Accounting and Audit Update

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Agenda

- Leases
- Revenue Recognition
- Gifts-In-Kind
- Financial Instruments - Credit Losses
- Federal Awards
- COVID-19 Accounting Considerations

Leases

Updated Timing

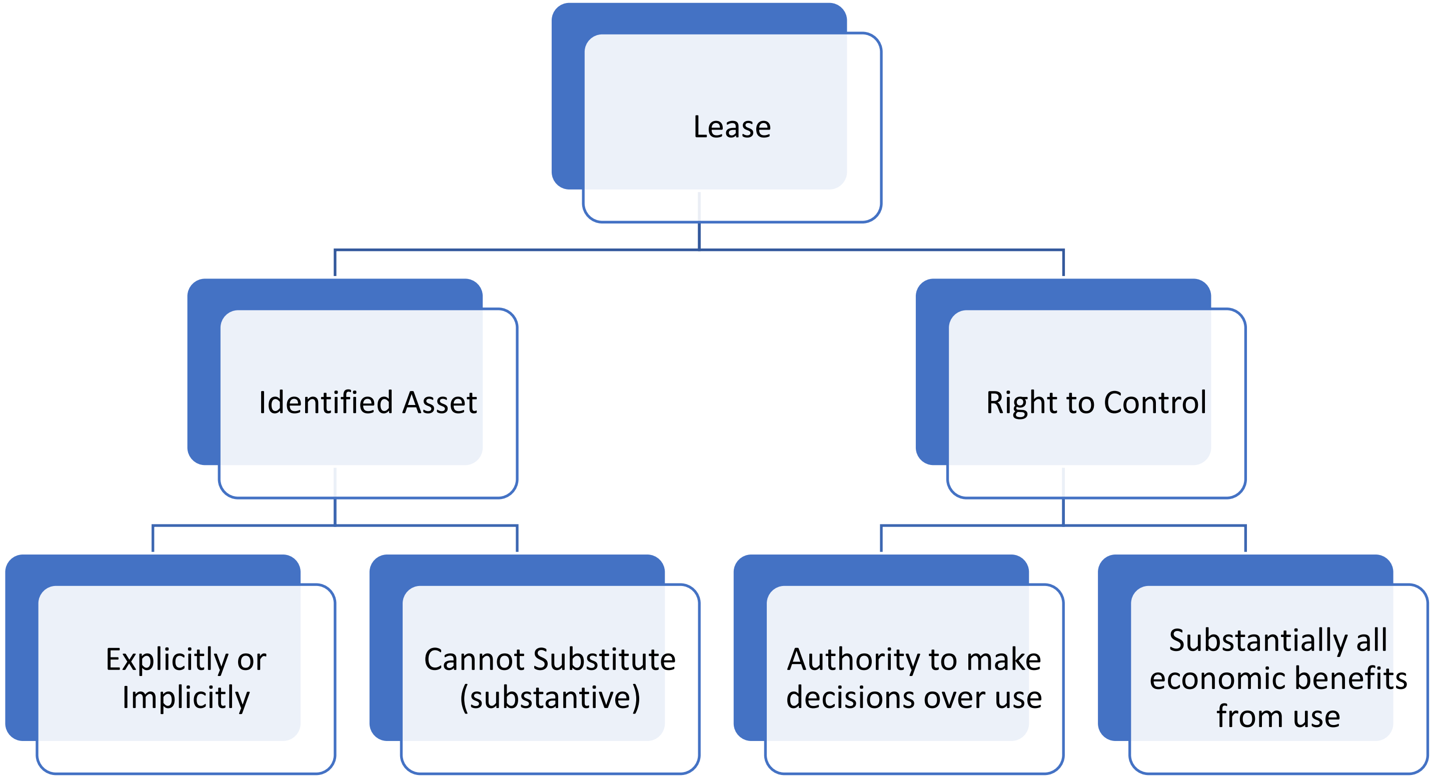
Fiscal years beg. after Dec. 15th, 2018 for public entities

