



“Embezzle is a pretty strong word. Isn’t it possible he just forgot where he buried them?”



# Welcome to

## SHIFTING GEARS & CHANGING LANES



TUESDAY, JUNE 14 AND WEDNESDAY, JUNE 15, 2011 IN EDMONTON, ALBERTA

Government  
of Alberta ■

*Alberta*  
Freedom To Create.  
Spirit To Achieve.



**FRAUD,**

**Early Warning Signs**

**Is Someone**

**Profiting from Your**

**Organization?**



# Fraud Survey Canadian Companies

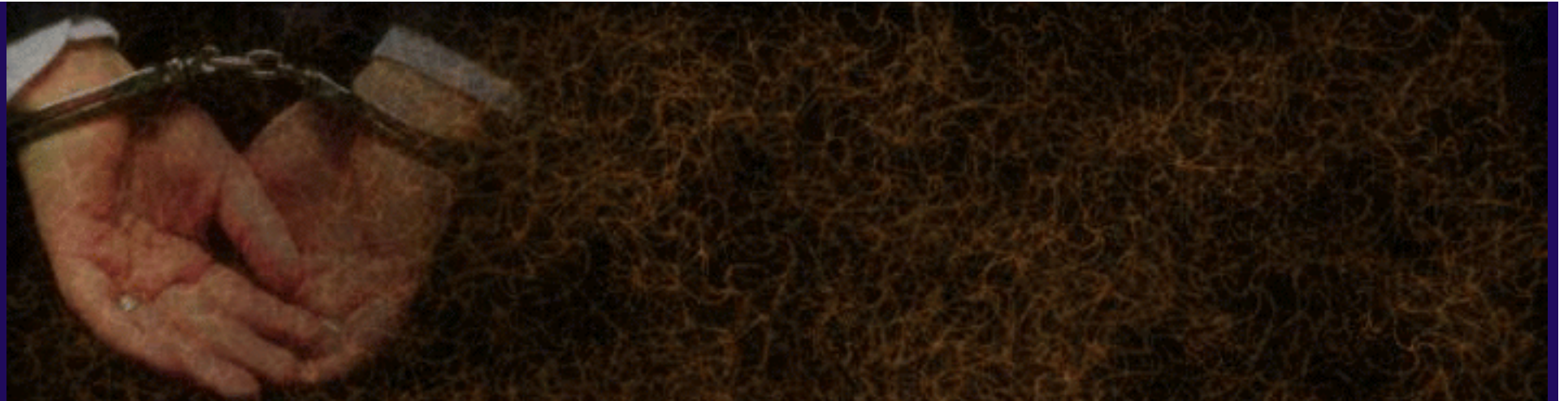
- 62% experienced fraud, up from 52%
- Cheque fraud in Canada estimated to cost \$1-2 billion dollars yearly



# EXAMPLES



**Pastor Steals  
The Church  
Out From Under  
His Flock**



- **Theft of cash, supplies, inventory**
- **Ghost employees**
- **Falsified cheques, invoices, expenses**
- **Cash, credit card reimbursement schemes**

A close-up photograph of a person's hands in metal handcuffs, set against a dark, textured background. The hands are positioned in the upper left corner of the slide.

# **Judge Reluctantly Jails Embezzler**

**Man gets one-year term for  
stealing money from youth  
group, despite illnesses his  
lawyer calls life-threatening**

A pair of hands, likely belonging to a person in custody, are shown in the upper left corner. The hands are wearing metal handcuffs and are held together in a palm-up position. The background is dark and textured.

