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## THE GROWING ISSUE OF BUSINESS FRAUD IN BURKINA FASO: WHAT BEST PREVENTION DEVICE?

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### ABSTRACT

This study shows the state of fraud in businesses in Burkina Faso while diagnosing anti-fraud schemes. Thanks to this research carried out on Burkinabè companies, the results show that fraud affects all sectors of activity. It also exposes the limits of anti-fraud systems, which are essentially: the limits of the organizational framework, the weakness of the internal control system and the lack of an anti-fraud culture. To conduct our research, a quantitative approach is used to collect and interpret the data and the qualitative approach to deepen the analyzes. The results show that fraud is very real and affects the majority of companies: among the causes are weaknesses in internal control systems. To do this, we have proposed ways to identify the risks of fraud, thwart them and prevent them. This concerns particularly the mapping of fraud risks and the implementation of the anti-fraud system.

**Keywords:** Fraud, Business, Prevention, Systems.

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### INTRODUCTION

The last decade has been marked in terms of corporate governance, by cases of fraud, at the global, sub-regional and national levels. The news is each time marked by accounts of fraud. If the frauds revealed during the great "affairs" of recent years are distinguished by their spectacular nature, they are nonetheless the emergent part of a widespread phenomenon. The damage suffered by the victim companies is manifold. Beyond the often very high financial

cost, the indirect consequences are by far the most harmful: tarnished reputation, loss of staff motivation, fall in the stock market price, etc. (Ouaniche, 2015). In many cases, leaders have said they do not know the facts. The executives of a major German car brand, which have been embroiled in a case of diesel emissions fraud for some time, have repeated it over and over again. Likewise those of large European banks, or a North American distributor, who recently came to terms with the American justice system: they were not aware that their teams had committed acts contrary to regulations and ethics (Lebègue, 2020). From the recent major global fraud cases, we can cite the cases: Bernard Madoff who defrauded the largest financial institutions causing a scandal that hit the world of finance and Jérôme Kerviel of Société Générale condemned for breach of trust, forgery and use of forgery and fraudulent entry of data into a computer system. In addition, we retain the case of Renault-Nissan, the consequence of which was the imprisonment in Japan of the former head of the Renault-Nissan alliance, Carlos Ghosn, following accusations of misappropriation of assets (abuse corporate assets and tax evasion), and that of Wells Fargo in the United States, which had created shadow accounts to artificially increase the revenues of its agencies (Dena, Jonathan, & Dominique, 2019). Finally, the American federal justice ordered the audit firm PricewaterhouseCoopers (PwC) to pay 625.3 million dollars (537.3 million euros) in compensation to the deposit guarantee body in the United States. for not having discovered the fraud of one of his clients (Colonial) which led to one of the most important bank failures during the financial crisis (Stampel & Bertrand, 2018). Following the scandals, several laws were adopted including the Sarbanes Oxley law (Fernandew, 2018): Oxley on his initiative, was adopted by the American Congress in July 2002. This law, also called the Public Company Accounting Reform and Investor Protection Act of 2002 or more simply SOX or Sarbox, is the answer to the multiple accounting and financial scandals: Enron, Tyco International or WorldCom. The Sarbanes Oxley law thus regulates the production of accounting and financial documents much more strictly. Penalties for falsifying balance sheets can reach 20 years' imprisonment. In Africa, we can take the most recent case of the Steinhoff Affair, a distribution giant in South Africa whose fraud is estimated to involve 6.5 billion euros. In Burkina Faso, we note that tax fraud according to the (DGI, 2018) causes the state to lose hundreds of billions per year. Between 2016 and 2018, thirteen (13) companies were sanctioned and in 2018, four hundred (400) had their IFU number deactivated. In addition, we can cite the CIMFASO case (accusation of the CEO of forgery and use of forgery, aggravated breach of trust and consumer deception). Very recently, the bimonthly "Courrier confidentiel" in its publication n° 204 of May 25, 2020 headlined "SONABHY / CBC: hundreds of millions transferred without legal basis". In view of all this, the regulatory authorities have adopted a regulatory framework to counter this practice, as have companies which have put in place various means to overcome this scourge and ensure their sustainability. However, it must be noted that the phenomenon is ubiquitous and that internal anti-fraud systems reveal ethical, deontological and above all organizational flaws. Despite the fact that companies turn to expert firms to assist them in the fight against fraud, the problem remains. This is why within the framework of this thesis, we were interested in the management tools to be implemented to prevent fraud in our companies by answering the main question: How to improve management tools to better prevent fraud in our companies in Burkina Faso?

The aim is to contribute to the implementation of operational fraud prevention tools in companies.

The general objective is to provide a mechanism for preventing fraud.

The specific objectives are:

- understand the existing control mechanisms;
- propose prevention mechanisms.

In order to achieve the expected results, we carried out: a documentary study by using the works evoking the theme to build the literature review; a questionnaire to collect data on corporate fraud; semi-direct interviews with professionals and obtaining their opinions in order to better support our results. Thus, the plan of our work is broken down as follows: a first chapter devoted to the review of the literature on general information on corporate fraud and on the limits of the organizational framework in the fight against fraud; a second which will present our methodology; and finally a third on the results and recommendations in terms of the fraud prevention system.

### **LITERATURE REVIEW**

**The Concept of Fraud :** The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing define fraud as: "any illegal act characterized by deception, concealment or breach of trust without had violence or threatened violence. Frauds are perpetrated by people and organizations in order to obtain money, goods or services, or to secure a personal or business advantage. " As for ISA 240 (International Standard on Auditing) is as follows: "Fraud is an intentional act committed by one or more members of management, by one or more persons charged with the governance of the company, by one or more employees, or third party to the entity, involving deceitful maneuvers with the aim of obtaining an undue or illegal advantage. Fraud risk factors consist of facts or conditions that incite or pressure to commit fraud or that provide an opportunity to commit it ". According to the Association of Certified Fraud Examiners (ACFE), corporate fraud is defined as "the use of one's own job in order to gain personal wealth while deliberately abusing or misappropriating corporate resources or assets". According to (Braudo, 2020), it is "an act which was carried out using unfair means intended to surprise a consent, to obtain an undue material or moral advantage or carried out with the intention of escaping to the execution of Laws ". Moreover, according to (IFACI, 2010) "fraud consists in deliberately deceiving others to obtain an illegitimate profit, or to circumvent legal obligations or organizational rules. Fraudulent behavior therefore presupposes a factual and intentional element as well as a process of concealing the unauthorized act. "