Fiscal years beg. after Dec. 15th, 2021* for all other entities

Effective Date

* *Considers recent delay afforded by* ***ASU 2020-05***

Identifying a Lease



Note: **Must have both** an identified asset **and** right to control

Classification

- Classify all leases as financing or operating leases
  - Financing lease – transfers substantially all risks & reward associated with ownership (meets one of the 5 criteria below)
  - Operating lease – all other leases that do not meet criteria for finance leases

- Five criteria of a financing lease (only need to meet 1)
  - Transfer of ownership of asset at end of the lease term
  - Option to purchase that is reasonably certain (not just bargain purchase option now)
  - Lease term for “major part” of economic life (i.e. 75% of useful life)
  - Present value of minimum lease payments exceeds “substantially all” of the fair value (i.e. 90% of FV)
  - Underlying asset is of such specialized nature that no alternative use to lessor at the end of lease

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Comparison of Lessee Accounting Models

Finance Lease

Stmt of Financial Position

Right of Use (ROU) Asset*
Lease Liability

Stmt of Activities

Interest Expense (on lease liability)
Amortization Expense (on ROU asset)

Cash Flow

Cash paid for principal payments (financing activities) & interest payments (operating activities)

*Periodically reduced by straight-line amortization

Operating Lease

Stmt of Financial Position

Right of Use (ROU) Asset**
Lease Liability

Stmt of Activities

Lease/Rent Expense (straight-line)

Cash Flow

Cash paid for lease payments

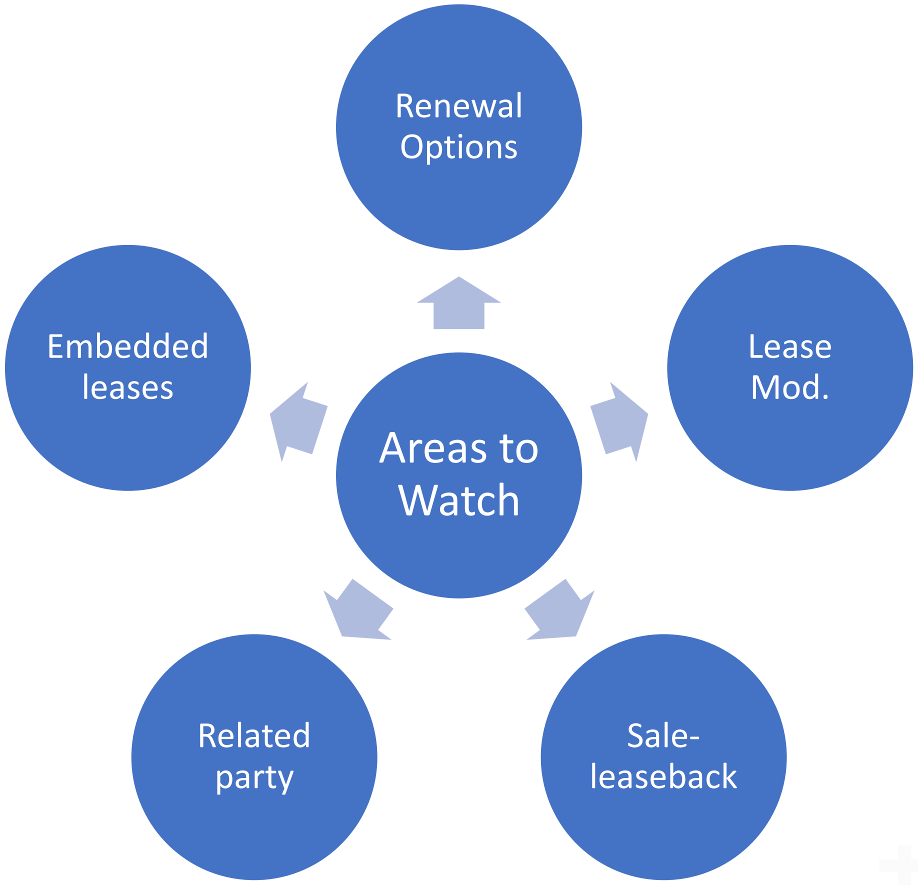
****Periodically reduced by the difference between straight-line lease expense & interest cost on lease liability, *i.e.*, "plug figure"**

