framework for Prevention. By Richard E. Cascarino, Wiley, 2013; 388 Pages. Price £50.00 / €60.00, ISBN 978-1-1183-0156-2

Shu-Kun Lin

MDPI AG, Kandererstrasse 25, CH-4057 Basel, Switzerland; E-Mail: lin@mdpi.com

Received: 16 February 2013 / Accepted: 16 February 2013 / Published: 19 February 2013

The following paragraphs are reproduced from the website of the publisher [1].

The publication *Corporate Fraud and Internal Control* contains essential guidance for companies to examine and improve their fraud programs:

Corporate governance legislation has become increasingly concerned with the ongoing resilience of organizations and, particularly, with their ability to resist corporate fraud from the lowest levels to the upper echelons of executive management. It has become unacceptable for those responsible for corporate governance to claim, “I didn't know”. *Corporate Fraud and Internal Control* focuses on the appropriateness of the design of the system of internal controls in fraud risk mitigation, as well as the mechanisms to ensure effective implementation and monitoring on an ongoing basis.

The information is applicable to a wide variety of environments, including governmental, financial, manufacturing and e-business sectors:

- Includes case studies from the United States, Europe, and Africa

- Follows the standards laid down by the Association of Certified Fraud Examiners, the internationally recognized body governing this activity

- Accompanying interrogation software demo (software demo is not included as part of this book's e-book file, but is available for download after purchase)

Written by a fraud prevention leader, *Corporate Fraud and Internal Control* addresses the concerns of both management and audit in ensuring a demonstrable level of activity to ensure sustainability of the organization and minimization of the impacts of fraud, upon early detection.

Table of Contents

Preface xi

Chapter 1: Nature of Fraud 1

Fraud and Irregularities: Definitions and Concepts 2

Cost of Fraud 10

Notes 15

Chapter 2: Elements of the Crimes of Theft and Fraud 17

Document Fraud 20

Corroborating Documents 22

Procurement Fraud 22

Bribery and Corruption 26

Industrial Espionage 28

Check Fraud and Money Laundering 30

Notes 32

Chapter 3: Frauds Against the Individual 33

Online Auction Fraud 34

Consumer Frauds 35

Telephone Frauds 37

Charity Frauds 38

Misrepresentation of Material Facts 39

Concealment of Material Facts 40

Advance fees (4-1-9) Frauds 41

“Middleman” Frauds 42

Bait and Switch 43

Larceny 44

Extortion 45

Counterfeit Goods and Intellectual Property 45

Affinity Frauds 46

Pyramid Schemes 47

Ponzi Schemes 48

Career Opportunities 49

Cash Recovery Frauds 51

Chapter 4: Frauds Against the Organization 53

Bankruptcy Fraud 54

Check Fraud 54

Obtaining Fraudulent Loans 54

Unsolicited Orders 57

Embezzlement 58

Bribery 60

Corruption 60

Conflicts of Interest 61
Breach of Fiduciary Duty 62
Theft of Trade Secrets 63
False Claims 65
False Conveyancing 69
Tunneling 70
Conspiracy 72
Lapping 72
Kiting 73
Fraudulent Affiliations 74
Counterfeit Money 74
Benefit Frauds 75
Insurance Fraud 76
Payment Card Frauds 80
Pension Frauds 81
Tax Fraud 83
Insider Trading and Market Abuse 84
Click Fraud 84
Counterfeit Goods and Intellectual Property 86
Procurement Fraud 87
Notes 88

Chapter 5: Fighting Corruption 91

Bribery in Contracts 93
Red Flags at Enron and WorldCom 10
Nepotism and Favoritism 104
Abuse of Authority 108
Developing an Overall Anticorruption Culture 109
Notes 110

Chapter 6: Role of Ethics in Fighting Fraud 113

How Moral Decisions Are Made 114
Nature and Role of Ethics 115
Managing Ethical Risk 121
Reporting of Fraud 124
Notes 128

Chapter 7: Controlling Fraud 129

Corporate Governance and Fraud Prevention 130
Audit Committee's Role in Fighting Fraud 136
Internal Control and the Prevention of Fraud 143
Fighting Shrinkage 156
Internal Audit Role 157
Notes 16

Chapter 8: Fraud Risk Management 169

Establishing the Corporate Fraud Risk Profile 170
Cascarino Cube 175
Roles of the Internal, External, and Forensic Auditor 178
Whistleblowing in Detecting Fraud 183
Note 186

Chapter 9: Investigating Fraud 187

Red Flags and Indicators of Fraud 188
Corporate Fraud Indicators 193
Conducting an Investigation 203
Tools and Techniques 207
Use of the Polygraph 217
Documenting the Investigative Process 219
Evidence Analysis 219
Investigative Errors 219
After the Event 221
Establishing an Investigations Function 221
Tracing and Recovering Assets 222
Notes 226

Chapter 10: Computer Fraud and Countermeasures 227

Mainframe Architectures 230
Mainframe Communications 233
Control of Servers 234
WAN Communications 236
Workstation Security 236
Mobile Computing and the Internet 238
Cloud Computing 241
Computer and Information Fraud 243
Monitoring Tools 247
Preventing E-Commerce Fraud 249
E-commerce Control Opportunities 254
E-payments 255
Internal Control Best Practices 255
Newer Fraud Schemes 256
Protecting Digital Assets 257
Foiling the Hackers 259
Investigating Computer Fraud 260
Computer Law 271
Note 273

Chapter 11: Legal Issues Surrounding Fraud 275

Impact of a Constitution 277

Fraud and the Laws of Evidence 277

Asset Recovery 279

Labor Legislation and Fraud 282

Note 284

Chapter 12: Industry-Related Fraud Opportunities 285

Banking Fraud 286

Money Laundering 304

Health Care Fraud 307

Insurance Fraud 313

Tax Fraud 319

Social Security Fraud 325

Fraud after Death 327

Construction Fraud 328

Notes 332

Appendix A: Audit Committee Charter 335

Appendix B: Corporate Fraud Policy 339

Appendix C: Whistleblowing Policy 343

Appendix D: Fraud Prevention Checklist 347

Appendix E: Fraud Risk Questionnaire Sample 351

Appendix F: Fraud Risk Analysis 357

Appendix G: Fraud CAATs 361

Glossary 371

About the Author 377

About the Web Site 379

Index 381

* *Editor's Note:* The brief summary and the contents of the books are reported as provided by the author or the publishers. Authors and publishers are encouraged to send review copies of their recent books of potential interest to readers of *Sustainability* to the Publisher (Dr. Shu-Kun Lin, Multidisciplinary Digital Publishing Institute (MDPI), Kandererstrasse 25, CH-4057 Basel, Switzerland. Tel. +41-61-683-77-34; Fax: +41-61-302-89-18, E-mail: lin@mdpi.org). Some books will be offered to the scholarly community for the purpose of preparing full-length reviews.

Note

1. The website for this book is: <http://eu.wiley.com/WileyCDA/WileyTitle/productCd-1118301560,descCd-description.html>.

© 2013 by the authors; licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/3.0/>).