# **Stolen \$1.5M Gambled**

**Winnipeg hospital employee  
charged alleged to have taken  
money over a TEN-YEAR period.**

**She had nearly exclusive access  
to cash to fill the ATM.**



**Former AADAC councillor embezzled  
\$600,000+**

**Lied about his education**

**He had gambling problem**

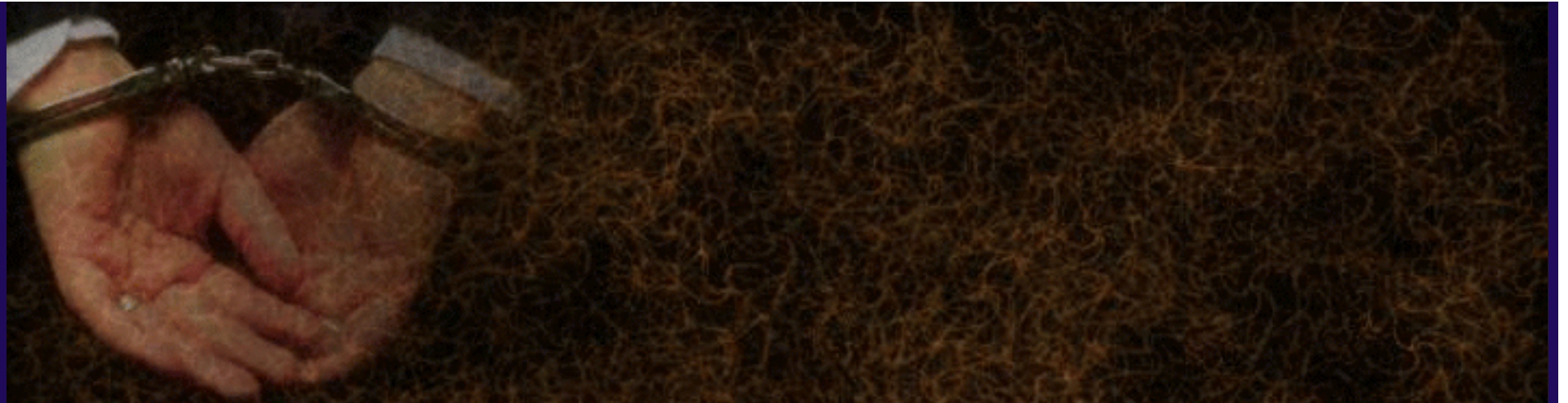
**Lied to: Court; Lawyer and Probation**



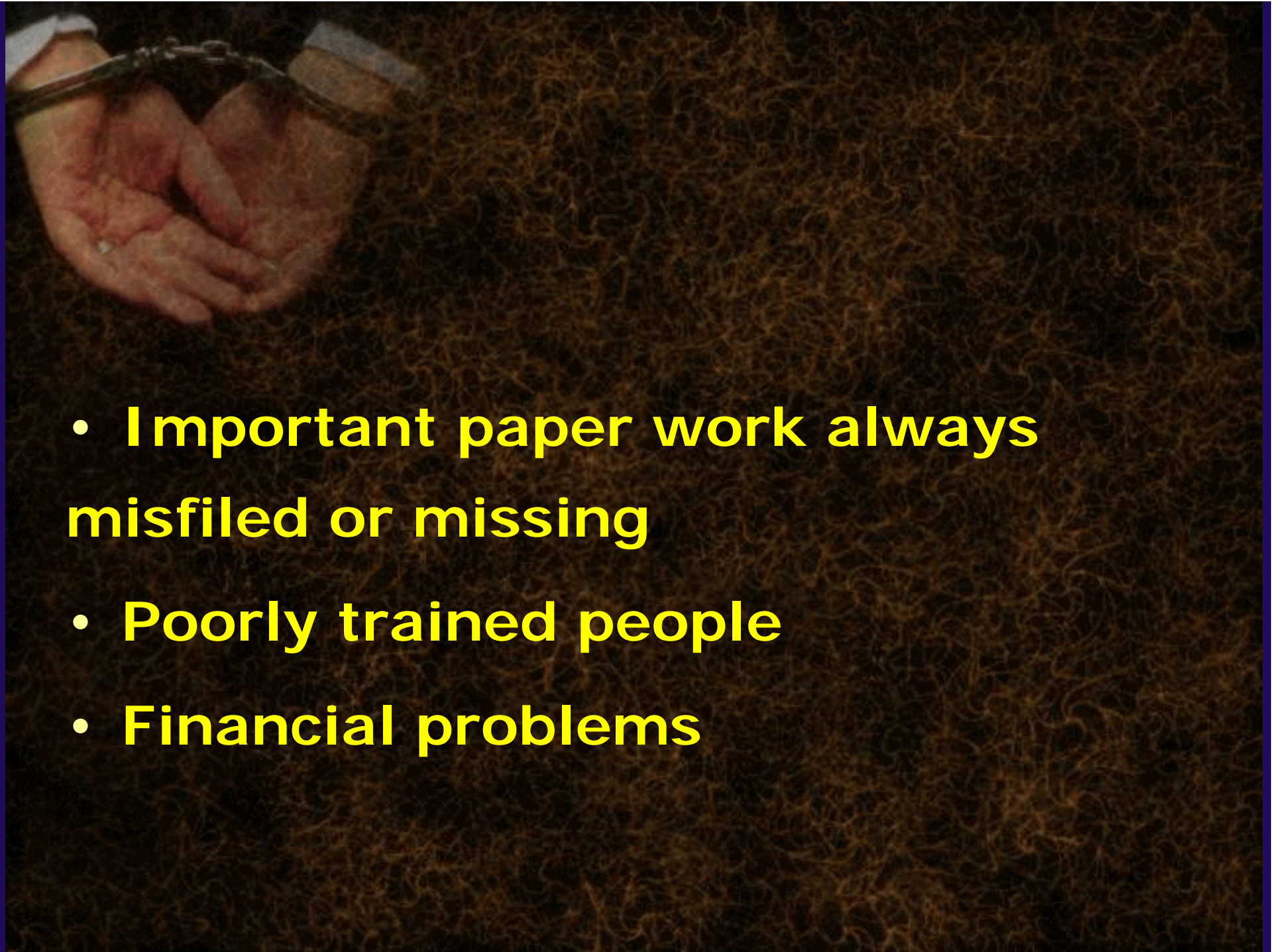
*"I'm just going out, Miss Smith. I'll be back in five years."*



