

► FRAUD FACTS

EASY STEPS YOU
CAN TAKE IN YOUR
ORGANISATION TO
KEEP AN EYE OUT
FOR FRAUD.

Contact our Audit & Assurance
specialists at your nearest office on

0800 379 528

www.bdo.co.nz

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A guide to keeping an eye out for
fraud in your organisation

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“Fraud can be reduced by strong internal controls, an ethical organisational culture, an external audit and top management support.”

▶ DO THE UNPREDICTED

Fraud is often committed by those who know the routines and processes of the organisation very well. Breaking a few patterns and doing the unexpected can be enough to stop fraud before it happens.

- ▶ Hand out payroll slips in person / check direct credit account numbers.
- ▶ Review credit card statements for expenditure items.
- ▶ Review bank reconciliations.
- ▶ Review suspense accounts.
- ▶ Perform GST reconciliation.
- ▶ Review small and unusual balances in debtors.
- ▶ Count petty cash.
- ▶ Review sequence of invoices.
- ▶ Review statements / 'debtors not mailed' / 'gone no address'.
- ▶ Review all journal entries for the month.
- ▶ Review exception reports for sales invoices / subscriptions cancelled.
- ▶ Review purchase orders / invoices and check for authorisation.
- ▶ Review changes to accounts payable master file.

▶ CONTROL YOUR ASSETS

Assets are not always “fixed”. Make sure you keep an eye on your valuable business property using these easy steps.

- ▶ Conduct a yearly stocktake, at minimum, or rolling stocktakes.
- ▶ Undertake fixed asset stocktakes.
- ▶ Set authorisation levels for capital expenditure.
- ▶ Segregate processes for opening mail, receipting funds and banking.
- ▶ Keep petty cash locked.
- ▶ Set different access levels and passwords.
- ▶ Review physical security, eg, alarms.

▶ KEY MONTHLY MANAGEMENT REPORTS

Management reports are an easy way of reviewing your business for unexpected “activity”. Make sure you regularly run and read these reports as a baseline:

- ▶ debtors' / members' ageing
- ▶ stock variance report
- ▶ unrepresented cheque lists
- ▶ credit notes
- ▶ commentary for variance between actual results to budget
- ▶ inventory report (major categories compared between this year and last year)
- ▶ creditors' ageing
- ▶ annual leave provision
- ▶ stock masterfile adjustments
- ▶ open / pending invoices
- ▶ general journal report
- ▶ exception reports
- ▶ deskbanking exception reports – review changes.

PRACTICAL, DO-ABLE STEPS CAN REDUCE THE RISK OF FRAUD BY UP TO TWO-THIRDS!