Prevention Techniques to Avoid Accounting Fraud

by Stella Richard

Article published on December 9th 2011 | Finance

The last decade has seen its fair share of accounting frauds involving companies big enough to shake up global economies. Keeping in mind the butterfly effect, even a tiny mismanagement of accounting norms can have massive effects on the long-term sustainability of your business, credibility in the marketplace, the industry in general and even your countryâ€™s economy.

It is of great importance that a business small or large has in place a system that ensures that there are no chances of such events occurring and your business is not vulnerable to any form of accounting risks.

Who is Responsible to ensure these Risks are avoided?

The CEO and the chief accountant of your business must be in the position to regularly review the business, its financial function, documentation and how the systems work. It is their responsibility to identify loopholes in the system that leave room for such fraud, rectify them and further make sure that all necessary controls are effectively exercised.

The Role of the Accountant:

All it takes is for the accountant to conduct a simple audit to verify all that all the assets and liabilities are balancing out, the inventory is stocked for and the financial records are in place. In addition to maintaining a check on the profitability of the organization, the system must integrate comprehensive checks that also ensure error free financial record maintenance and protection against any impending fraudulent activities.

The accounts specialist needs to be proficient enough to be able to effectively prepare accounting information that is able to easily identify and track fraudulent activities. While one can pull of a fraud of any scale on a normal business day, a stringent financial recording policy makes it almost impossible for any fraudulent activity to go unnoticed.

The Need for Internal Controls:

While simply checking the balance sheet may work for small businesses, for larger conglomerates with high value transactions may need for stringent norms to be put in place. Accountants can put in place intelligent policies and procedures which help businesses effectively safeguard their assets and meet their business goals without any financial worries.

Preventing International Fraud:

According to Accountant Vancouver experts, this is especially necessary in organizations that conduct business overseas where there are thousands of dollars worth of transactions taking place every day and in addition to the income and expense, factors such as currency rates also play a decisive role in the profitability.

Accountants are expected to put in place a comprehensive financial check that requires documenting the revenue and disbursement procedures of the business.

With little bit of meticulousness it is extremely simple for businesses to ensure governmental compliance and a fraud free business environment.

Article Source:
http://www.articleside.com/finance-articles/prevention-techniques-to-avoid-accounting-fraud.htm - Article Side

Stella Richard - About Author:
Mackenzie George provides suitable and regular Bookkeeping Vancouver services to meet all your needs for a Accountant Vancouver

Article Keywords:
Accountant Vancouver, Accounting Vancouver, Bookkeeping Vancouver, Vancouver Accountants

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!