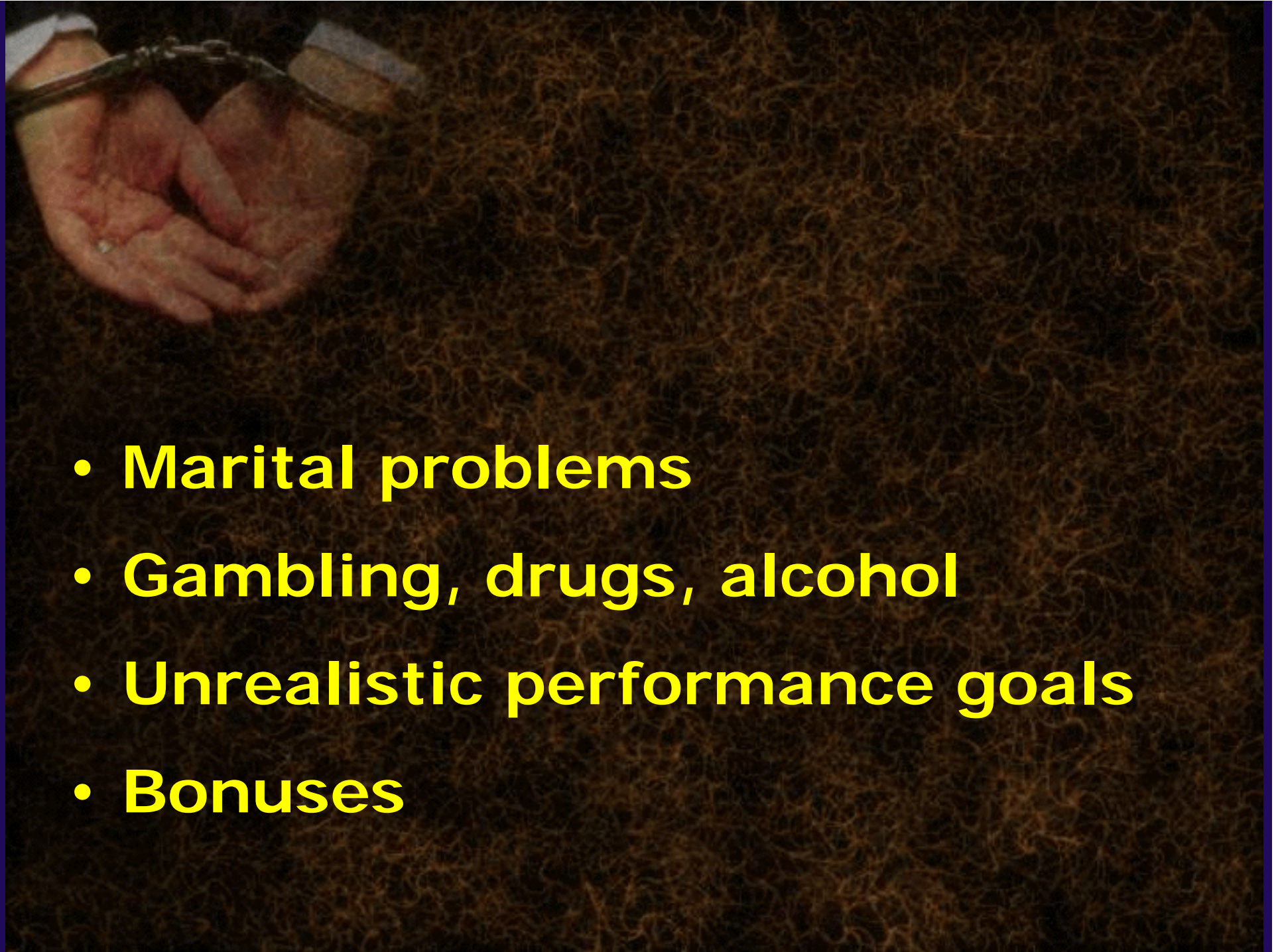
**SIGNS?**



- **Living beyond their means**
- **Internal controls are not followed**
- **Documents (invoices, contracts) are all copies**
- **Refusal to take vacations**



- **Important paper work always misfiled or missing**
- **Poorly trained people**
- **Financial problems**



- **Marital problems**
- **Gambling, drugs, alcohol**
- **Unrealistic performance goals**
