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FRAUD IN SMALL COMPANIES

As small companies cannot provide internal audit services due to a lack of resources they are targeted more often by fraudulent activities. In addition internal controls are missing most of the times. However, there ARE possibilities for small companies to prevent fraud as well. Some basic measurements are (1) using online-banking which is cryptographically secured and ensure at the same time that at least one employee on management level has additional online access to check transactions on a continuous basis. (2) Checks must always be signed by two persons with no exception. (3) Expenses exceeding a certain threshold must be authorized by the respective supervisor. (4) Independent auditors should perform unexpected surprise audits on an irregular basis in sensitive key areas such as e.g. bank reconciliations, cash office control, billing and payroll. Auditors should be engaged from external companies which are able to provide auditing experience covering different business areas. (5) Always maintain a clear view on the lifestyle of employees especially those working in the finance department. This can be at least helpful to identify individuals who live beyond one's means. Although this must not always bear a meaning it has proofed to be an important factor in many fraud cases.

Please feel free to contact **JUERGENS BUSINESS SERVICES** regarding all fraud related questions. We will be happy to be your professional partner in fighting fraud and assist you in all fraud related matters.



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