

Bookkeeping fraud on the rise

The recent spate of large scale bookkeeping fraud prosecutions involving hundreds of thousands of dollars highlights the need for business owners to ensure the bookkeeper they engage is ethical and appropriate financial checks and balances are applied periodically.

The recent introduction of the Tax Agent Services Act 2009 has established a new category of tax agent, BAS Agents who must be licensed to contract their account keeping services to clients and are governed by a Code of Professional Conduct.

Business owners are urged to require the bookkeeper they engage to do their account keeping to be registered as a BAS agent.

An additional qualification is that the bookkeeper is also a member of a professional account keeping association such as the industry's leading professional body, the Association of Accounting Technicians Australia. AAT Australia is supported by the major accounting bodies and requires its members to commit to a Code of Ethics and are subject to disciplinary procedure that deters members from unethical practices.

Your company's policies and procedures aren't worth the paper or hard drive space they're written on if they're not known, not enforced, and don't carry consequences for employees. These policies and procedures can be one of your biggest assets in making your accounts payable function more securely and accurately.

Some fraud prevention ideas are:

- Establish a procedure policy for the receipt of payments ensuring an employee in addition to the bookkeeper reconciles amounts owing with customer ledger.
- Limit the scope of financial transactions the bookkeeper can undertake solely (electronic bank transfers; BPay; sole cheque signatory)
- Routinely, randomly examine financial transactions.
- Beware the bookkeeper who insists on not delegating financial account keeping functions and rarely takes leave.
- Keep a careful eye out for any unusual general ledger accounts to which your accounts payable system is posting.

The majority of fraud can be prevented with the right controls in place. It is prudent risk management to take the risk of fraud seriously. The cost of prevention is usually a fraction of the loss that is possible if the fraud was not prevented.

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Enquiries

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