

Howard I. Bleiwas and Associates, CPA, PLLC



39500 High Pointe Boulevard, Suite 145 Novi, MI 48375
248.380.1811 phone | 248.380.1816 fax
www.hibassociates.com

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To Our Clients and Friends:

We recently attended a seminar that discussed fraud within small companies. Below are some facts about fraud we think you should be aware of. Also, check with your bank as they have created more methods than ever before to fight fraud and also additional services that help provide safeguards.

Fraud has become a very large issue in today's world of technology. The fraud can be external and internal. Here are a few facts about trends in fraud:

- 62% of companies are targets of fraudulent payments.
- 77% of that fraud was done using checks.
- 30% of victims experienced financial loss.

A few ways to protect help yourself against external fraud:

- Minimize check writing.
 - Mandate direct deposit for staff.
 - Pay vendors electronically or with a company credit card.
- Separate general and payroll checking accounts.
- Reconcile receivables every day.

Steps to take to protect against internal fraud include:

- Hire carefully by checking references, performing background checks and bonding employees who have access to funds.
- Migrate to electronic payment methods.
- Segregate duties and cross-train employees
- Perform independent periodic audits.
- Checks should be stamped "For Deposit Only" immediately.
- Review accounting entries.

Please do not hesitate to call us to discuss this as well.

Sincerely,

Howard I. Bleiwas and Associates

248-380-1811

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M E M B E R

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