Effects Illustrated

	Current	ASC 842	Diff.
Current Assets	2,500,000	2,500,000	-
Noncurrent Assets	5,000,000	6,275,000	1,275,000
Total Assets	7,500,000	8,775,000	1,275,000
Current Liabilities	1,500,000	1,845,000	345,000
Noncurrent Liabilities	5,000,000	5,930,000	930,000
Total Liabilities	6,500,000	7,775,000	1,275,000
Equity	1,000,000	1,000,000	-

Current ratio	*1.67*	*1.36*
Debt to equity	*6.50*	*7.78*

Complexities



Trends:

- Fallout:
  - Cost than anticipated
  - Complexity than anticipated
- Software – needed?

Trends (cont.):

- Transition:
  - Impact – JE likely
  - Method
    - Almost all did NOT adjust PPs. (ASU 2018-11)
  - Practical Expedients
    - Package of Three – almost all elected to use
      - **An entity does not need to reassess whether any expired or existing contracts are leases or contain an embedded lease.**
      - **An entity does not need to reassess the lease classification of any expired or existing leases.**
      - **An entity does not need to reassess the initial direct costs of any existing leases.**

Trends (cont.):

- Discount rate
  - 840 vs 842 definition change
  - Few using implicit rate and challenges to determine IBR
    - Wayfair, Inc.: "As most of the Company's leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The determination of the Company's incremental borrowing rate requires judgment. The incremental borrowing rate for each lease is primarily based on publicly-available information for companies within the same industry and with similar credit profiles. The rate is then adjusted for the impact of collateralization, the lease term and other specific terms included in the Company's lease arrangements. The incremental borrowing rate was determined at lease commencement, or as of January 1, 2019 for operating leases existing upon adoption of ASC 842."
  - Private Company election option: risk-free rate
    - Reluctance to use for all leases
  - Proposed ASU to improve discount rate guidance for lessees that are not public business entities

Trends (cont.):

- Disclosures
  - Enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases including significant judgments in applying the requirements.
  - New:
    - Information about leases that have not yet commenced but that create significant rights and obligations for the lessee, including the nature of any involvement with the construction or design of the underlying asset.
    - Information about significant assumptions and judgments made in applying the requirements of FASB ASC 842, which may include the following:
      - 1. The determination of whether a contract contains a lease
      - 2. The allocation of the consideration in a contract between lease and nonlease components
      - 3. The determination of the discount rate for the lease

Trends (cont.):

- Disclosures
  - New:
    - Short-term lease cost, excluding expenses relating to leases with a lease term of one month or less
    - Variable lease cost
    - Weighted-average remaining lease term
    - Weighted-average discount rate
    - A lessee shall disclose a maturity analysis of its finance lease liabilities and its operating lease liabilities separately, showing the undiscounted cash flows on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessee shall disclose a reconciliation of the undiscounted cash flows to the finance lease liabilities and operating lease liabilities recognized in the statement of financial position.

Concessions

- Rent concessions
  - Deferral of payments
  - Reduction of payments
  - Rent forgiveness
- Under 840 or 842 this would typically trigger modification accounting of the lease.
- Lease modification analysis can be:
  - Costly
  - Burdensome
  - Complex

Concessions (cont.)