On reading the foregoing, key elements and fundamental criteria make it possible to characterize fraud. The key elements of the definitions are commented on in the table below:

Table 1

*Key Elements of the Definition of Fraud*

Elements	Observations	Examples
<b>Intention</b>	This is not a mistake. The fraudster acts with knowledge of the unauthorized nature of the act. Fraud can be an action or an omission	<ul style="list-style-type: none"> <li>• Use of another user's profile to carry out fraudulent transactions in the information system.</li> <li>• Intentional alteration of data leading to misappropriation of assets.</li> <li>• Intentional omission of material information in the publication of financial statements or reports. On the other hand, when the reporting is incorrect due to inadequacies in the development or control process, it is not fraud.</li> <li>• Not knowingly putting in place a control system is fraud.</li> <li>• However, a lack of control due to lack of resources or inadequate procedures is not fraud.</li> </ul>
<b>Illegitimate</b>	Fraud is linked to circumvention: <ul style="list-style-type: none"> <li>• internal rules and procedures;</li> <li>• the legal regulations hence these civil or criminal consequences. •</li> </ul>	<ul style="list-style-type: none"> <li>• Not respecting the up-to-date manual of procedures;</li> <li>• Falsify documents or information;;</li> <li>• Exceed the authorized transaction limits; ;</li> <li>• Bribe an individual.</li> </ul>
<b>Profit</b>	Fraud is not just for material gain.	<ul style="list-style-type: none"> <li>• Appropriation of material, intangible and financial goods for oneself or for others.</li> <li>• Other benefits can be sought, namely: <ul style="list-style-type: none"> <li>- the gratitude,</li> <li>- the preservation of a reputation,</li> <li>- the game of "catch me if you can"</li> <li>- Perception of acting in the interest of the organization (corruption to obtain or renew contracts, anti-competitive agreements to preserve market share, tax evasion, falsification of accounting documents, etc.).</li> </ul> </li> </ul>
<b>Factual</b>	Fraud supposes intention, an action and a fact which constitutes the proof.	Embezzlement of company property on own account.
<b>Dissimulation</b>	This is one of the facts that corroborates the illegitimate act of fraud. It can be encouraged by complicity.	<ul style="list-style-type: none"> <li>Forgery and use of forgery.</li> <li>• Accounting entries to conceal fraudulent cash flows.</li> <li>• Falsification of inventory data.</li> <li>• the concealment in the financial statements for several years of losses in order to improve its bottom line.</li> </ul>
<b>Parties Prenantes</b>	Fraud can be internal or external. It can be done by an individual or a group.	<ul style="list-style-type: none"> <li>• Theft carried out by an internal individual without an accomplice.</li> <li>• Misappropriation of funds by a partner thanks to an internal complicity.</li> <li>• Internal fraudulent sales.</li> <li>• Collusion / complicity between employees and third parties.</li> </ul>

Source: Adapted from (IFACI, 2010)

From these definitions we can retain in our brief that corporate fraud is any act done with the aim of deceiving in order to benefit from any advantage.

**Typology of Fraud**

There are several categorizations of fraud, but we will retain the ACFE one, which seems more explicit and detailed. Indeed, according to the Association, we can categorize fraud into three main types. First, there is the misappropriation of assets: "The misappropriation of assets is the stealing of property, of company-owned funds by isolated individuals, acting in concert. Embezzlement generally relates to monetary items (embezzlement of the company's cash flow)

but may also concern other assets such as inventories, fixed assets or trade receivables. "These can be financial assets (embezzlement, unauthorized spending, theft) and physical assets (appropriation, unauthorized use) (Ouaniche, 2015). Next comes the communication of fraudulent information, which consists of intentionally presenting accounts or financial information that does not represent the economic reality of the company.

It can relate to: the statutory accounts or the consolidated accounts, internal management data of the company (reporting, dashboards), financial data communicated to third parties (financial communication). This type of fraud results in the manipulation of encrypted information with the aim of deceiving the reader about the financial situation and / or the economic performance of the company. It may also concern non-financial information (false professional references) or financial information (overvaluation or undervaluation of assets or income). Finally, corruption and unethical behavior: "corruption is the perversion or misappropriation of a process or an interaction with one or more people for the purpose of the corrupter to obtain particular advantages or prerogatives, for the corrupt, to obtain retribution in exchange for his complacency". On the other hand, unethical behavior can be defined as "behavior that is illegal or that violates the rules of society. For example, at work, the theft of sensitive data, falsification of documents, sexual harassment of colleagues or corruption" (Chandellier, 2020). These are extortion, illicit gifts, fraudulent commissions and conflicts of interest.

### Motivations of the Fraudster

"The population can roughly be broken down as follows: 20% are honest people, 20% are dishonest, and 60% would be tempted to engage in fraudulent behavior if a 'reasonable' opportunity or reason presented itself. " These remarks by (Hébert, 2018), senior director of forensic accounting services at Pricewaterhouse Coopers-Canada during a conference, startled many participants. He adds: "If these people are sure they won't get caught and the opportunity is there, chances are they will." Several studies and surveys have focused on the profile of fraudsters but the most important is the one that resulted in the famous fraud triangle. Indeed, "There are 3 categories of people. Those who will never cheat. Those who will always defraud ... And those who will defraud by opportunity. These last two categories refer to the theory of the fraud triangle. (Delmas, 2018). In the sixties, Donald Cressey, American criminologist (1919-1987) interviewed a sample of 200 people convicted of fraud. And he was able to isolate three points in common between each of these cases. He built the theory of the fraud triangle (Lameche, 2020). »Presented opposite:

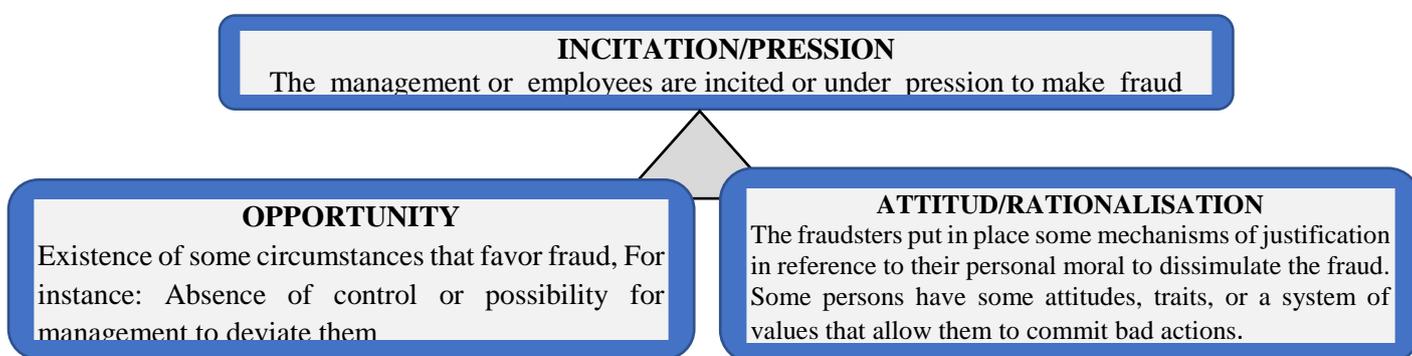


Figure 1: Fraud Triangle  
Source: Adapted from (IFACI, 2010)

## **Theoretical Foundations of Fraud Prevention Systems**

These are COSO, internal audit and the fraud risk management system.

### **Internal Control According To COSO**

The COSO repository is an effective tool for the analysis of internal control. This model was developed by the independent American organization created in 1985 (Committee of Sponsoring Organizations of the Treadway Commissions). An internal control framework was published in 1992 and revised in 2013. According to COSO, internal control is "a process: it is a means, not an end; it is not confined to a collection of procedures but requires the involvement of everyone at every level of the organization. Internal control must provide reasonable (but not absolute) assurance of law-abiding management and leadership. Internal control is adapted to the effective achievement of objectives". This reference system provides a global analysis of the company's internal control system through its five components: the quality of the control environment, the methods and quality of the assessment of fraud risks, the reliability of control activities, the quality of information and communication, the effectiveness of the supervision of controls.

**Internal Audit:** According to IFACI (French Institute for Audit and Internal Control, 2016): "Internal Audit is an independent and objective activity, insurance and advice, whose mission is to provide added value to improve the functioning of the organization. It helps the organization to achieve its objectives through a systematic and methodical approach to assess and improve risk management systems". Sliwa (2011) specifies that internal audit aims to assist managers in their daily functions by providing them with relevant information in real time. Thus, its objectives are to improve and verify the correct application of procedures, to participate in the creation of added value and to help manage changes in the company. The internal auditor is heavily involved in managing the risk of fraud within their organization. The most relevant standards of the Institute of Internal Auditors (IIA) in terms of internal audit and fraud link are: competence (1210.A2), risk management (2120.A2) and mission objectives (2210 .A2).

### **The Fraud Risk Management System**

The benchmark published by COSO in 2004 promotes the concept of overall corporate risk management, Enterprise Risk Management or ERM; one of the challenges of which is to get the company to align its strategy and risk management. Thus, this reference system (COSO 2) includes the three objectives and the five components of the internal control reference system, which it supplements with the inclusion of strategic objectives and three additional components: setting objectives, identifying events, and the treatment of risks according to the 4 classic methods (avoidance, acceptance, reduction, sharing). These principles make it possible to reposition the risk mapping in a more global system for steering activities. It requires prior identification of acceptable risk levels with regard to objectives (for example: taking advantage of new opportunities, retaining advantages) defined by management bodies and applied at all levels of the organization. (IFACI, Risk mapping, 2013)

### **Limits of the Organizational Framework of Companies**

Internally, although the notion of fraud is not expressly highlighted in their organizational framework, a good number of tools and systems have been put in place to safeguard the assets

of the entity and present them honest financial information. However, there are limits to the effectiveness of the fight against fraud.

### **Management Bodies**

The management bodies are: the Audit Committee, the Statutory Auditor and the Internal Audit Department.

### **The Audit Committee**

Public limited companies can set up an Audit Committee within the Board. It is mandatory for Crown Corporations. The functioning of the Audit Committee is specified in its Charter. Its mission is to examine the draft closing of the company accounts and risk assessment, to inform the Board of Directors of major risks that may compromise the achievement of management objectives, to assess through operations audit (internal and external), the regularity of operations, the quality of the organization, the reliability and the correct application of the information system as well as the performance of the company, to have prescribed and carried out, at the expense of the company, the external audits as well as the evaluations which it deems necessary. The Audit Committee may, if it so wishes, request internal audits or external expertise or invite any independent expert to participate in its work.

### **The Statutory Auditors**

The auditor certifies that the summary financial statements are regular and sincere and give a true picture of the results of operations for the past financial year as well as of the financial situation and the assets of the company at the end of this financial year (Article 710 of the Uniform Act). With regard to fraud, the international standard on auditing ISA 240 deals with the auditor's obligations with regard to fraud during an audit of financial statements. The Professional Practice Standard (NEP 240: consideration of the possibility of fraud during the audit of accounts) corresponds to the adaptation of the ISA 240 standard in the French context. Although fraud is a broad legal concept, for the purposes of ISAs the auditor is only concerned with fraud causing material misstatement in the financial statements. The auditor is interested in two types of intentional anomalies: anomalies resulting from the preparation of false financial information and anomalies resulting from misappropriation of assets. While the auditor may suspect or, in rare cases, identify the occurrence of fraud, he or she does not have to characterize the act in order to determine whether fraud actually exists in a legal sense. Primary responsibility for the prevention and detection of fraud lies with both those charged with governance within the entity and with management. It is important that management, under the supervision of those charged with governance of the company, places a strong emphasis on the prevention of fraud, which can reduce the possibilities of committing it, as well as on the deterrent aspects, which can convince people not to perpetrate them because of the probability of their detection and the penalties incurred. This implies the need to develop a culture of honesty and ethical behavior that can be reinforced by active oversight by those charged with governance. Such supervision exercised by these persons consists in particular in taking into account the possibility that controls are bypassed or that a harmful influence is exerted on the process of preparing the financial information, such as the desire of management to manipulate results in order to influence analysts' perception of the entity's financial performance and profitability.

