

# Case study

Forensic Services

## \$3 Million fraud

*Andrew Howard, Forensic Services*

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### Highlights

The actual fraud committed involved numerous transactions. The transactions were hidden in the accounting system by entering significant numbers of line items for each journal entry processed. The investigation involved the meticulous tracing of each transaction through the bank accounts and through the accounting system, gathering the relevant evidence required for the preparation of a detailed report. Our investigation provided the evidence the police required to charge the perpetrator with over 240 counts of fraud and fraudulent false accounting.

However with fraud, that is not the end of our work. We then worked with the client and the client's legal team to trace assets belonging to the perpetrator and recover those assets through civil court proceedings.

### The challenge

The client only had a suspicion that fraud was potentially occurring (and had no actual evidence or confirmation). The client was unable to identify the areas where the fraud may have been concealed. With over five years of financial transactions to investigate, identifying and gathering the evidence required could be likened to 'finding a needle in a hay stack'.

However, through applying various techniques including data analysis and data mining, we were able to identify areas of concern, which subsequently led to the discovery of the fraud.

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## How we helped

In addition to preparing the evidence required for the organisation to prove the fraud had occurred, we were also able to assist the client to implement a number of controls and detection measures to help reduce the risk of any potential future fraud occurring.

## Client thoughts

The client's first thoughts were aimed at discovering the true extent of the fraud and effectively the damage that had been done to their business operations. Once that was determined, their aim was to implement processes to reduce the likelihood of it happening again.

## For the future

The client has implemented a much stricter control process which has not over burdened them with excessive procedures and paperwork, but fits the size and nature of their business. They are now looking at recovering financially from the fraud and expanding their business overseas (which was delayed for the five years of the fraud due to cash flow issues).

## More information

Phone 1300 138 991 or visit [www.bdo.com.au](http://www.bdo.com.au)

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