- FASB has allowed relief via an accounting policy election
  - Only available for COVID-19 lease concessions that result in the total consideration required by the contract being substantially the same as, or less than, the total consideration originally required by the contract.
  - Applied enterprise-wide or for leases with similar characteristics or circumstances (i.e. class of assets or similar types of concessions in similar lease arrangements).
  - Must be agreed upon by the parties involved in the lease
  - Required disclosures

What to do right now:

- Assign personnel to be educated on the standard and lead the transition
- Conversations with department/location heads
- Develop your lease portfolio
  - Identify leases by department
  - Organize leases and contracts in a centralized location
- Evaluate practical expedients and make policy selections
- Determine need for accounting software
- Create transition journal entries

Revenue Recognition

Revenue Recognition

- ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)*
  - Effective date for private entities and not-for-profit organizations
    - Originally effective for calendar years beginning January 1, 2019 and fiscal years beginning in 2019 (e.g. July 1, 2019)
    - In June 2020, ASU 2020-05 deferred the effective date for a year due to COVID-19.
      - Calendar years: Effective January 1, 2020
      - Fiscal years: Effective for years beginning in 2020 (e.g. July 1, 2020)
- ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*
  - No change in effective dates when ASU 2014-09 was deferred
  - Organizations adopted for the 2019 calendar year end or 2020 fiscal year end

Revenue Recognition

- Exchange vs. non-exchange transaction
  - Exchange (reciprocal)
    - Each party directly receives commensurate value
    - Topic 606 applies
  - Non-exchange (nonreciprocal): Contribution guidance applies

Revenue Recognition

- Background
  - Prior standards (ASC 605)
    - Over 200 pieces of literature
    - Driven by industry-specific issues and pronouncements
    - Inconsistent from industry to industry
  - Objectives of new standard (ASC 606)
    - Replace existing standards
    - Consistency across industries
    - Single, joint standard with IASB

Revenue Recognition

Summary of Model

Identify the contract(s) with the customer

↓

Identify the separate performance obligations in the contract

↓

Determine the transaction price

↓

Allocate the transaction price to the separate performance obligations

↓

Recognize revenue when each performance obligation is satisfied

Revenue Recognition

- Impact on revenue recognition for not-for-profit organizations
  - Minimal or no change for many organizations
  - Revenue types with a potential change
    - Initiation fees received by associations and/or social clubs
    - Membership dues when membership year and reporting year are not the same

Revenue Recognition

- Initiation Fees
  - Performance obligations by organizations and benefits to member extend beyond initial year when fees are paid
  - Determine benefit period (performance obligation period)
  - Fees recognized over the determined period
  - Fees received in advance would be deferred until earned

Revenue Recognition

- Initiation fees example
  - Member pays an initiation fee of $400 to join an organization
  - Benefit period determined to be 4 years
    - Year 1: Recognize $100 of revenue; deferred revenue balance of $300
    - Year 2: Recognize $100 of revenue; deferred revenue balance of $200
    - Year 3: Recognize $100 of revenue; deferred revenue balance of $100
    - Year 4: Recognize $100 of revenue; deferred revenue balance of $0

Revenue Recognition

- Disclosure requirements
  - Revenue recognition policies
  - Specific disclosures for impacted revenue sources

Gifts-In-Kind

Gifts-In-Kind

- ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*
  - Issued September 2020
  - Effective date: Annual periods beginning after June 15, 2021
    - Fiscal year 2021-22 for June through November year ends
    - Calendar year 2022 for December year ends
    - Fiscal year 2022-23 for January through May year ends
  - Early adoption is permitted
  - Retrospective application is required

Gifts-In-Kind

- Objective: Increasing transparency about contributed nonfinancial assets through enhancements to presentation and disclosure
  - Many NFPs receive and use significant amounts of gifts-in-kind (GIK).
  - Value of GIK can impact key metrics for NFP entities such as the program expense ratio and liquidity and reserve ratios
  - GIK can also have significant implications for the financial/programmatic sustainability of the NFP
  - If level of GIKs decreases, NFP must decide whether to:
    - Spend other resources to make up the difference
    - Pare back the level of its programs

Gifts-In-Kind

- Differences from current GAAP
  - Currently no specific presentation or disclosure requirements other than for contributed services
  - Provides improved financial reporting by providing new presentation and disclosure requirements including additional disclosure requirements for recognized contributed services
  - Does not change the recognition and measurement requirements in current standards for contributed services.