**The Internal Audit Department :** The mission of internal audit is to increase and preserve the value of the organization by objectively providing assurance, advice and views based on a risk-

based approach. Internal audit is an independent and objective activity that gives an organization assurance on the degree of control of its operations, provides advice on how to improve them, and helps to create added value. It helps this organization to achieve its objectives by evaluating, through a systematic and methodical approach, its risk management, control and governance processes, and by making proposals to strengthen their effectiveness (IFACI, audit-control-interne, 2020). Internal Audit is therefore a very important and necessary activity for risk management and corporate control. It participates in the creation of added value, while strengthening their governance. The most relevant standards in relation to the relationship between internal auditors and fraud are the IIA International Standards for the Professional Practice of Internal Auditing, part of which is as follows (non-exhaustive list) (Araj, 2015): Standard 1210: Competence (1210.A2): Internal auditors should have sufficient knowledge to assess the risk of fraud and how this risk is managed by the organization. However, they are not supposed to have the expertise of someone whose primary responsibility is the detection and investigation of fraud. For 2120: Risk management (2120.A2): Internal audit should assess the possibility of fraud and how this risk is managed by the organization. Finally for 2210: Mission objectives (2210.A2): internal auditors must take into account the probability that there are material errors, cases of fraud or non-compliance and other significant risks. Other standards also refer to fraud, or the role of internal audit in assessing the ethical culture and values of the organization, which also affects the effectiveness of risk management of fraud.

**The Limits of Management Bodies:** The limits of these bodies are mainly in not taking fraud into account when creating these bodies, not all aspects of fraud are taken into account and this leads to loopholes that benefit fraudsters. Moreover, their insufficiency means that fraudsters always manage to circumvent the texts which incriminate them and often even detected, the culprit is often not punished up to the level of the package. In addition, we can cite the non-binding nature of the standards: the standards do not oblige either the statutory auditors or the internal auditors to detect or qualify facts of fraud. They only recommend the implementation of due diligence to minimize the risk of non-detection and returns the responsibility to corporate governance. All this results in the failure to achieve the desired objective: despite these bodies, companies are increasingly victims of fraud.

**Organizational Supports:** Among the organizational supports, we can retain: the up-to-date manual of procedures, risk mapping, and the IT security system.

**Manual Procedures:** It is a document that describes all of the company's current operations (administrative, financial, accounting, technical and specific) through their processing circuit. It also describes the different functions and tasks of the employees through the job descriptions. It is the organizational and procedural memory of the company. Well developed, up to date and executed, it is a good internal control tool to fight against fraud.

**Risk Mapping:** It is the photograph of all the elements that can affect the performance of the organization. It is the main tool of risk management which is defined as follows: "Risk management is a process implemented by the Board of Directors, general management, management and all of the organization's employees. It is taken into account in the development of the strategy as well as in all the activities of the organization. It is designed to identify potential events that could affect the organization and to manage risks within the limits of its risk appetite. It aims to provide reasonable assurance as to the achievement of the objectives of

the organization. (IFACI, The practice of internal control, 1994). Well developed and taken into account, it can help prevent fraud.

### **The Computer Security System**

A high-performance automated and integrated management information system (general, budgetary, material, analytical, management dashboards), allowing the establishment and publication of regular and honest summary statements. However, given the increase in cybercrime, it is imperative that the company put in place all the technical, organizational, legal and human resources necessary to prohibit unauthorized use, misuse, modification or diversion information system, all facets of computer fraud.

### **The Limits of Organizational Supports**

The limits of these supports are essentially their non-existence or their poor quality if necessary: often these supports are absent at the level of the companies or are not up to date. Sometimes too, not followed and applied. In addition, the failure to take into account the aspects of fraud when developing them: to ignore this aspect, to produce ineffective supports against fraud. Finally, zero risk does not exist: despite their quality and application, the ingenuity of the fraudster manages to bypass all this arsenal. If companies have put in place bodies and supports that prove ineffective, rethinking fraud prevention must necessarily pass research in order to come up with better devices.

## **METHODOLOGY**

### **The Preparation**

In this part, we will unfold the preparatory phase of our research.

#### **Choice of Methods**

For our work, in view of the objective which is the presentation of the state and the techniques of fraud prevention, we opted for the inductive method. It is defined according to Séguir (2010) as : *"The inductive method or inductivism is a scientific method which obtains general conclusions from individual premises. This is the most common scientific method, which is characterized by four basic steps: observation and recording of all facts, analysis and classification of facts, inductive derivation of a generalization from facts and verification. "*

For this we opted for the quantitative study to carry out our survey and the qualitative approach to deepen the results of our interviews.

“Quantitative study is a data collection technique that allows the researcher to analyze behaviors, opinions, or even expectations in quantity. This study technique uses the questionnaire or panel survey to collect data for analysis. ...”(Gaspard, 2019)

### **The Quantitative Study**

This part describes the quantitative study that was carried out.

#### **Investigation**

The survey as defined by (Galissou & Daniel, 2007) in the dictionary of language teaching, is designed as a "motivated investigation by the need to verify a hypothesis or find a solution to a problem, and consisting in identifying and interpreting as methodically as possible a set testimonials likely to meet the intended objective. "

In the literature review we read very informative surveys on fraud in the world, four have caught our attention, namely: the global surveys carried out by PricewaterhouseCoopers, the annual

Reports to the Nation carried out by ACFE, those of Ernst & Young on corruption and corporate fraud, the KPMG studies, entitled “profile of the fraudster” carried out on the basis of the investigations carried out by this firm. Reading the editions of these reports inspired us to conduct a study on corporate fraud in Burkina Faso.

They allowed us to see the state of the phenomenon in the world: its evolution, the recurring types of fraud, the fraud profiles, the consequences and the means of struggle. On the basis of these, we conducted our own study in Burkina Faso in order to get an idea of the state of corporate fraud.

### **The Question Sheet**

"The questionnaire is a written document on which are recorded the questions, then later the answers, of the people questioned within the framework of a survey". (Aktouf, 2007) does not seem to adhere to this definition given by the marketing dictionary.

Our questionnaire was developed based on the information sought: it is a set of questions, twenty (20) in total closed or multiple choice; it has been divided into three main parts described as follows. A first part on generalities which includes three (03) questions, it allowed to know the profile of the respondents through their structure, the field, the sector of activity, and the size of the structure. A second on fraud comprising fourteen (14) questions: it allowed to know the types of fraud, the profile of the fraudeurs, the motivations, the size and the consequences of the fraud as well as the means of discovery. Finally, a last on anti-fraud systems, which include three (03) questions: it allowed to have an idea of the preventive means put in place by the structures and those they must improve in order to better fight against fraud. .

### **Population**

In statistics, according to (Aktouf, 2007) we call population a set of elements characterized by a criterion allowing them to be identified without ambiguity. Each of the elements is called an individual (or statistical unit). In our research, the population is all Burkinabè companies, all types included. There are more than 80,000 companies in Burkina Faso, according to the CCI-BF business directory.

