HOW TO DETECT AND PREVENT FRAUD

IN A RECENT STUDY OF FRAUD,

small organizations (100 employees or fewer) actually suffer larger median losses from fraud than large organizations (with 10,000 plus employees). In fact, small companies are over 100 times more vulnerable to fraud than their largest counterparts.

Packer Thomas can help you assess your risks and create safeguards.

WHAT IS FRAUD?

Fraud can take on many forms:

- Asset misappropriation or embezzlement
- Stealing money or merchandise
- Taking kickbacks or bribes from suppliers or customers
- Providing false financial information on the company to governmental agencies, creditors or investors
- Cheating on expense accounts
- Claiming overtime when it is not due

PRIME CONDITIONS AND WARNING SIGNS OF FRAUD

PRIME CONDITIONS:

- Pressure—Management or other employees may be under pressure to achieve financial goals.
- Opportunity—Absence of controls or ineffective controls. Often it is trusted individuals who perpetrate fraud.
- Rationalization—The individual believes that the fraudulent act agrees with their personal code of ethics.

WARNING SIGNS:

- Big spenders: Employees who seem to be spending outside of their means probably are. One cause of this could be theft.
- People with financial problems: Just like big spenders, people with financial problems may be more motivated to commit occupational fraud.
- Rule breakers: People who ignore company rules and regulations set a bad example and can trigger fraud throughout the company.

We can assist in the calculation and documentation of any potential economic loss or damages.

WHAT ARE EXAMPLES OF FRAUD?

- Your longtime bookkeeper has been writing unauthorized company checks to himself/herself and concealing them through inappropriate bookkeeping practices.
- Your buyer has been purchasing items with the company's money for his/her own side business.
- A trusted employee has been pocketing cash sales and not recording them.
- Payroll clerk writing checks to fictitious employee and then cashing the checks personally.

HOW CAN PACKER THOMAS HELP?

Fraud has a direct impact on your company's bottom line. It also threatens your company's hard earned reputation. Packer Thomas can help you become more savvy about preventing fraud and detecting it.

- Gathering evidence
- Conducting interviews
- Testifying to findings
- Reviewing your controls

If your company is, or has been, a victim of financial fraud or if you would like us to perform a fraud prevention checkup of your business, contact Packer Thomas.

Founded in 1923, Packer Thomas has grown to be one of the area's most comprehensive and respected accounting firms.

OUR MISSION STATEMENT

"In the long run, if you don't put ethics before profits, there won't be a long run."

Since 1923, our Mission at Packer Thomas is to Exceed the Expectations of our Clients, Employees and Community by holding our firm to a standard of integrity and achievement that exceeds the usual and aspires towards excellence.

"Recent statistics show that 44% of Americans live above their means and 60% are carrying debt in excess of $4,000 each month."

- American Institute of Certified Public

"Small businesses average $127,500 in losses when fraud occurs. The average fraud scheme lasts 18 months until it is detected."

- Association of Fraud Examiners

OUR LOCATIONS

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