How to Detect and Prevent Financial Fraud

written by Lauri Moon | December 21, 2016

Almost on a daily basis, companies of all sizes have problems with financial fraud. In fact, a recent survey from a top accounting firm shows that three out of four organizations deal with financial fraud and employee theft at some time, and fraud has increased significantly over the last few years.

Most of these instances deal with a "trusted" employee who has been stealing from the company for a long time — whether from writing invalid checks, to setting up a third party organization, to inventing a false vendor. What's staggering is how long the fraud goes on — many years in some organizations. In these cases, correct procedures and internal controls were not followed that would have allowed for early detection to uncover the fraud and prevent further fallout. If the proper procedures are in place, it becomes very difficult for fraud to even start.

Here to help companies understand the proper procedures and accounting protocols that all companies should follow is leading accountant **Bethany Novis**, who specializes in fraud investigation. She will walk you through basic steps to both identify potential fraud, and to prevent it:

- The "red flags" that indicate to a company's management team and Board of Directors that they may have a potential financial fraud or employee theft problem.
- The minimum fraud and forensic accounting protocols all companies, regardless of size, should have in place that will help in early detection and prevention. There are significant internal controls that should be followed. Examples include: ensuring that more than one person is handling the entire money transaction from beginning to end; and having your Board of Directors provide oversight management of the organization, as well as approve policies dealing with fraud and ethics.
- What to do should a company suspect financial fraud — how to properly investigate.

- Best practices your company should consider that go beyond the minimum requirements.

Register