### **The Sample**

A sample is a relatively small group chosen scientifically to represent a population as faithfully as possible (Savard, 1978). So instead of looking at the entire population, we look at a part or a subset of that population that is representative and from which we can draw conclusions for that population as a whole. The Business Fraud Survey is an operation to collect the perception, expectations and expected effects of fraud by the population compared to the general perception around the world. This operation will provide the necessary information concerning the profile of the fraudster, the nature and typology of fraud in Burkina Faso, as well as the possible means of preventing this practice of mining companies in Burkina Faso and in Africa in general. In the absence of sufficient means to cover the entire national territory, we limited ourselves to users of the city of Ouagadougou. The lack of a sampling frame (exhaustive list containing the identifiers of all the candidates) also forced us to use a non-probabilistic method to select the candidates to be interviewed. Thus, a statistical sample of 208 volunteers (method for convenience: I survey the places where volunteers agree to answer questions) from all residents of the city of Ouagadougou were chosen taking into account gender (man, and woman) and from both private and public.

The sectors of activity concerned: IT Technology & associated services, Manufacturing & Industrial Products, Mining, Automotive, Pharmaceuticals & Biotechnology, Energy, Public Services, Construction, Health, Telecom & Media, Financial Sector, Product Distribution, Others.

The sizes concerned small (less than 50 employees) and large (more than 50 employees).

Over two hundred (200) responses were received.

The qualitative study

We will see here how we conducted our interviews.

The semi-structured interview is also called the open-ended interview or the centered interview in authors like (Grawitz, 1993). According to (Campenhoudt, Marquet, & Quivy, 2017): “the semi-structured interview is not entirely open, nor channeled through a large number of specific questions. Generally, the researcher has guide questions, relatively open, about which it is imperative that he receives information from the interviewee. As much as possible he will "let the interviewee come" so that the latter can speak openly. The semi-structured face-to-face interview is preferred for this thesis. It allows direct contact of the investigator with the interviewee and a thematic organization of a subject's thoughts on a specific theme. It is a tool allowing to reveal values, perceptions and representations (constructed thoughts) and social and individual practices (experienced facts). To deepen our study, semi-direct interviews with professionals were carried out in order to acquire their expertise and apprehensions on the subject. The interviews corollary to the study mentioned above. Being able to discuss directly with an interlocutor gives the right to valuable opinions, advice and anecdotes on the subject.

The methodology for these interviews breaks down into four (04) steps:

In the first, it acted according to the expected objective of establishing a list of target people, available and interested, presenting the project to them and requesting their membership.

The list of people interviewed is as follows:

Table 2

*List of interviewees*

Person interviewed	Function	Areas of activity of the company
P1	Chartered accountant	Chartered accountant firm
P2	Business Law Specialist	Law Firm
P3	Director of Internal Audit	Public Services
P4	Director of Internal Audit	Public Services
P5	Managing Director	Mine
P6	Finance and Accounting Director	Industry
P7	Chief Financial Officer and Finance Accountant	
P8	Magistrate	Public Services
P9	Director of Human Resources	Industry
P10	Civil Society Influencer	Association

Source: Fieldwork, 2020

The second was devoted to the development of the interview guide, depending on the profile of the interviewee to target the questions according to the desired information. The third was devoted to the collection and the fourth to the processing that we will see in the following parts. The second was devoted to the development of the interview guide, depending on the profile of

the interviewee to target the questions according to the desired information. The third was devoted to the collection and the fourth to the processing that we will see in the following parts.

**Collection :** As part of the survey, we administered a questionnaire (see Annex 1) with the assistance of a firm specializing in statistical studies (OBAAS CONSULTING). The data collected is the arch of our brief, with a quantified view of our comments on the profile of the fraudster, the types of fraud, the consequences and the means of fight in Burkina Faso.

Data collection from users of service managers (General Director, Head of personnel, Chief of Financial and Administrative Department, Administration and Financial Director, or other personnel in public and private services.) was carried out by 5 investigators under the control of 2 supervisors and validation by one (1) data manager (statistician expert). The data collection tools were codified and integrated into the tablets, monitoring the recruitment and training of interviewers and supervisors. The training aimed at performing simulations using role-playing questionnaires to identify inconsistencies and other possible difficulties. During this training, corrections were made to the questionnaires. After the training, the officers tested the collection tools. Further corrections were made to the questionnaire to have a final version. Continuous control and the quality of the data collected was ensured by supervisors and the central data manager (statistician expert). Indeed, the supervisors directly corrected the data entered in the field by the investigators to allow them to make a rapid return to the field and take the correct information in case the information collected is of questionable quality. After this verification, each supervisor synchronizes the data centralized on the for a final check by the expert statistician. This data quality control process resulted in reliable data meeting the initial quality criteria. For the interviews, data collection consisted of transcribing the responses of the interviewees in order to be able to process them.

**The Treatment :** This step consisted of clearing and importing the data into the appropriate processing software, as well as tabulation and analysis. As the data was collected by tablets, as it arrived, it was synchronized and centralized in a single database on a secure remote server. This data was then imported into the SPSS software. After importing, the cleaning consisted of stabilizing the database. It was necessary to search for duplicates, perform a validity check, look for outliers, perform a check for completeness and consistency, etc. The use of data with SPSS and SPHINX LEXICA software made it possible to have the profile of the people surveyed, the level of perception of tax fraud and the means to fight against these illegal practices. This information used should make it possible to measure the state of the phenomenon in companies in Burkina Faso. These data were subsequently corroborated with those from the qualitative study.

**Findings and Recommendations :** Fraud relies on intent to deceive and concealment, which makes it potentially more dangerous than simple mistakes, especially since the fraudster is a priori tempted to perpetuate the fraud. Many frauds are committed by the opportunistic and deliberate exploitation of weaknesses or technical, organizational or even cultural elements of the context. To better prevent fraud, we will make recommendations in view of the existing limits and the implementation of an anti-fraud system.

### **Research Results**

This section shows the surveyed companies, the state of fraud and the anti-fraud devices.