Gifts-In-Kind

- Scope: Contribution of nonfinancial assets
  - Fixed assets
  - Use of fixed assets or utilities
  - Materials and supplies
  - Intangibles
  - Services

Gifts-In-Kind

- Requirements
  - Present contributed nonfinancial assets as separate line item in the statement of activities apart from contributions of cash or other financial assets. (Present comparatively if comparative financials are presented.)

  - Disclose a disaggregation by category of nonfinancial assets. For each category, also disclose info about how the assets are used (or monetized), including any associated donor/grantor restrictions, and how they are valued (at initial recognition).

Gifts-In-Kind Statement of Activities Example

CPAs & ADVISORS

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
~~Contributions~~	~~$ 8,640~~	~~$ 8,390~~	~~$ 17,030~~
Contributions of cash and other financial assets	$ 6,790	$ 7,430	$ 14,220
Contributions of nonfinancial assets	1,850	960	2,810
Fees	5,200		5,200
Investment return, net	6,650	18,300	24,950
Gain on sale of equipment	200		200
Other	150		150
Net assets released from restrictions (Note D):			
Satisfaction of program restrictions	8,990	(8,990)	
Satisfaction of equipment acquisition restrictions	1,500	(1,500)	
Expiration of time restrictions	1,250	(1,250)	
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	7,500	(7,500)	
Total net assets released from restrictions	19,240	(19,240)	-
Total revenues, gains, and other support	40,080	7,450	47,530

Source: FASB ASU 2020-07

Gifts-In-Kind

- Disclosure requirements
  - Quantitative: Disaggregation of the amount of contributed nonfinancial assets received by category
  - Qualitative: For each category:
    - Information about whether the assets were monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used.
    - NFP's policy (if any) for monetizing rather than utilizing contributed nonfinancial assets
    - Description of any associated donor restrictions
    - Description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition
    - The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient NFP is prohibited by donor restrictions from selling or using the contributed nonfinancial asset.

Gifts-In-Kind Disclosure Example

Contributed Nonfinancial Assets

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Building	$550,000	General and Administrative	No associated donor restrictions	In valuing the contributed building, which is located in Metropolitan Area B, NFP K estimated the fair value on the basis of recent comparable sales prices in Metropolitan Area B's real estate market.
Household goods	$95,556	Domestic Community Development; Community Shelters	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	$85,407	Natural Disaster Services; Domestic Community Development; Community Shelters	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Medical supplies	$90,389	Natural Disaster Services	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Source: FASB ASU 2020-07

Gifts-In-Kind Disclosure Example

Contributed Nonfinancial Assets

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Clothing	$85,765	Natural Disaster Services; Domestic Community Development; Community Shelters	No associated donor restrictions	In valuing clothing, NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Vehicles	$127,900	It is NFP K's policy to sell all contributed vehicles immediately upon receipt unless the vehicle is restricted for use in a specific program by the donor. All vehicles received were sold.	No associated donor restrictions	Proceeds from vehicles sold are valued according to the actual cash proceeds on their disposition.
Services	$73,890	Various Administrative Legal Matters	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.

Source: FASB ASU 2020-07

Financial Instruments – Credit Losses

Financial Instruments - Credit Losses

- ASU 2016-13, *Financial Instruments-Credit Losses*
  - Effective date
    - Calendar year end 2023
    - Fiscal years ending in 2024
  - Transition
    - Modified retrospective approach: apply update through a cumulative effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective
    - Prospective approach: required for debt securities when an other-than-temporary impairment has been recognized prior to the effective date

