

Bookkeeping Tips

Spotting signs of payroll fraud

Payroll fraud is a constant problem for firms under 99 employees, claims Fiducial, a franchiser of small-business accounting and financial service firms. These firms represent 39% of fraud cases with an average \$127,500 lost in each incident. Fiducial attributes the losses to lack of controls—e.g., one employee writes and signs the checks, manages and reconciles bank statements, handles payroll and keeps the books. Fiducial suggests watching for these signs:

- ✓ unusual spikes in checks presented for payment
- ✓ a payroll service delivering multiple packages during the payroll period
- ✓ a payroll service paying unusually high federal or state payroll taxes

The following steps are recommended:

- ✓ review bank statements for unfamiliar third-party fees;
- ✓ check bank statements online at least twice a month;
- ✓ do background checks on new employees; and
- ✓ set up controls—e.g., one employee enters data and another reviews it.

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

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