- **Bonuses**



# Why They Do It?



# Motive

- financial pressure

# Opportunity

- real or perceived

# Rationalization

- everyone does it



# **PREVENTION**

**Only You Can Prevent  
Fraud!**

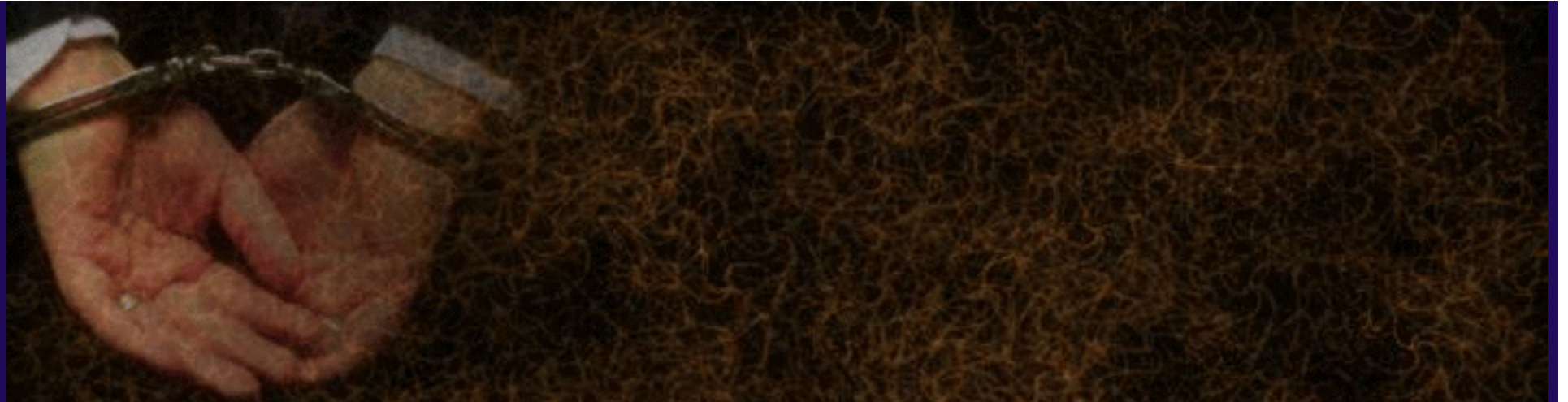
A close-up photograph of a person's hands in metal handcuffs, set against a dark, textured background. The hands are positioned in the upper left corner of the slide.