Financial Instruments - Credit Losses

- Current GAAP
  - Requires an “incurred loss” model for recognizing credit losses, which delays recognition until it is probable that a loss has been incurred
  - Restricts ability to record credit losses that are expected, but do not meet the “probable” threshold.
- Issue underscored by the 2008 global financial crisis
  - Financial statement users making estimates of expected credit losses using forward-looking information
  - Devaluing financial institutions before accounting losses were recognized
  - Information needs of financial statement users differ from what GAAP had required

Financial Instruments - Credit Losses

- Financial assets will be measured at amortized cost basis to be presented at the net amount expected to be collected by an allowance for credit losses
- Removes the “probable” threshold for credit losses
- Allows entities to estimate expected credit losses using the Current Expected Credit Losses (CECL) model
  - Estimate of expected credit losses over the life of the financial instrument
  - Consider relevant internal and external information
    - Historical experience
    - Reasonable and supportable forecasts
    - Current conditions

Financial Instruments - Credit Losses

- Applies to:
  - Loans and debt instruments not measured at fair value through net income
  - Trade receivables and contract assets recognized under ASC 606
  - Certain lease receivables
  - Financial guarantee contracts and loan commitments
- Not in scope:
  - Contributions receivable (pledges)
  - Most grants receivable (if following the contribution model)

Federal Awards

Federal Awards

- All non-federal government agencies and not-for-profit organizations that expend $750,000 or more in federal awards in a given fiscal year are required to obtain a Single Audit in accordance with the Uniform Guidance.
- Includes:
  - Awards received directly from a federal agency
  - Funds passed through from a federal agency and received through another entity such as a state or local government agency or another not-for-profit organization

Federal Awards

- Single Audit
  - Requires higher levels of testing by the independent auditor to establish:
    - Financial statements are presented fairly and accurately, and in accordance with federal cost principles
    - Organization has an adequate internal control structure
    - Organization is in compliance with any special government regulations/laws that apply to the specific federal funding stream
  - Office of Management and Budget (OMB) issues Compliance Supplements on the various federal awards which provide guidance to auditors.

Federal Awards

- New federal funds under various acts
  - Paycheck Protection Program (PPP): Not subject to Single Audit
  - Other funds may be subject to Single Audit (some examples follow):
    - Economic Injury Disaster Loan (EIDL)
    - Provider Relief Fund (PRF)
    - Educational Stabilization Fund (ESF)
    - Higher Education Emergency Relief Fund (HEERF)
  - OMB issued a Compliance Supplement Addendum addressing the requirements for many of these funds.

COVID-19 Accounting Considerations

COVID-19 Accounting Considerations

- Employee Retention Credit (ERC)
  - Record as contribution revenue, not as a reduction of payroll expenses, for both financial statement and Form 990 reporting
- PPP loan
  - Debt model
  - Conditional grant model (contribution)
  - Gain contingency model
  - Government assistance model (IFRS)

COVID-19 Accounting Considerations

PPP Loan Recognition

Accounting Models	Debt Model (Topic 470, Subtopic 405-20)	Conditional Grant (Contribution) Model (Subtopic 958-605)	Gain Contingency Model (Subtopic 450-30)	Government Assistance Model (IAS 20)
Recognition of loan proceeds	Loan payable	Refundable advance	Liability	Deferred income liability
Accrued interest	Yes	No	No	No
Timing of income recognition and derecognition of the loan	Debtor is legally released	Conditions substantially met	All contingencies met and gain is realized or realizable	Reasonable assurance that conditions will be met
Description	Gain on extinguishment	Grant revenue (or gain)	Gain	Other income or reduction of related expenses

Source: AICPA Not-for-Profit Conference

Questions?

