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experts warn that companies that loosen their usual processes in order to add staff quickly put themselves at increased risk to fraud.

Isaac M. O'Bannon • Nov. 06, 2014



With seasonal hiring in the U.S. expected to be at its highest level in years, fraud experts warn that companies that loosen their usual processes in order to add staff quickly put themselves at increased risk to fraud.

According to the [Association of Certified Fraud Examiners](#) (ACFE), the world's largest anti-fraud organization, employee background screening, proper training and following an ethical code of conduct are among crucial measures for reducing fraud. By skipping these controls, a company increases its risk – and may even unwittingly add a serial fraudster to its ranks for the holidays.

Two experts who regularly provide training to anti-fraud professionals shared their

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Occupational Fraud and Abuse. Even worse, additional ACFE research indicates that fraud takes an estimated 20 percent uptick during the holiday season. It's a serious problem, and without controls in place to prevent and detect fraud, that degree of loss can be devastating for any company. During the holidays, high traffic and increased sales provide an even bigger opportunity for fraudsters, both internally and externally.

Many businesses increase staffing for the holidays. How does this affect their risk of fraud?

Feldman: While many businesses have formal hiring procedures, the pressure to remain fully staffed around the holidays, particularly in retail, often drives companies to short-cut the process. It is critically important for businesses to follow all of the usual procedures, including: fair competition for positions, ensuring equal opportunity and seeking diversity and providing a complete orientation to new employees that lays out expectations about ethical employee conduct.

How important is it for companies to conduct background checks (as permitted by law), even for entry-level and temporary positions?

Feldman: While most people are basically ethical, a company's first defense against hiring unscrupulous employees who are intent upon helping themselves to their own holiday bonus is through thorough employee screening. Such screening should include criminal checks, complete reference checks and even brief ethics tests. Entry-level and temporary holiday positions are no exception. Businesses that bypass this process around the holidays not only run the risk of hiring serial fraudsters, but can potentially undermine the morale of the rest of the staff and the ethical culture of their organization.

Do seasonal employees need fraud training?

Dorris: Every employee should be aware of fraud in the workplace. With increased

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while things are so busy?

Feldman: Holiday time may be “party time,” but it’s not the time to lighten up on internal controls. Even the most honest of employees can be tempted to engage in unethical behavior to meet the pressures of holiday spending, particularly if they see that there are greater opportunities to do so through temporarily relaxed controls. Due diligence dictates that businesses keep their guards up throughout the high-risk holiday season.

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