- **The surveyed companies**

The profile of the companies surveyed is as follows:

**Business areas**

Those who answered our questionnaire are more from the private sector (83.17%) than from the public (16.83%) as evidenced by the figure below:

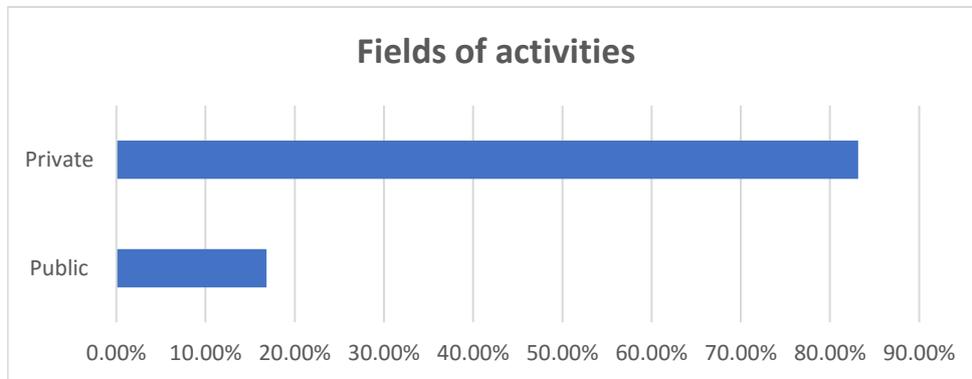


Figure 1: Fields of activities of respondents  
Source : Fieldwork, 2020

**Sectors**

The activity sectors mainly concern those of distribution (13.46%), followed by those of construction and financial services (10.10% each) and those of consulting (9.62%).

**The size of the company**

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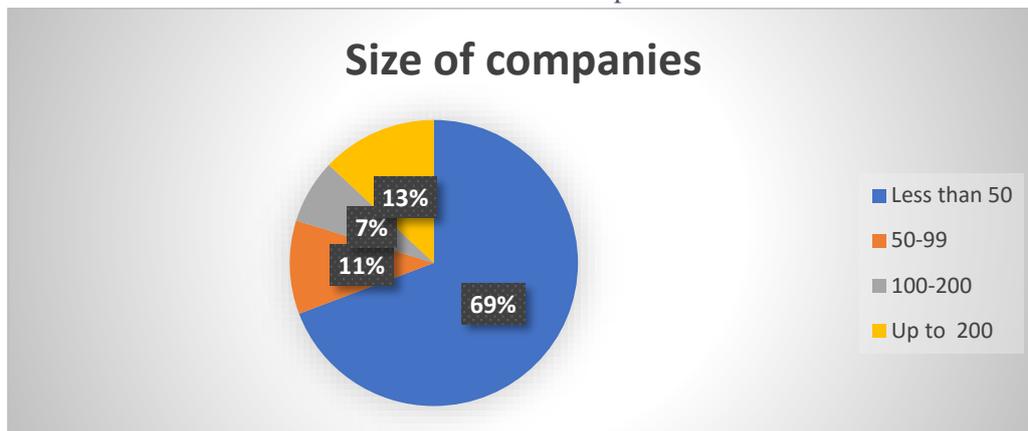


Figure 2: Size of companies  
Source : Fieldwork, 2020

- **Business Fraud in Burkina Faso**

This part of the research shows the perception and the state of fraud which for P3 "is a voluntary act performed by one or more people with the aim of deceiving or providing false information and to make a personal benefit on a given object (it can be money, material, ...) ”.

P10 repeats: "Fraud is a deception or falsification in order to dispose of an asset". He goes on to stress the harmful consequences of fraud both for businesses and for the entire nation. For him, fraud at the level of the public is worse than in the private sector and he invites the authorities to put in place better mechanisms to fight against fraud by public officials.

**The victims**

More than 77% of those who participated in the study believe they have been victims of fraud in the past few years.

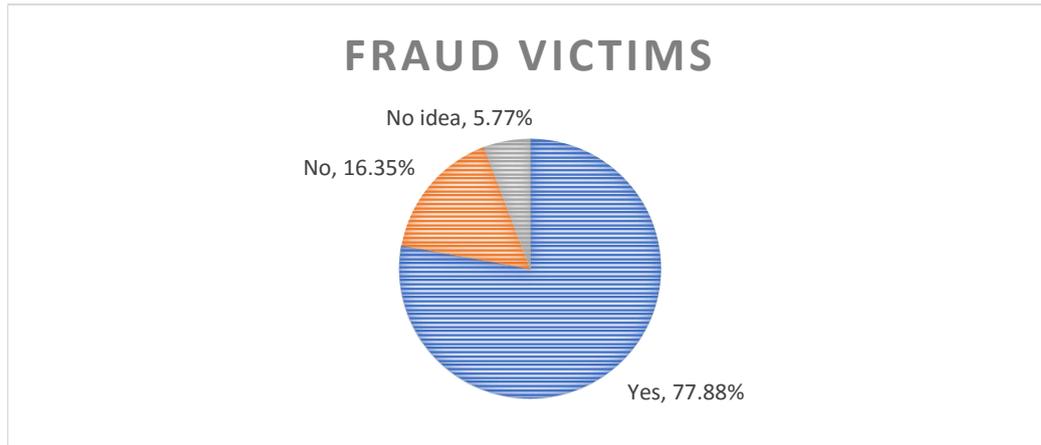


Figure 3 : Fraud victims  
Source : Fieldwork, 2020

*The victims of fraud concern most of the companies, we receive several complaints and lawsuits are even in progress, underlines P8.*

- **Types of fraud**

*The use of forgeries, scams (27%), embezzlement (24%) and corruption (19%) are the most common frauds:*

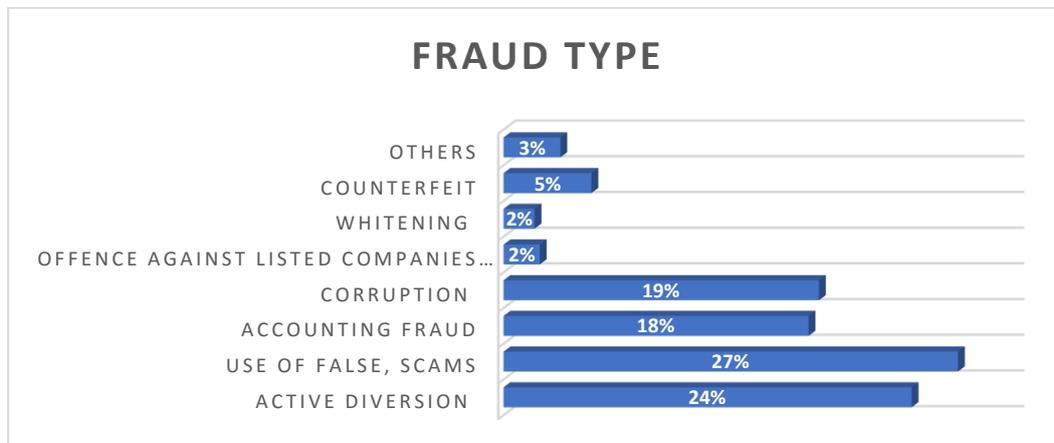


Figure 4: Types of fraud  
Source : Fieldwork, 2020

*The acts of fraud that come to us are reclassified according to the penal code and concern several types, continues the P8. P4 emphasizes that more and more fraud is discovered thanks to the internal control system put in place.*

