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FOR IMMEDIATE RELEASE

**SolomonEdwardsGroup Recommends a
Corporate-Owned Plan to Assess Fraud Risk**

PCAOB Report Cites Deficiencies in use of some Audit Firms

Philadelphia, PA – February 27, 2007 – SolomonEdwardsGroup, LLC (SEG), a CFO services firm, recommends that public companies establish a corporate-owned plan to assess and mitigate fraud risk. This announcement comes in the wake of a report by the Public Company Accounting Oversight Board (PCAOB) citing deficiencies in the way some external audit firms assess fraud risk and apply procedures directly related to detecting material frauds.

A comprehensive Fraud Risk Assessment consists of a four-step program that supplements a public company's overall risk assessment process and provides an accurate determination of fraud risk within any organization. However, the PCAOB inspection teams found that, in many instances, auditors fail to document or perform adequate procedures to record their consideration of fraud. They simply check-off items on standard audit programs and checklists. This can lead to severe penalties and fines for companies in the event of a fraud occurrence.

"In today's highly regulated environment, when faced with the potential threat of fraud, public companies favor increased external audit procedures to reduce the risk of fraud within the organization – and this presents a false sense of security," said Paul Zikmund, Principal, National Fraud and Forensic Services, SEG. "Instead, CFOs, Internal Audit Directors, and Audit Committees must work together to establish and own robust internal fraud risk assessment and mitigation programs to combat the potential of substantial fines, penalties and loss."

The Association of Certified Fraud Examiners 2006 Fraud Report shows the average fraud lasts approximately 18 months. Over the course of this time period, U.S. corporations lose an estimated 5% of all revenue – a potential loss of more than \$600 billion annually.

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SolomonEdwardsGroup Recommends Four-Step Program/Add One

The four-step program approach includes:

- 1. Evaluate and document your company's fraud risk factors.** Companies must think about the inherent risk for fraud and how and where it is most likely to occur. Hold discussions with management, employees, and vendors/customers to learn about historical frauds, fraud risks and fraud awareness.
- 2. Identify possible fraud schemes and scenarios.** Assuming someone has the incentive to commit fraud within your company, what scenario is most likely? Analyze business environments, functions and processes, to identify types of fraud schemes and gaps in security.
- 3. Prioritize the identified fraud risks.** Companies must prioritize three major factors in fraud, including the likelihood, significance and the frequency of the occurrence of each fraud scheme.
- 4. Evaluate mitigating controls.** Reduce your risk and implement preventive controls based on the identified fraud risks.

In an informal survey completed by SEG, 65% of Corporate Director's questioned stated that they didn't need a fraud risk assessment and mitigation program because they didn't have fraud. As indicated by the PCAOB report and the statistics provided by the Association of Fraud Examiners, it is clear all companies possess an inherent risk for fraud, the important issue, however, is whether the company is aware of this risk and takes the appropriate action to reduce it.

"Conducting a thorough fraud risk assessment does more than provide assurance to various stakeholders," said Ariel Ramirez, MBA, CFE, Principal, National Fraud and Forensic Services, SEG. "It also identifies risks and vulnerabilities, which if left alone, can ultimately, result in the loss of company assets."

About SolomonEdwardsGroup, LLC

SEG uniquely combines business consulting and accounting solutions with a professional search and interim resources model. The company offers proven solutions to complex business issues including fraud and forensic services, internal audit, regulatory compliance, risk management, business process optimization and systems integration. SEG also provides permanent placement and temporary staffing services – from contingency and retained search for core positions, as well as interim resources for seasonal periods or special projects.

SEG, which was established in 1999, has expanded from its corporate headquarters in the suburbs of Philadelphia, PA to Atlanta, GA; to Washington, DC; Chicago, IL; Roseland, NJ; and Dallas/Fort Worth, TX. For more information, please visit www.solomonedwards.com.

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