



## STRENGTHENING INTERNAL CONTROLS TO DETER FRAUD AND IMPROVE EFFICIENCY

Our focus at RTBH is on fraud deterrence, which is a proactive, preventative measure, rather than on fraud detection, which is a reactive response to either a misappropriation of assets or a misrepresentation of financial results. We encourage our clients to invest in internal control improvements in order to deter fraud on the front-end rather than incurring cost that may or may not be recoverable due to fraud that has already occurred.

We understand the elements of the fraud triangle (motive/pressure, rationalization, and opportunity) and the importance of an effective internal control system to minimize one or more of these contributing elements. Our internal control recommendations focus on all of the elements of internal control, including the overall control environment of the organization, risk assessment, control activities, information and communication, and monitoring. The effectiveness of each of these elements must be present in order to comprise an effective internal control structure. Additionally, we are frequently able to identify opportunities for efficiency in spite of the need to achieve an adequate segregation of duties.

While we tailor each engagement to consider the internal control components unique to the organization and industry, our typical internal control consulting engagement begins with interviews of management and key employees to determine procedures currently in place plus a “walk-through” to confirm our understanding. We then compare the procedures in place to established internal control criteria, noting opportunities for improvement. We conclude with the presentation of a detailed written report of our recommendations, including the risks of maintaining the status quo versus the benefits of adopting the suggested changes.

One of our partners has earned the Master Analyst in Financial Forensics (MAFF) credential which is sponsored by the Financial Forensics Institute of the National Association of Certified Valuation Analysts. Training involved in this credential enables our Firm to offer fraud deterrence and detection services as well as expert witness testimony if needed. Recurring credentialing includes continuing education and the performance of a certain number of engagements involving financial accounting, fraud, and litigation support.



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