



Fraud Assessment

Challenge:

During an unrelated reconciliation activity, a professional services client inadvertently discovered missing deposits from one of their bank accounts. Upon further investigation, the company discovered that an unsupervised employee who was responsible for receiving, recording and depositing receipts, and reconciliation of related bank statements had perpetrated a fraud. For several months, this employee had failed to deposit cash collected, used the company ATM card for personal purchases and withdrew cash from the company's accounts for personal use. The perpetrator easily concealed the activities by ensuring exclusive custody of bank statements which no one reviewed. At the time the scheme was discovered, the employee had embezzled tens of thousands of dollars. As a result, the client was concerned that there were other undiscovered frauds and risks inherent in the way they were operating.

Solution:

GBQ Consulting's dispute advisory & forensic services team performed an extensive review of the company's accounting processes to identify the company's exposure to fraud and formulate an integrated fraud control plan. While the company suspected that there were a few areas susceptible to fraud, GBQ's dispute advisory and forensic services team uncovered major internal control weaknesses including a lack of segregation of duties, undocumented policies and procedures, and a lack of oversight for critical accounting functions. After completing the analysis, GBQ recommended comprehensive, cost-effective and practical safeguards that would help prevent and detect fraudulent practices in the future. GBQ is also providing ongoing anti-fraud assistance to the organization.

Benefits:

As a result of GBQ's recommendations, internal controls have been strengthened and the company's management has observed that errors are caught earlier than before. In addition, the financial information produced is more accurate and fraud is deterred by the routine processes that have been implemented. Fraudulent actions, if they occur, will no longer be detected by accident thanks to a well designed fraud deterrence program.