*When it comes to cases of fraud, it is the falsification of paperwork that has been the most reported, as reported by P7, without ignoring cases of corruption and the embezzlement of assets.*

*The procedures vary from one fraud to another but the classic remains the provision of false documents to benefit from any advantage: "An agent, to be reimbursed for his medical expenses without having actually borne them, made himself up of fake cash receipts to attach to payment receipts and deposit in accounting to get paid. "; explains a P1.*

#### *Profile of the fraudster*

*Most of the fraud is committed by internal staff (47.1%). The profile looks like this:*

- Management: Accounting and finance (33.3%);*
- Middle (42.6%) and senior (36.2%);*
- Seniority: less than 5 years (65.9%);*
- Gender: Male (86.2%);*
- Age: between 30 and 50 years old (74.5%).*

*The classic fraudster is then a senior male executive, aged 30 to 50 years, with less than 5 years of service in the company.*

*Comment qualified by P9 who rightly argues that any staff can be a fraud.*

*It can affect anyone, but everyone agreed that it is generally the experienced in the system who tend to cheat: "I really think there is no typical profile. Because based on our experience, we can say that all profiles are affected (executives, non-executives, young, old, etc.) "About P5.*

#### *Motivations of the fraudster*

*The lifestyle, inadequate internal control, ignorance of the financial consequences and dissatisfaction with the company are the main motivations of the fraudster*

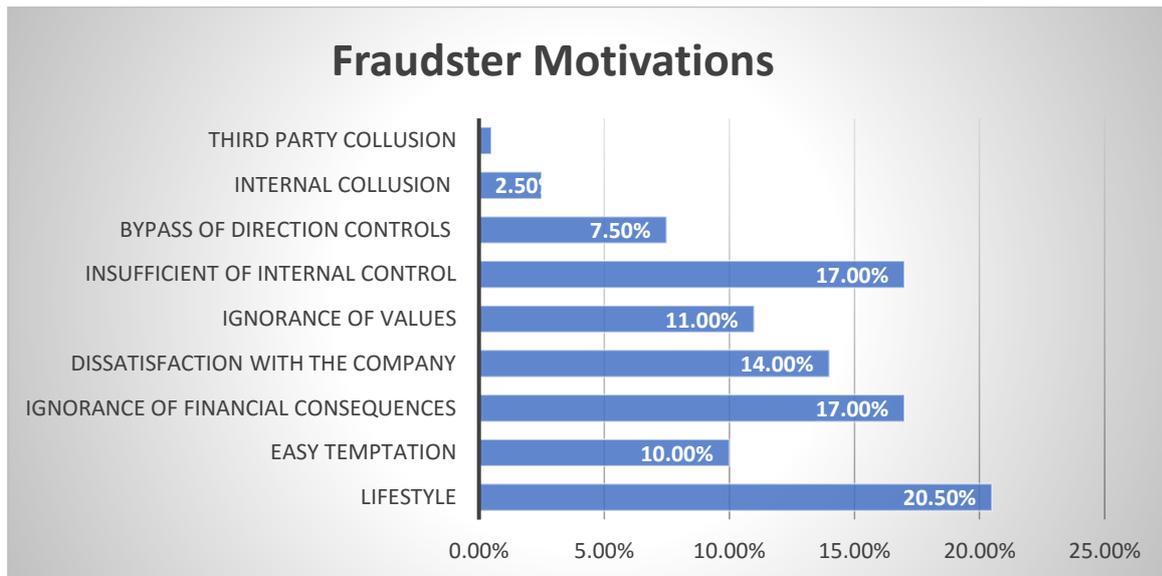


Figure 5: Motivations of the fraudster

Source : Fieldwork, 2020

Fraud is generally possible when three (03) conditions are met: the existence of motivation or pressure, generally financial, on individuals, the opportunity linked to an internal control flaw and the ability of the fraudster to rationalize his act. : explains P2.

**Consequences of fraud**

More than 70% are able to estimate the financial impact of fraud, and the majority are under 10,000,000 (56.8%). However, more than 60% believe that they are unable to recover the amounts lost. The indirect consequences of fraud are mainly:

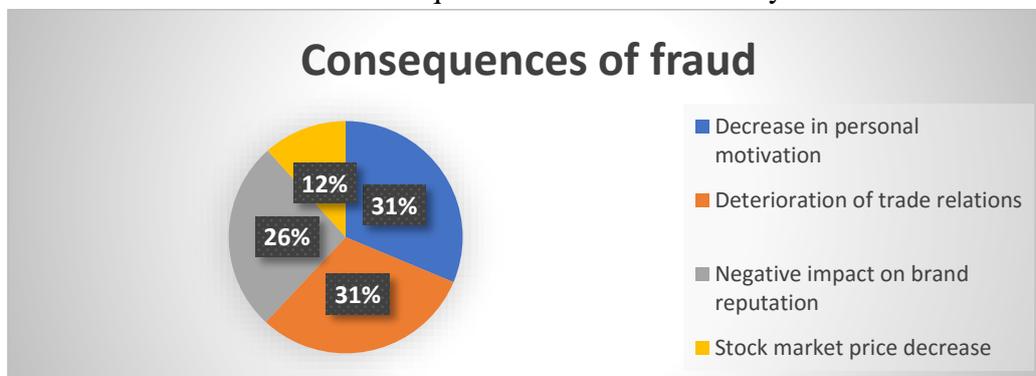


Figure 6: Consequences of Fraud

Source: Fieldwork, 2020

Only the financial cost of the misappropriation of assets, fraud / use of fakes and counterfeits are estimated since it is often difficult to value the damage caused by other incidents: specifies P7. The indirect consequences of the most cited frauds are the deterioration of business relationships, brand image and reputation, and loss of staff motivation, P9 points out.

**Means of Discovering Fraud**

The risk management system, security, internal audit, investigations and external audit are the most used to discover fraud (see Table 3).

