

MY STAFF WOULD NEVER RIP ME OFF: **YEAH RIGHT**

We've all seen the headlines about big-business banking and the recession – but where it's hitting hardest is often much closer to home, says bookkeeping professional Lisa Martin.

Plumbing, gasfitting and drainlaying businesses come in all shapes and sizes but each one is susceptible to fraud. Whether it's you and your wife running the business or whether you've got a large staff and employ a finance manager, as a business owner there are some key questions you need to ask today.

This year, I've seen instances of business fraud skyrocketing. I've seen a trusted family friend of one business clean them out to pay for her gambling habit and another employee charge her new pedigree pooch to the company credit card. Without a close eye on the books, and the knowledge of what questions need to be asked, you could be next.

“ FRAUD IS RARELY WHAT YOU SEE IN THE MOVIES ”

Times of recession are often as difficult for staff as they are for employers – it's in these times that even your most trusted and reliable staff might have a reason to think about taking from your wallet to line theirs.

I've seen businesses being taken advantage of time and again because the owners just don't know the right questions to ask about their finances.

Lots of people find finance processes time-consuming and baffling and if you've got to the stage where you can afford to employ a finance manager or accounts person, it's easy to heave a sigh of relief and never ask any more questions because things are being “taken care of”.

However, if you can't be 100 percent sure of the state of your business's finances right now, or you're not getting the quick answers from finance staff that you need, or if you think you should be making more money than you are, then it's time to take action.

Fraud is rarely what you see in the movies. More likely, it begins innocently – with a mistake that isn't caught, or with a staff



Lisa Martin and team.

member telling themselves that they “deserve a little extra.” In my experience, staff taking money from the business is almost always to cover lavish lifestyles or addiction issues such as drugs, alcohol or online gambling problems.

In one case I saw a trusted financial administrator writing \$50 cheques to petty cash then changing them to \$5,000 without anyone noticing. She had rewritten cheque stubs – or not filled them in at all – and the business owner had never asked to see the bank records or checked the cheque book, so didn't notice the extra money going out.

It sounds incredible now – but without asking the right questions, or following gut instinct, fraud can easily become a major business issue.

“ A BUSINESS'S FINANCE SYSTEMS SHOULD BE TOTALLY TRANSPARENT ”

If you employ an accounts person who never takes a day off, talks about their work as something “you wouldn't understand” or can't provide finance information at the press of a button, be cautious.

A business's finance systems should be totally transparent. Bank reconciliations don't lie – they detail exactly what's going in and out of a business's bank accounts and if you're using online banking that will be very detailed.

You should recognise the people invoicing you for work, and take turns at collecting the mail. False invoices are classic tricks

to siphoning money off the business, which is made easier if you never see the mail coming in.

It's often not until a sudden illness, leave of absence or death in the family occurs that problems are uncovered. All business owners should be able to ask for a balance sheet or a profit and loss statement and be presented with it without an issue. If your staff member is defensive about providing it, gets angry or says they don't have time, then you potentially have an issue.

Do any of these points apply to your business?

- Do your creditors call about unpaid bills when you had assumed they were paid? Fraudsters often defer paying creditors to pay themselves.
- Do any of your employees suddenly have a new and unexplained lavish lifestyle?
- Are there strange problems that keep cropping up but get 'explained away' by the same person all the time?

If you're staffing a finance position, don't fill the role without rigorous checks of their background and their values system. That could be a police check, several reference checks from previous employers or psychometric testing – regardless of what it costs, it could save you a lot in future.

However, my number one rule is to know what's happening in your business. Trust your staff but ask questions, be curious and follow it up when something doesn't feel right.

If this article sounds just a little too familiar, contact me at www.gofi8ure.co.nz for a free no-obligation finance assessment.

About the author: Lisa Martin is the owner of Go Fi8ure, a mobile bookkeeping company working throughout the lower North Island. Go Fi8ure specialise in day-to-day financial management for businesses employing less than 30 staff and are renowned for their service delivery. www.gofi8ure.co.nz ■



Know what's happening in your business, advises Lisa Martin.

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