



Experience  
Counts

## Areas of Expertise

- Bankruptcy
- Business Valuation
- Expert Testimony
- Forensic Accounting
- Fraud Investigation
- Receivership
- Tax Controversies

If you suspect that fraudulent activities are occurring in your organization, contact the Fraud Group immediately at (877) TFG-1166.

## FraudGroup

2232 S. Main St., No. 411  
Ann Arbor, MI 48103  
(877) TFG-1166.



www.thefraudgroupllc.com

## Avoiding Fraud

Tips for Safeguarding Your Organization



The Fraud Group, LLC

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# Fraud Prevention

*The most common method of fraud detection is a tip or complaint from an employee, vendor or customer... after the fraud has occurred. By that time, it's too late.*

*Most of The Fraud Group's work is reactive — an organization suspects that a fraud has occurred and we're called to verify the fraud and assess the damage. The Fraud Group would rather help your organization avoid fraud. Here are some simple tips compiled by our team to help prevent fraud in your organization:*

## Internal Controls

**Separate the duties** of receiving funds, disbursing funds, writing checks, signing checks, and reconciling bank accounts. Having one person responsible for all cash related functions makes you vulnerable to fraud.

**Have the monthly bank statement(s) delivered unopened to your organization's president**, who should review it for unusual transactions such as declining deposits and unfamiliar payees.

**Bond persons** who have cash related functions within your organization.

**Conduct surprise audits of the cash accounts** and bank statements by an individual who is independent of the cash receipts and disbursement duties.

## Environment

**Institute background checks** of key persons in your organization, and notify them that their backgrounds will be checked.

**Conduct periodic training about fraud** — persons who receive regular and recurring training about the detrimental aspects of fraud are more likely to aid in controlling it.

**Create a respectful environment** — persons who feel well-treated are less likely to commit fraud than those who don't.

**Make concerted efforts to stem conflict** — persons who hold grudges against an organization, whether or not, are more likely to turn to fraud and abuse.

## Workplace Conditions

When possible, insist that persons with cash-related responsibilities **switch duties** at least twice a year.

Insist that employees take **mandatory vacations** and use that time to have the books reviewed for discrepancies.

**Adopt a tip hotline** or complaint-reporting mechanism to report suspected fraud anonymously without fear of reprisal.

## Computer

Access to personnel and master file records should be **password protected** and restricted by job function.

**Computer systems should create an audit trail** of all changes made to the vendor master file records including an identification of those who made the changes.

**John F. Dery** CPA, CVA, CFE, CIRA, CFF

John Dery is a founding member of The Fraud Group. He is an experienced financial executive with over 25 years leading business advisory services in forensic accounting, fraud detection and prevention, litigation support, bankruptcy, business valuation, corporate restructuring, and taxation. Appointed by various courts to roles such as Special Fiduciary, Conservator, Receiver, Trustee, Guardian, and Examiner, he has worked with government agencies as diverse as the U.S. Marshals Service, Wayne County Prosecutor's Office, IRS, and FBI.

## Principals

**David J. Hammel** CPA, CFE, CFF

David Hammel has over 20 years experience in business valuation, bankruptcy, forensic accounting, and receivership work. He has worked in fraud and embezzlement investigations and consulted extensively in court cases. He has also held receivership appointments in the Wayne, Oakland and Macomb County Circuit Courts and provides testimony and expertise in all of the tri-county circuit courts, and on the federal district level as well.

**Gerald R. Humes** CPA, CFE, CFF

Gerry began his career with the Internal Revenue Service as an agent in a special enforcement group in Detroit and Chicago. He has more than 30 years experience in taxation, and has provided forensic accounting, litigation support, tax consulting, and chief financial officer/ controller services to law and investigative firms, certified public accounting firms, and industry. Chair of the Michigan Association of Certified Public Accountants Fraud Task Force from 2008 to 2010, he is a member or affiliate member of numerous professional organizations.

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