Table 3  
*Means of Discovering Fraud*

<b>Means of Fraud Discovery</b>	<b>Frequency</b>	<b>Percentage</b>
Security risk management systems of Internal audit	76	26.67%
Judicial investigations of authorities regulations	61	21.40%
Personal change responsibility	30	10.53%
External audit	45	15.79%
External rumor	37	12.98%
Chance	20	7.02%
Others	16	5.61%
<b>Total</b>	<b>285</b>	<b>100.00%</b>

Source : Fieldwork, 2020

The effectiveness of fraud detection methods is linked to the category to which the fraudsters belong. So when the perpetrator is internal to the company, the frauds were often discovered through internal audit or exposed through internal rumors, according to P6. Conversely, if the fraudster is external to the company, risk and security management systems are the most effective means of detecting fraud. In the latter case, the external rumor is also an important source of detection, reports P2.

#### **Anti-Fraud Mechanisms**

Several mechanisms are used but most of them relate to internal control procedures, security procedures and the development of anti-fraud analysis techniques (see Table 4).

Table 4  
*Anti Fraud Mechanisms*

<b>Anti Fraud Mechanisms</b>	<b>Frequency</b>	<b>Percentage</b>
Internal audit	37	6.05%
Security procedures	106	17.32%
External audit	31	5.07%
Code of ethics code of conduct	30	4.90%
Compliance controls	56	9.15%
Internal control system	121	19.77%
Development of anti-fraud analysis techniques	65	10.62%
Hiring tests	9	1.47%
Risk management system	22	3.59%
Audit committee	14	2.29%
Search public information	26	4.25%
Personal rotation	20	3.27%
Fraud awareness training	34	5.56%

Resorting to consultants of fraud prevention	29	4.74%
Other	12	1.96%
<b>Total</b>	612	100.00%

Source : Fieldwork, 2020

Today, more and more companies feel they are better equipped to deal with fraud through their internal audit departments, external audits, as well as their internal control systems. Companies also have a real desire to further increase prevention, in particular by strengthening internal audit, internal control and security systems. They also believe more and more in the effectiveness of codes of conduct and in raising awareness among staff. Among the preventive means used to detect fraud, we find internal and external audit, internal control arrangements, not to mention the cases of chance as P3 points out. The preventive means to be reinforced in the coming years are those mentioned above, in addition to risk management systems, safety procedures and especially awareness, according to P9. In terms of advice, P6 goes on to point out that "Raising awareness of the harmful nature of corruption and fraud can be a means to fight against fraud, in addition to the establishment of internal and external controls. In the event of fraud observed, exemplary and uncompromising sanctions, especially in public administration, can be dissuasive. "

In addition for P1, "One way to fight fraud is to set up an efficient internal control system. This first involves analyzing the risks and more specifically the risks of fraud that may exist in each activity and especially in each task performed. The objective would therefore be to ensure that any task is traceable (who performed it? When? How? Where? And even why?) Through documentation, software or any other means of proof. Effective permanent control is therefore essential so that for a task to be valid, the answers to the above questions should be favorable. ". Finally, P6 believes that "internal control systems have flaws such as collusion, dysfunction, judgment and high cost and they must be constantly improved".

**Recommendations :** The recommendations are on the organizational framework and on the establishment of an anti-fraud system.

**The Organizational Framework for Fraud :** The organizational framework for fraud concerns: management bodies and organizational support.

**Management Bodies :** On not taking fraud into account: take fraud into account when designing and setting up these bodies. In addition, on non-compliance with the texts: enforce the texts and apply the appropriate sanctions. For the non-binding nature of the standards: reread the standards to make auditors responsible for the risk of fraud; Finally, for the failure to achieve the expected objective: promote the management of fraud risks to achieve the objectives.

**Management Supports:** Regarding their non-existence or poor quality, if applicable: develop management supports and enforce them. For not taking into account the aspects of fraud during their development: take into account the aspect of the fight against fraud during their development

**Establishment of a Fraud Prevention System:** Companies should have recourse to experts in fraud, such as accounting firms to assist them in setting up such a system. The anti-fraud system must therefore be part of an overall awareness-raising and internal control framework that limits the weaknesses of the management system. An anti-fraud program is a large-scale project that

must be driven by senior management and requires the support of all company managers. The ability of management to convince of the usefulness of the approach and to bring together all employees on common ethical values is a key factor in the success of the approach. The objective of such a program is to act simultaneously on three components of the fraud triangle in order to: minimize opportunities for fraud by strengthening control mechanisms, reduce pressure factors by reflecting on the constraints weighing on employees and company managers and reduce the possibilities for self-justification by creating the conditions for collective adherence to company values. This program will identify risks by mapping, taking into account the COSO in order to propose an anti-fraud policy, a code of ethics, the procedures manual, an alert system and compliance audits.

### CONCLUSION

Fraud is ubiquitous in all businesses. We find that internal fraud is the highest category of fraud and misappropriation of assets accounts for more than half of the frauds committed. The financial and moral damages are enormous. Fraud costs millions of dollars around the world every year. Fraud also has a moral cost because it can damage business relationships, damage the reputation of the company and lower the morale of employees who often feel betrayed. In Burkina Faso some previous studies have drawn the attention on insane practices by the companies (Nasse, 2016 ; Nasse, 2019 ; Carbonell et al, 2020) ; and yet some other authors worldwide have shown that insane practices have some negative effects on both economy and development (Akkoyunlu, & Ramella, 2020). A phenomenon foreseen and condemned by the law, the sanctions hardly discourage fraudsters who draw their motivations from everywhere. Businesses need to realize that they are not immune to fraud. Thus, they must correctly assess the risk of fraud in order to put in place effective controls to considerably reduce this risk. As we have studied, the major parts of fraud are detected thanks to a control system through fraud risk mapping. However, flaws exist in the said device and must be in a continuous improvement scheme. Therefore, an effective internal control system will play a key role in the prevention and detection of fraud. General management and internal audit have important roles to play in improving and maintaining an internal control system adapted to the company. Awareness and training in the fight against fraud are very important measures in setting up an anti-fraud program. Management has a key role to play in the implementation of this anti-fraud program and must be present in actions to prevent, detect and investigate fraud. The choice of a consulting firm to support the process of this device is very important and useful. It must set the tone and show that fraud is not tolerated in the company. With effective controls in place, the company will be better able to fight fraud. But, it should be remembered that this assurance is only reasonable because fraudsters usually have the habit of hijacking the controls in place.

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### **Conflicts of interests**

The authors have declared no conflicts of interests