

Directors, managers aware of inaccuracies

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The latest fraud survey by the international professional services group Ernst & Young shows that more than 42% of board directors and senior managers are aware of some type of irregular financial reporting in their companies.



Almost 80% of the 100 South African respondents said managers in their businesses would be under increased pressure to deliver good financial performance over the next 12 month, compared with the overall response of 60% from all the respondents.

Only 35% of the South African respondents agreed that companies often report their financial performance as better than it is, compared with 38% of all the respondents and almost 70% of the 103 Nigerian respondents.

The survey of more than 3,000 board members, executives and managers found conduct such as recording revenue early, under-reporting costs or encouraging customers to buy unnecessary stock.

Ernst & Young's global leader for fraud investigations, David Stulb, said the results showed many business people were either ignoring or were blind to the risks.

"We continue to see too many executives thinking fraud and corruption are problems faced only by other companies or in other sectors," he said.

"And we continue to see business leaders failing to ask enough questions. This is particularly so in rapid-growth markets," he added.

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