

Fraud Prevention Tip of the Month from

PAYNE

FINANCIAL FORENSICS

BEWARE OF THE WORKAHOLIC!

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This is the first in a series of tips designed to help you and your clients avoid and/or detect fraud.

THINGS AREN'T ALWAYS WHAT THEY SEEM

The workaholic fraudster is often above suspicion. One common set of traits of a fraudster is that he/she works long hours, comes in on weekends, and/or never takes vacation. While management may see these attributes in a positive light, believing that this type of employee is very dedicated and loyal, the opposite is often true. Fraudsters commonly work late or on weekends in order to have the privacy necessary to create fictitious documents or otherwise falsify records to hide inappropriate behavior. Taking vacation is often out of the question for fraudsters, since the risk of discovery is greatly increased when others have access to the fraudster's workstation. Fraudsters that create or falsify documents are often unable to do so during vacation.



AN EXAMPLE

The owner of a multimillion dollar business was astonished to learn that his outside accountant discovered a massive fraud when temporarily assuming the duties of the company's controller. The controller was away because the owner sent her on a surprise trip as a reward for her dedication to the company, since she put in long hours, and often worked nights and weekends. To add insult to injury, the controller was a relative of the owner!!!

ACTION ITEMS FOR THE BUSINESS OWNER

One tool to limit this type of fraud risk is to implement and enforce a mandatory vacation policy, where employees are required to take a minimum number of days off IN A ROW each year. Of course, this may do no good if the fraudster has remote access to the company's computer systems. Therefore, it is important that management considers limiting or denying



computer system access to vacationing employees. Employers should also take note of employees who regularly work outside normal business hours, when other employees are not present; and determine whether the after hours work is appropriate and/or justified. All policies should be reviewed by counsel to ensure compliance with applicable laws.

For more information on fraud prevention and detection, please call Lori Payne at (805) 527-1499.

About Payne Financial Forensics

Payne Financial Forensics is a financial consulting firm, specializing in Forensic Accounting; Fraud Investigations; Litigation Support, including Bankruptcy and Insolvency related litigation; and Expert Testimony.

With a middle market focus, our professionals have broad experience in financial consulting and are credentialed as Certified Public Accountants, Certified Fraud Examiners, Certified in Financial Forensics, and Certified Insolvency and Restructuring Advisors. Payne Financial Forensics provides personalized service by senior professionals with big firm experience and expertise at a reasonable cost.

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