# **Criminal Background Checks**

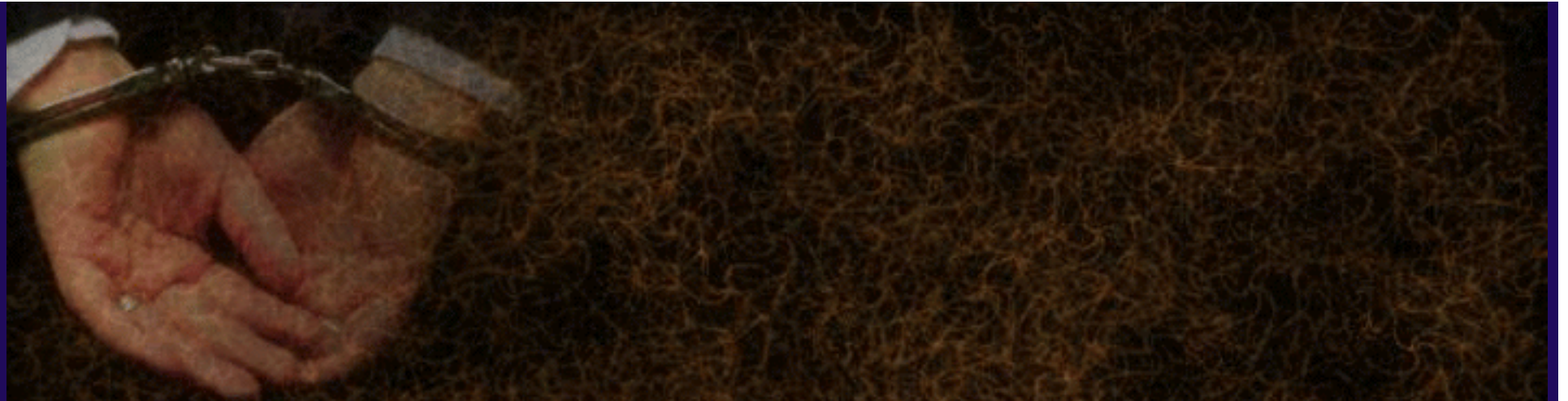
- collecting, receipting or paying out money**
- position to modify computer programs**
- positions of trust**



# **INTERNAL CONTROLS**



- **Segregate duties**
- **Restrict access**
- **Have effective reporting channels**
- **Monthly financial reporting**
- **Approval stamps for invoices**



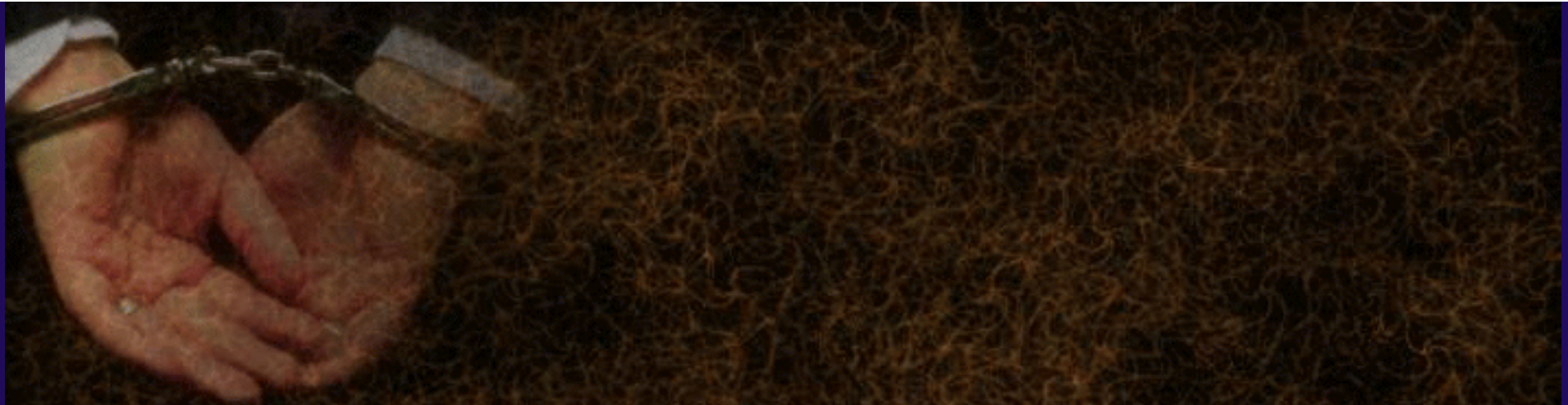
- **Signing authorities**
- **Rotate jobs**
- **Policies for: reimbursements, refunds, expenses, new employees & vendors, etc**

A pair of hands is shown in the upper left corner, bound together by metal handcuffs. The hands are positioned palm-up, and the background is a dark, textured surface. The text is overlaid on the right side of the image.

**Thank you!**

**And, beware of the shy and  
retiring treasurer.**

**He is shy \$200,000 and  
retiring today!**



# **Keeping the Jingle in YOUR Jeans!**

**Lorn B Stanners, CMA**

**1. © 2011 Lorn B Stanners**



Keeping your  
“Vital Eyes” open  
can prevent fraud!

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