Ethics in a Remote Work Environment

Theresa Batliner,
CPA

Agenda

- Leadership and Ethics
- What is Ethics?
- Principles and Practices of High-Quality Ethics Programs
- Ethics and Remote Work
- Impact of Unethical Behavior

Leadership and Ethics

- Development of a code of ethics is largely dependent on an organization's leadership
- Leadership should "hold ethics" in high regard and inspire others to do the same
  - To hold ethics is to:
    - Incorporate ethics into conversations/discussions and actions
    - Ethics viewed as high priority and commitment
    - Have systems that report breakdowns in ethics
    - Anticipatory ethics – systems that report potential future breakdowns in ethics
    - Get people to enthusiastically support ethical behavior
- Who is the ethics leader in your organization?

What is Ethics?

- Ethics – A system of moral principles or behavioral norms which represent the minimum standard of acceptable behavior.
- Code of Ethics –A broad guide of principles designed to help professionals conduct business honestly and with integrity.
  - Outlines mission and values of organization
  - Defines a professional's approach to problems
  - Defines ethical principles based on core values
  - Defines standards to which the professional is held
- Code of Conduct – more focused and defines how employees should act in specific situations

Types of Codes of Ethics

+ Compliance-based
+ Value-based
+ Professional

Principles and Practices of High-Quality Ethics Programs

- Ethics and Compliance Certification Institute Blue Ribbon Panel report
  - Principle 1 – Ethics and compliance is central to business strategy
  - Principle 2 – Ethics and compliance risks are identified, owned, managed and mitigated
  - Principle 3 – Leaders at all levels across the organization build and sustain a culture of integrity
  - Principle 4 – The organization encourages, protects and values the reporting of concerns and suspected wrongdoing
  - Principle 5 – The organization takes action and holds itself accountable when wrongdoing occurs

Ethics Considerations in a Remote Working Environment

- Principle 1 – Ethics and compliance is central to business strategy
  - Remote work found to minimally impact ethics team’s role as a strategic business partner in general
  - Benefits:
    - Better collaboration
    - Meaningful metrics
    - Positioned to influence
  - Challenges:
    - Not having a seat at the table
    - Changes to board reporting

Ethics Considerations in a Remote Working Environment

CPAs & ADVISORS

- Principle 2 – Ethics and compliance risks are identified, owned, managed and mitigated
  - Benefits
    - Efficient collaboration and broader participant pool
    - Quicker feedback
    - More communication channels
    - Enhanced data and analytic capability
  - Challenges:
    - Security concerns
    - Potential conflicts of interest
    - Third party exposure
    - Reduced employee engagement

Ethics Considerations in a Remote Working Environment

- Principle 3 – Leaders at all levels across the organization build and sustain a culture of integrity
  - Benefits:
    - Sense of community and connectedness
    - Artifacts of existing values and culture
    - Work-life balance
    - Flexibility
  - Challenges:
    - Self-isolation
    - Poor team communication
    - Lack of motivation
    - Distractions
    - Disrupted cultural norms
    - Lack of boundaries

Ethics Considerations in a Remote Working Environment

- Principle 4 – The organization encourages, protects and values the reporting of concerns and suspected wrongdoing
  - Benefits:
    - Increased comfort in speaking up
    - Increased us of online reporting options
  - Challenges:
    - Low reporting option awareness
    - Limited peer learning opportunities
    - Reduced reporting to management

Ethics Considerations in a Remote Working Environment

- Principle 5 – The organization takes action and holds itself accountable when wrongdoing occurs
  - Benefits:
    - Additional awareness methods
  - Challenges:
    - Limited informal learning
    - Challenging investigations and uncertain outcomes

Ethics and Remote Work

CPAs & ADVISORS

- Creating a Culture of Ethics Remotely
  - Provide secure technology guidelines
    - Strong password guidelines
    - Use of virtual private network (VPN)
    - Data backup
  - Train Workforce on Remote Compliance
    - Potential conflicts of interest
    - Danger to organization property and assets
    - Breach of proprietary information or confidential data
  - Communicate Evolving Expectations
    - Create and communicate policies that are specific to remote work

Ethics and Remote Work

- Ethics and Responsibilities Necessary for Remote Work
  - Disciplined and able to prove it
  - Understand the nature of work to be performed
  - Perform tasks independently, with little to no supervision
  - Good communicator
  - Make best use of phone/video calls, emails and other forms of virtual communication to maintain effective communication lines

