











CASH

- Theft of cash on hand
- Theft of cash receipts
- Fraudulent disbursements

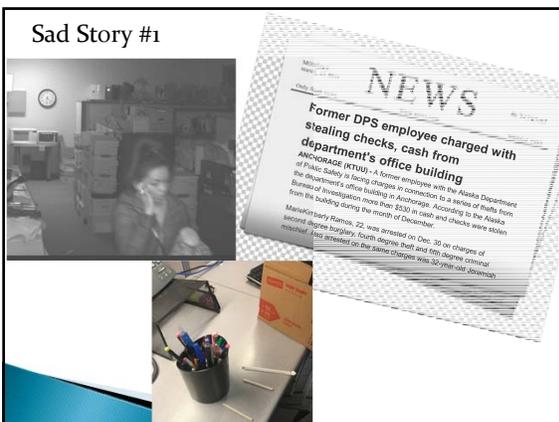
Theft of Cash Receipts

- Cash larceny
- Skimming
 - Receivables (write-off schemes, lapping schemes)
 - Sales (unrecorded, understated)
 - Refunds and Other schemes
 - *Sweethearting**  ***and False Voids or No Sale fraud**

Skimming can also occur when receivables such as checks are stolen from incoming mail or an off-site employee is not supervised closely.



Sad Story #1



NEWS

Former DPS employee charged with stealing checks, cash from department's office building

ANCHORAGE (APR 20)—A former employee with the Alaska Department of Public Safety is facing charges in connection to a series of thefts from the department's office building in Anchorage. According to the Alaska Bureau of Investigation more than \$530 in cash and checks were stolen from the building during the month of December.

Manekin Leroy Roman, 32, was arrested on Dec. 30 on charges of second-degree burglary, fourth-degree theft and first-degree criminal mischief. He was arrested on the same charges was 30-year-old Jason...



Fraudulent Disbursements

- **Billing schemes** (shell companies, non-accomplice vendor, personal purchases)
- **Payroll schemes** (ghost employee, falsified wages, commission schemes)
- **Expense reimbursement schemes** (mischaracterized expenses, overstated expenses, fictitious expenses, multiple reimbursements)
- **Check tampering** (forged maker, forged endorsement, altered payee, authorized tamper)
- **Register disbursements** (false voids, false refunds)

14

Time Sheet: 7-3-17
0800 - 1200,
1230 - 1800
Paid for 9.5 hours
Worked for 3 hours

S
A
D

S
T
O
R
Y

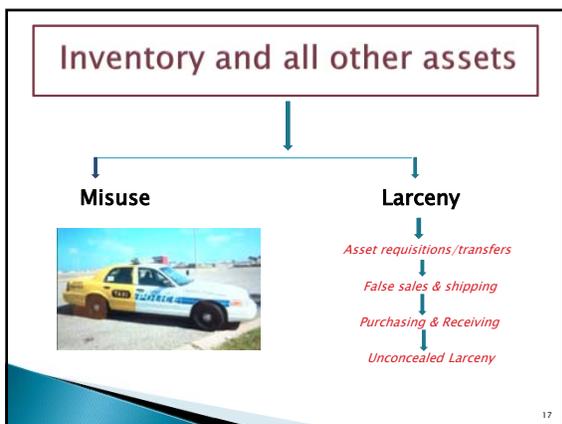
2

Time Sheet: 7-4-17
1400 - 1830
Paid for 7.5 hours
holiday pay plus 4.5
hours holiday work
@double time
Worked 9 hours

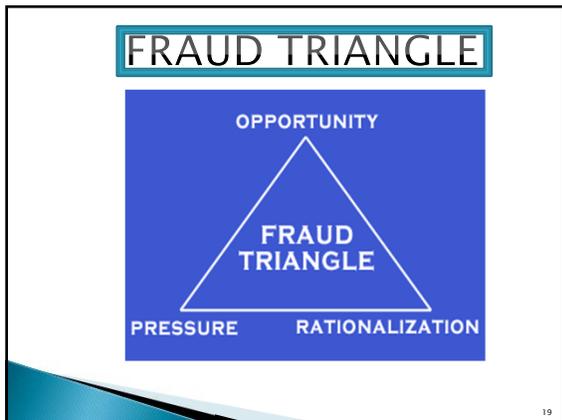
15

"M": "My boss kinda blind sided me on vacation with the no more overtime thing." "F" told him that sucked because overtime was where they make all the good money. "M" replied, "Yeah we got a shit load done before our trip this weekend, she comes down and sees we're just about caught up and cuts it. I told her we only got that caught up by working overtime haha." "F" responded, "Haha just got let it build right back up and be like 'bitch I told ya' haha."











- TRAITS OF A FRAUDSTER**
- Living beyond their means
 - Financial difficulties
 - Unusually close to vendor/customer
 - Control issues, reluctant to share duties
 - Divorce/family problems
 - Wheeler-dealer attitude
 - Irritability, suspiciousness, or defensiveness
 - Addiction problems
 - Past employment-related problems
- continued 21

MORE TRAITS OF A FRAUDSTER

- Complained about inadequate pay
- Refused to take vacations
- Excessive pressure from within the organization
- Past legal problems
- Complained about lack of authority
- Excessive family or peer pressure for success
- Instability in life circumstances

22



What do you do when you see it?

- Most frauds are uncovered by tips.
- Tips come from employees 50% of the time.
- Document what was told to you or what you found, but you may want to avoid documenting it on the computer.
- When bringing the matter to the attention of a superior, present it in a manner that does not assume anyone's guilt.
- Stick to the facts, don't make assumptions.

24



Yes, you can report to law enforcement!

25



CAN WE PREVENT FRAUD?

- Effective Controls—policies, processes, and procedures (*segregation of duties, communication, review /revise controls*)
- Physical Security
- Perception of Detection
- Setting the Tone



27

Prevention Strategies

- ▶ Managing by walking around
- ▶ Require vacations and time off
- ▶ Don't allow staff to take work home
- ▶ Make deposits daily if possible
- ▶ Back up records daily
- ▶ Keep track of petty cash
- ▶ Keep unused checks or check stock in a lock box
- ▶ Set up an employee hotline

28

Hiring decisions

Check references



Check Courtview

FIX YOUR MISTAKES QUICKLY --- DON'T BE UNWILLING TO TERMINATE AN EMPLOYEE WHO STEALS

29

Ethics comes from the top down

Leadership must develop a culture of openness and honesty, providing channels for the reporting, detection, and successful prosecution of fraud

30



Stu's Views © Stu. All Rights Reserved www.STUS.com



Andrea Jacobson
907-334-4472
andrea.jacobson@alaska.gov

32
