

Here are eight techniques your company can use to uncover fraud:

1. Install an anonymous hotline. ...
2. Surprise audits. ...
3. Run your employees' addresses against the address file of your vendors in the master vendor file. ...
4. Create a Changes to the Master Vendor File Report and have it reviewed by a senior executive.

Therefore, it's vital that small businesses take steps to deter fraud, and to detect it as soon as possible.

1. Segregate Accounting Duties. ...
2. Know Your Employees. ...
3. Maintain Internal Controls. ...
4. Scrutinize Business Bank Accounts. ...
5. Audit the Books Regularly. ...
6. Train Employees To Prevent Fraud. ...
7. Protect Credit Card Information.

7 Steps for Conducting a Fraud Investigation

1. Step 1: Receive and react to an allegation. ...
2. Step 2: Establish an investigative team. ...
3. Step 3: **Conduct** a preliminary assessment. ...
4. Step 4: Preserve and collect evidence. ...
5. Step 5: Analyze financial, business, and electronic records. ...
6. Step 6: **Conduct** interviews. ...
7. Step 7: Report the findings.

Nature of Control Environment

- Separation of duties. The risk of fraud declines dramatically if multiple employees are involved in different phases of a transaction, since fraud requires the collusion of at least two people. ...
- Safeguards. ...
- Documentation. ...
- Time off. ...
- Related party transactions. ...
- Complexity. ...
- Dominance. ...
- Turnover.

ways to eliminate fraud opportunities are 1) having good internal controls, 2) discouraging collusion between employees and customers or vendors and clearly informing vendors and other outside contacts of the **company's** policies against **fraud**, 3) monitoring employees and providing a hotline.

