

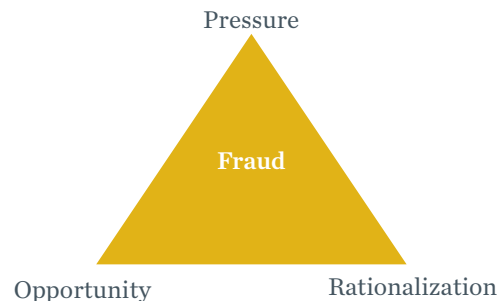
## How to Detect and Prevent Fraud in the Workplace

Companies take numerous precautions to prevent fraud in the work place. Proper internal controls, fair compensation and employee treatment, workplace perks, and appropriate monitoring all help deter fraud in the workplace. The tone and level of involvement from management is crucial. Clear and consistent communication between employees and management is critical to avoiding fraud. However, what happens if despite all of these precautions fraud is discovered?

### **What is Fraud?**

Occupational Fraud is defined by the Association of Certified Fraud Examiners (“ACFE”) as *“the use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets.”*

Fraud includes numerous inappropriate and illegal acts that contain an element of intentional deception. The Fraud Triangle is a classic model that illustrates the typical components which need to be present for a person to commit fraud:



### **Contact**

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Poor internal controls, management override of controls, collusion between employees, and collusion between employees and third parties can all contribute to the occurrence of fraud in the workplace.

## How Do Most Companies Detect Fraud?

Occupational fraud can be detected through a number of ways. The 2010 ACFE Report to the Nations on Occupational Fraud has found that the majority of frauds are detected through tips! Communication and awareness between management and employees is critical to detecting fraud. Management review and an internal audit rounded out the top three fraud detection methods.

## What Should You Look For?

Now that you know what fraud is and what some of the fraud encouraging elements are, below are some specific red flags to help you and your clients detect fraud:

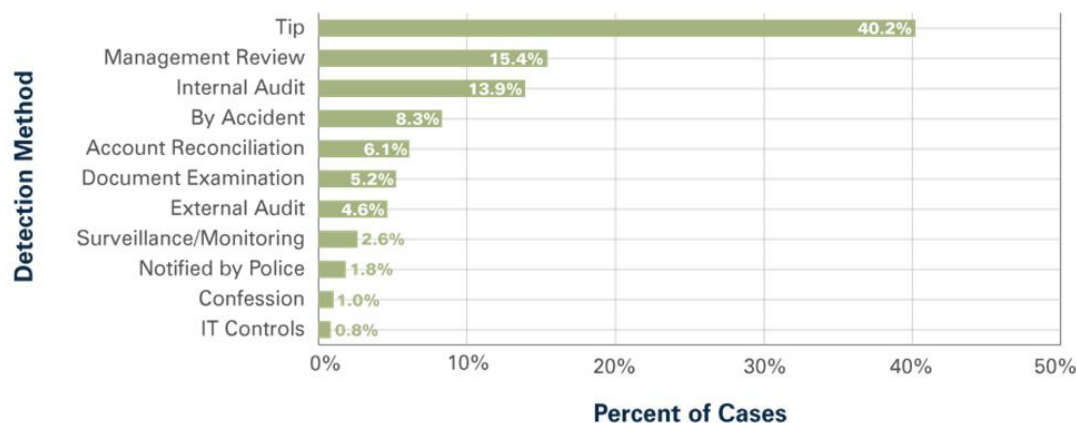
- Reluctance to provide information to investors and auditors
- Management decisions are dominated by an individual or small group
- Weak internal control environment
- Lack of segregation of duties
- Refusal to take vacation or sick leave
- Photocopied or missing documents

## Who Can Help?

Forensic accountants are CPAs who work in the areas of anticipated disputes or litigation. There is a wide array of certifications and each forensic accountant has a varied set of specific skills and expertise and may focus on topics such as data collection, data analytics, financial investigations and reporting.

Forensic accountants can sift through the data, make assessments, and quantify any potential findings in a thorough and efficient manner. &

### Initial Detection of Occupational Frauds



Source: ACFE 2010 Report to the nations on Occupational Fraud and Abuse

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## About Green Hasson Janks

At Green Hasson Janks, we believe that collaboration is the foundation for success. We work as a business advocate for our clients – providing personalized service and building long-term relationships to help position our clients for the future.

We believe that proactive preventative measures can help protect your business from potential financial and intangible losses, regardless of your industry, size, complexity, structure, or location.

We focus on helping forward-thinking, entrepreneurial organizations and individuals in the areas of audit, accounting, tax, internal controls and business consulting, as well as specialty services such as royalty and contract audit, movie and television participation audit, litigation support and forensic accounting.

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