Ethics and Remote Work

- Benefits of Remote Work
  - Increased productivity
  - Cost and time savings
  - Less turnover
  - Reduced spread of disease/infection
- Disadvantages of Remote Work
  - "Always on" mentality
  - Potential salary reductions based on cost of living
  - Employer infringement on privacy of home life

Ethics and Remote Work

- Cultivating Remote Work Ethics Through Habit
  - Establishing daily work schedules
  - Minimizing distractions
  - Staying connected
  - Practicing punctuality
  - Being mindful of deadlines

Ethics and Remote Work

- Improving Work Ethic
  - Identify what you love about your job and what you don't
  - Stay active
  - Unplug after the workday
  - Changing workplace or workstation
  - More productivity = better working relationship

- Remote work doesn't mean disconnected work.
- Remote workers still need to practice good work ethics – self-motivation, adaptability, responsibility and discipline

Ethics and Remote Work

- Monitoring Remote Work – Yes or No?
  - Since beginning of COVID-19, thousands of companies started using spy software ("tattleware")
  - Legal for companies to monitor this way as long as it is disclosed
  - Managers claim information provides information to help understand and improve organizational productivity
  - Employees have concerns about privacy and security
  - May lead to reduced productivity due to lack of trust

Ethics and Remote Work

- Monitoring Remote Work – Yes or No? (Continued)
  - Steps to Monitor Remote Work Ethically (1)
    - Accept remote work is here to stay
    - Managers should engage the workforce to reach agreement on which business activities actually require monitoring and ensure the benefits of doing so are understood
    - Ensure sufficient safeguards are introduced to prevent abuse
    - Discrimination can occur despite safeguards put in place
    - Employees and employers must rebuild the trust levels that existed in office settings

- (1) MIT Sloan Management Review, "How to Monitor Remote Workers – Ethically" November 2, 2020

Impact of Unethical Behavior

+ A significant impact from a breakdown in ethics is the increased risk for fraud.
+ Association of Certified Fraud Examiners (ACFE) conducted 3 member surveys on COVID-19 impact on fraud (May, August and November 2020)

Impact of Unethical Behavior

- Fraud in the Wake of COVID-19: Benchmarking Report (ACFE December 2020 edition)
  - How COVID-19 is affecting the overall level of fraud
    - 79% of respondents noted an increase in overall level of fraud, with 38% noting the increase has been significant. 90% anticipate a further increase over the next 12 months.
  - How COVID-19 is affecting specific fraud risks
    - Noted both increases and expected increases in 12 different categories of fraud risk
    - Cyberfraud continues to be most heightened area of risk – 85%
    - Other significant fraud risks both observed and expected to increase are payment fraud, identity theft and unemployment fraud

Impact of Unethical Behavior

- Fraud in the Wake of COVID-19: Benchmarking Report (ACFE December 2020 edition)
  - How COVID-19 is affecting organizations' anti-fraud programs
    - With increased fraud, organizations need to ensure anti-fraud programs remain effective
    - 41% of organizations are planning to increase overall anti-fraud budget
    - Anti-fraud staffing is largely expected to increase (33%) or remain flat (53%)
    - 48% of organizations anticipate increased investments in anti-fraud technology
    - 38% of organizations plan to increase use of fraud-related consultants
    - 37% of organizations plan to increase budgets for anti-fraud training and professional development

Impact of Unethical Behavior

- Fraud in the Wake of COVID-19: Benchmarking Report (ACFE December 2020 edition)
  - How COVID-19 is affecting the ability to fight fraud
    - Majority noted preventing, detecting and investigating fraud have become more difficult
    - 77% indicated fraud prevention, investigation and detection are more challenging

Questions?

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PEOPLE MATTER

LEADERS INSPIRE

EXCELLENCE RULES