



How to Detect Fraud

Unfortunately, now more than ever, business owners must be on the alert for fraudulent activity. Not every unusual occurrence is necessarily fraud. Problems may be attributed to lack of knowledge or sloppiness in performing the assigned duties.

Here are a few tips that may warrant further investigation.

- ✓ Watch for unusual behavior – increased drinking, gambling, defensiveness or irritability.
- ✓ Check your bank reconciliation. Missing deposits may mean the deposits never made it to the bank. Watch for missing checks and checks made payable to a bogus payee or a “ghost” employee.
- ✓ Check voided sales slips! Sales may be rung up, voided, and the payment diverted.
- ✓ Review employee expense accounts for reasonable reimbursements.
- ✓ Watch inventory for shortages!

Use your intuition and observation skills! If something doesn't look quite right to you, investigate! Question missing and incomplete information!

Even though detecting fraud is beyond the scope of our engagement, we still try to watch for unusual transactions appearing on your bank statement and financial statement, and will bring it to your attention if we spot any. However, no one can catch fraudulent activity better than YOU! You know your business and employees. Keep a watchful eye for fraud and if you observe suspicious activity, be sure to contact your business advisor at Haworth & Company, Ltd. immediately! We are here to help you!

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