

Fraud



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Fun Fraud Facts

OK – NOT SO FUN

- Overall digital fraud had impacted 38% of Americans in Quarter 1, 2022.
- Consumers lost 5.8 billion to fraud in 2021 up 70% from 2020.

Some of Increase in Fraud

- The WORLD (inflation, homelessness and COVID 19)
- Increase in automation
- Staffing conditions

Fraud Deterrents or Repellants

Tone at the top:

- Owner / Partner / GM - Behavior and Engagement
- Tip hot lines (43%) of fraud identified by a TIP
- Strong controls
- Internal auditors
- Insurance coverage

Some Reasons for Fraud

- Entitlement
- Justification
- Greatest internal fraud risk within a dealership
 - Rationalization
 - Opportunity
 - Pressure

Accounting Office Consideration

Cuts to administrative staffing is costly

- Trusted employee
- Inspect what you expect

Areas of Exposure

- Trusted Employees
- Common excuses to explain one-off occurrences of unusual items that may be questioned.
- Review of financial statements – page 2 only
- Sales: documents and cash access
- Parts: inventory adjustments

Fraud Detection

- Review of Bank Statements and Reconciliations
- Balance Sheet Account Reconciliations and Aging Tests
- Expense Trend Analysis and payable party
- Review of Month-end/Year-end Schedules
- Open RO Reports
- Review Journal Entries
- EFT Transactions
- Blank Checks
- Fake Companies

Examples of Some of the Items to Look at

- Pay plan
- Body Shop and Service work off the books
- CASH
- Credit card refund and deposit theft
- Parts theft
- Kickback commissions off the books
- EFT/Bank Transactions

Questions?

CRI Firm Facts



FOUNDED IN 1997 • **10 STATES**  • **30+ MARKETS**



2,000+
PROFESSIONALS



350+
PARTNERS



TOP 25 CPA FIRM

(as ranked by Accounting Today)



25+ YEARS
OF CONSISTENT GROWTH
SINCE FORMATION








SERVICES

- Accounting & Auditing
- Advisory
- Business Support & Transactions
- Business Tax
- Employee Benefit Plans
- Governance, Risk & Assurance
- Individual Tax & Planning
- IT Audits & Assurance

INDUSTRY EXPERTISE

- Captive Insurance
- Commercial Real Estate
- Construction
- Financial Institutions
- Governments
- Healthcare
- Insurance
- Manufacturing & Distribution
- Nonprofit

CRI FAMILY OF COMPANIES

-  **Auditwerx**
-  **CRI Advanced Analytics**
-  **CRI Capital Advisors**
-  **CRI TPA Services**
-  **Level Four Advisory Services**
-  **Paywerx**
-  **Preferred Legacy Trust**

- Today's Presenters -

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