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At-A-Glance

The potential for fraud is a constant concern for accountants and auditors, as well as for business owners and regulators. Safeguards and controls need to be evaluated and continually updated to stay ahead of ever more imaginative deceptions. The challenge becomes even more complex in the cyber age, as computer sophistication and speed increase exponentially. In February 2024, the Association of Certified Fraud Examiners issued the **2024 Anti-Fraud Technology Benchmarking Report**, the third edition of its survey of the state of the world in addressing the threat. This issue of the Audit & Accounting Alert highlights the report.

Also, our Worldwide Update covers news from organizations across the globe.



Gerald Herter - Editor

Managing Cyber Risk in a Digital Age

Updated guidance from recent survey indicates heightened emphasis



Over the years, the Audit & Accounting Alert has covered efforts by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and The Association of Certified Fraud Examiners (ACFE) to assess fraud risks in the financial arena. ACFE has produced ***Report to the Nation on Occupational Fraud and Abuse*** every two years, while COSO has periodically issued studies and guidance, including the 2019 ***Managing Cyber Risk in a Digital Age***. In March 2023, the two organizations jointly issued ***Fraud Risk Management Guide: Second Edition***.

Now ACFE, in conjunction with SAS Institute Inc. (SAS), has published the ***2024 Anti-Fraud Technology Benchmarking Report (AFTB)***. Established in 1976, SAS focuses on developing software for use in artificial intelligence and analytics, while ACFE, founded in 1988, is the world's largest anti-fraud organization with over 90,000 members. Previous AFTB reports were issued in 2022 and 2020. The 2024 report survey, which was sent to the 80,426 ACFE members in October 2023, gathered results from the 1187 respondents, almost half having less than 1,000 employees, of which 42% were from North America, 24% from Sub-Saharan Africa, 11% from Western Europe, and 23% from the rest of the world. Industries represented included banking and finance (22%), government and public administration (22%), professional services (13%), and twenty other industries (43%).

Most respondent organizations reported using data analysis techniques in their anti-fraud programs, with over three quarters employing internal structured data as the source for the analysis. Disbursements and purchasing were tracked by over 40% as areas receiving the most attention by these methods.

The report shows techniques used in recent years, currently used, or expected to be used in the next couple of years. Here are the reported techniques, listed in order from most used to least currently used:

1. Exception reporting/ anomaly detection
2. Automated red flags/ business rules
3. Data visualization
4. Predictive analytics/ modeling
5. Link analysis/ social network analysis
6. Artificial intelligence/ machine learning
7. Geographic data mapping
8. Text mining
9. Cryptocurrency tracing/ transaction analysis

10. Emotional tone/ sentiment analysis

The first two techniques listed are currently used by over half of respondents, while the last two are used by less than 10%. Of those expected to be used in the next couple of years, artificial intelligence/ machine learning scored highest at 32%, with usage expected to triple in that time frame. Generative artificial intelligence will be implemented by most (83%) respondents. ChatGPT and Alexa are forms of generative artificial intelligence.

Of other techniques gaining in anti-fraud practices, biometrics (i.e. fingerprints and facial recognition), robotics, and computer vision (i.e. optical character recognition) are among the most prominent.

Only 6% of those participating in the survey plan to decrease their anti-fraud technology budget in the next two years, while 59% plan on increases.

Further details can be found at [Anti-Fraud Technology Benchmarking Report](#).

Worldwide Update



Periodic roundup of recent and upcoming actions and activities by auditing and accounting organizations throughout the world.

International

IASB – International Accounting Standards Board (www.ifrs.org)

- *No new developments.*

IFAC – International Federation of Accountants (www.ifac.org)

- **The State of Play: Sustainability Disclosure & Assurance 2019-2022 Trends & Analysis**, survey report published February 22, 2024, in conjunction with ACCA and AICPA – captures and analyzes the extent to which companies are reporting and obtaining assurance over their sustainability disclosures, which assurance standards are being used, and which companies are providing the assurance service. For the fourth consecutive year, our analysis indicates that while the frequency of reporting ESG information is very high and the incidence of assurance is on an upward trend, there continues to be a meaningful difference between reporting and assurance rates.

IFR4NPO - *International Financial Reporting for Non-Profit Organisations* (www.ifr4npo.org)

- *No new developments.*

IOSCO – International Organization of Securities Commissions (www.iosco.org)

- *No new developments.*

ACCA – Association of Chartered Certified Accountants (www.accaglobal.com)

- *No new developments.*

Africa, Europe, India and the Middle East (AEIME)

FRC – Financial Reporting Council of the UK (www.frc.org.uk)

- *No new developments.*

ICAEW - Institute of Chartered Accountants in England and Wales (<https://www.icaew.com/>)

- *No new developments.*

EC – European Commission (<https://ec.europa.eu/>)

- *No new developments.*

EFRAG – European Financial Reporting Advisory Group (www.efrag.org)

- **Exposure Draft - The ESRS Set 1 Draft XBRL Taxonomy**, issued February 8, 2024, enables digital tagging of ESRS statements by providing XBRL elements (or 'tags') for every datapoint and dimensional disaggregation defined in the ESRS disclosure requirements. Once finalised, this taxonomy will be the basis for the European Securities and Market Authority (ESMA) to develop draft Regulatory Technical Standards (RTS) for tagging the ESRS sustainability statement. Comments Due: April 8, 2024.

Americas, Asia, Australia and New Zealand (AAANZ)

AICPA & CIMA – American Institute of Certified Public Accountants (www.aicpa.org)

- *No new developments*

FASB – Financial Accounting Standards Board (www.aicpa.org)

- *No new developments*

GASB – Governmental Accounting Standards Board (www.gasb.org)

- *No new developments*

COSO - The Committee of Sponsoring Organizations of the Treadway Commission (www.coso.org)

- *No new developments*

PCAOB – Public Company Accounting Oversight Board (www.pcaob.org)

- **Exposure Draft - PCAOB Rule 2400, False or Misleading Statements Concerning PCAOB Registration and Oversight**, published February 27, 2024, would address how a registered firm and its associated persons present the firm's PCAOB registration status, including the scope of the PCAOB's oversight of their work. If adopted, the rule would prohibit false or misleading statements regarding firms' registration status to clients, potential clients, or the public. The proposal also includes a new procedural mechanism that would enable the Board, under specified conditions, to treat a PCAOB-registered firm's failures both to file annual reports and to pay annual fees for at least two consecutive reporting years as a constructive request for leave to withdraw from PCAOB registration and to deem the firm's registration withdrawn. Comment period ends April 12, 2024.

SASB – Sustainability Accounting Standards Board (www.sasb.org)

- *No new developments*

SEC – Securities and Exchange Commission (www.sec.gov)

- *No new developments*

Additional A&A News

[How technology is reshaping the audit profession](#)

[SEC Upped the Ante on Enforcement for Accounting and Auditing in FY 2023](#)

[Sustainability reporting, assurance rates on the rise globally](#)

[Audit Deficiencies by Accounting Giants Grew in Latest Inspections, U.S. Regulator Says](#)

[Cyber security 'blind spot' leaves businesses exposed](#)

[AI is an emerging risk for auditors, new research shows](#)



YOUR GLOBAL ADVANTAGE

Audit & Accounting Alert is a publication of Integra International intended to highlight emerging issues in the profession. The goal is to give Integra members an awareness of developments impacting the practice of Audit & Accounting enabling them to stay on the forefront of industry trends. This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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