



Deloitte Financial Crime Focus

Strengthening your fraud resilience during challenging times

Organisations today face significant operational, financial, and strategic challenges as a result of the COVID-19 pandemic. While many organisations are focused on protecting their employees and business operations, resilient leaders are also looking toward the 'new normal' and its opportunities and risks.

In this update, we share key developments and emerging risks relating to financial crime, and steps organisations can take to strengthen their resilience in this area.

Fraud in volatile times

The COVID-19 pandemic has made organisations more vulnerable. Among the issues faced are increased risks relating to fraud and corruption. This adds to the pressure of maintaining financial results and income which increase the temptation for individuals to engage in improper acts to alleviate these pressures, or protect livelihoods. The risks are further exacerbated with weakening controls due to work from home arrangements or broken processes given lack of readiness brought about by the unforeseen implications of the pandemic.

Based on our global learnings from the issued noted above, our Forensic Focus on COVID-19 series to date sets out our perspective on several key areas for organisations:

- [Financial statement fraud](#)
- [Conducting investigations remotely during times of uncertainty](#)
- [Fortifying the frontline of defence against fraud](#)
- [Unlocking the power of data](#)
- [Contract review and evaluation](#)

The 'new normal' for anti-corruption legislation – criminal corporate liability for corruption offences

As of 1 June 2020, companies and other commercial organisations are subject to section 17A ("S17A") of the MACC Act, and can now be prosecuted for failing to prevent acts of bribery that benefit the organisation. S17A applies to any commercial organisation with links to Malaysia, regardless of where the activity took place, so long as the activity was undertaken by a person associated with the commercial organisation.

COVID-19 poses a heightened risk of organisations falling afoul of S17A due to the need to secure new business, potentially driving an increase in bribe payments. Essential suppliers may also demand kickbacks or grease payments to facilitate cross-border shipments due to global supply chain disruptions.

Organisations should ensure that they have policies, procedures and controls implemented to comply with S17A. To achieve this, we recommend that commercial organisations conduct a gap and risk assessment exercise as a matter of priority.

Deloitte Malaysia has assisted numerous organisations in implementing anti-bribery and corruption programmes to comply with S17A. This includes conducting gap and risk assessments, creating and updating policies, procedures and templates, and conducting interactive and highly customised training sessions.

Speak up! Why whistleblowing works

Especially against the backdrop of COVID-19 and the new anti-corruption legislation, an organisation's first line of defence is its employees. A recent survey by the Association of Certified Fraud Examiners showed that 43% of fraud cases were reported through tip-offs, with half of them from employees¹.

Establishing reporting channels – such as whistleblower or "speak-up" hotlines – for employees to step forward to expose sensitive issues in a confidential manner is therefore critical, and can be a simple, cost-effective way to enable companies to comply with S17A and remain resilient throughout the COVID-19 crisis.

Deloitte Malaysia is a recognised global provider of independent whistleblowing solutions to corporate and public sector entities across the globe. [Deloitte Halo](#), our digital whistleblowing solution equips organisations with secure and confidential reporting

Contact profiles



Oo Yang Ping
Forensic Director
Deloitte Malaysia



Sasikala Kandiah
Forensic Director
Deloitte Malaysia



channels layered with advanced security features. It also facilitates case management and provides insights using analytics across an organisation's whistleblowing disclosures. Incidents are reviewed by trained analysts, and high-risk matters are promptly escalated for immediate action. We have key learnings from the Deloitte Halo Whistleblowing platform – call us for a no obligation discussion.

^[1] ACFE Report to the Nations 2020 Global Study On Occupational Fraud and Abuse

Prevent. Detect. Respond.

Deloitte Malaysia's Forensic team comprises professionals experienced in helping companies assess allegations of corporate fraud or financial mismanagement and respond to regulatory inquiries. Using data analytics and discovery tools, our forensic investigators bring the financial acumen, forensic accounting and investigative skills to help conduct investigations with a wide range of complexity.

For further details on our Forensic service offerings, please [click here](#).



Deloitte Corporate Solutions Sdn Bhd

Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia

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