

inadequate controls, such as:

- not reviewing claims
- lack of documentation (such as invoices, order forms and approvals)

They might also occur because of favouring particular suppliers or through receiving inducements or kickbacks from suppliers.

What can you do?

As an employer, you can take a number of steps to safeguard your business against fraud which include:

- authorising individuals to make purchases and payments
- issuing guidelines and training on making purchases and payments
- setting an expenditure limit
- segregating purchasing, receipting and payment duties
- monitoring compliance with policies and procedures

Documentation

It's important to make sure your business has documentation supporting all transactions for expenditure and payments.

This creates a paper trail for accounting purposes and highlights any discrepancies.



When making purchases and payments ensure:

- expenditure is supported by an original invoice, order number details or original delivery docket
- receipt of goods and services is acknowledged
- payment on the account is made on an original invoice
- cheques are made payable to the account of the supplier, and not to 'cash'
- you keep payment records for audit purposes

Did you know...

...you can stamp out fraudulent activity by regularly carrying out audits!

For further information please contact:

Major Fraud Investigation Group
Queensland Police Service
200 Roma Street, Brisbane, Qld 4000

Phone: (07) 3364 6622
Facsimile: (07) 3364 6549
Website: <http://www.police.qld.gov.au/pr/program/fraud/whatis.shtml>
Crime Stoppers 1800 333 000
Crime Stoppers TTY 1800 333 000
Emergency only 000

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Queensland Police Service Vision Statement

We are determined to be a professional police service, dedicated to excellence and committed to working in partnership with the people of Queensland to enhance the safety and security of our community.



Your guide to stopping Employee fraud

'Foiling the fraudsters'

What's Fraud?

Fraud is behaviour that's deceptive, dishonest, corrupt or unethical.

For a fraud to exist there needs to be an offender, a victim and an absence of control or safeguards.

Here in Queensland, the laws on fraud involve dishonesty in any of these situations:

- obtaining property belonging to someone else
- applying someone else's property to one's own use
- causing a detriment to another person or entity
- gaining a benefit or advantage for any person; and
- inducing or causing any person to deliver property to another person

Fraudulent activity in the workplace often results in the loss of revenue and property, while increasing operational costs and service charges. It can also mean obligations to employees, customers, suppliers or contractors can't be met.

The knock-on effect for businesses may:

- damage credibility
- compromise confidentiality
- result in public criticism

Common frauds include using false

- identities
- cheques
- credit and EFTPOS cards

Fraud Risks and Prevention Measures

With the rapid advancements in technology, frauds are becoming more sophisticated, widespread and complex. As a result, stamping out fraudulent practices becomes a huge challenge and requires extra vigilance on the part of businesses and individuals

Safeguarding Your Business

The fraudulent activities of employees are a major cause of loss in the business community. Poor business practices and a lack of supervision create an environment for dishonest employees to use a variety of methods to steal from their employers.

The two main areas of risk are:

- cash handling procedures
- purchases and accounts payable

Did you know...

... the tell-tale signs of fraudulent activity are usually the obvious ones!

Cash Handling Procedures Why does it happen?

The main risks involved in cash handling procedures include:

- theft
- misuse of petty cash
- submitting fraudulent claims

Poor cash handling and reconciliation practices are the main causes of this type of fraud.

Keeping large amounts of cash on the premises and not securing them or banking them promptly also creates opportunities for theft.

Other factors include:

- using common registers, drawers and lockers among staff
- paying claims without appropriate authorisation or receipts
- not supplying details of purchases on claims

What you can do?

Make sure you have good cash storage facilities and regularly review your banking procedures.

Staff

It's important to train staff on cash handling procedures and regularly supervise them. You can also

- segregate duties involving cash handling
- arrange for cashiers to operate their own float and balance when undertaking duties
- minimise the use of an open cash register

Transactions

By regularly carrying out audits for cash transactions and floats, you can identify any discrepancies. Steps you can take to do this include:

- monitoring the number and regularity of 'No Sales' transactions on cash registers and countersign 'No Sales' transactions
- reviewing petty cash transactions and claims
- retaining all receipts for audit purposes

Purchases and Accounts Payable Why does it happen?

The purchasing and supply of goods for business purposes is an area open to wasted expenditure because of

- corrupt practices
- kickbacks
- false claims
- bogus vendors
- payment for goods not supplied
- private purchases being made through company accounts

These types of fraudulent practices often occur because of poor supervision and training or