

PROFESSIONAL FRAUD: CORRUPTION AUDIT REPORT EXAMPLE

**Gül ah ATA AN¹,
Aylin KAVAK²**

Abstract

While fraud in accounting affects partners, employees and investors in a narrow sense, it also affects the government and society in a broad sense. Decisions made by company owners and their partners through fraud first create problems with the future of the company; then it affects the country's economy. Especially the decrease in taxes to be paid to the government through fraud even is in favor of a small part of the society, it is against to a large part.

In the fraud audit, the operations that need to be done during the fraud audit are determined as the focal point of the audit and if a fraudulent situation is noticed on these operations, fraud schemes are formed and the audit model is determined together with the prepared data. If there is a fraudulent transaction, the investigation comes up. While the existence of the fraud is not certain during the investigation, it aims to investigate this possibility. The research explains the issue with the audit report of fraud and corruption.

Keywords: Professional Fraud, Fraud Audit, Corruption Audit

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¹ Assoc. Prof., Department of Business Administration, Faculty of Economics and Administrative Sciences, Dokuz Eylül University, zmir, Turkey, gulsah.ugurluel@deu.edu.tr

² MSc, Department of Business Administration, Graduate School of Social Sciences, Dokuz Eylül University, zmir, Turkey

Introduction

A fraud emerged in accounting affects all segments of society. In a narrow sense, partners, employees and investors are affected but in a broad sense government and community are also affected. Decisions made by business owners and their partners through fraud first create problems with the future of the company; then it affects the country's economy. Especially the decrease in the taxes to be paid to the government through fraud damages to every part of the society. This also hurts the accounting profession at the same time. It changes the society's view to the profession, makes the profession less reliable and devalues the professionals in the business world.

Frauds made in accounting can be categorized as fictitious/unrealistic revenues and assets, early revenue recognition before the expiring date, misclassification, overvaluation of assets and underestimation of liabilities, misplaced or unincorporated assets, misleading statements, frauds related to equity, related party transactions, misrepresentation of income, illegal behavior etc. (Petra cu and Tieanu, 2014:490)

Fraud auditing basically covers a wide range of activities that are carried out to measure the consequences of fraud, abuse or neglect. It is also made as part of the proceedings in order to sue the related party for other financial claims or due to anticipatory litigation based on a wide variety of legal cases such as embezzlement, alimony, insurance fraud, etc. It is important to detect and reveal the fraud; but prevention efforts are even more important. It is possible to divide the studies made in this area as traditional and contemporary methods. The development of technology and increasing seriousness on fraud has become the basis for the formation of these methods. Conventional methods for the prevention of fraud are internal audit, internal control and independent audit; contemporary methods are report, fraud examination, and corporate governance and qualified financial reporting. (Gbegi, Adebisi, 2013:130)

According to the global fraud report released by ACFE in 2018, the most common method of detecting fraud is the report and it's followed by internal audit and management control.

Professional Fraud

In June 2014, professional fraud has been defined as "to achieve personal wealth by intentionally using the assets of the employers and their professionally " by the Association of Certified Fraud Examiners (ACFE), which is founded in 1988.

Professional fraud is the neglect of the person's duties in the organization, the keeping of secrets, the direct or indirect benefit of the perpetrator(s), and the employer suffering at the expense or loss of the asset, income or opportunity. (Coenen, 2008: 7)

In the ACFE 2014 report, 1483 cases were examined; an average loss of 5% of the annual income of a corporation to an abuse, an average of \$ 145,000 losses due to abuse, of which 22% are losses of at least \$ 1 million; Compared to the world gross output of 2013, it is understood that there is a global loss of 3.7 trillion dollars. On the other hand, the time from the beginning to the detection of the abuse is 18 months on average.

While the ACFE 2016 report was being prepared, 2410 cases were examined in 114 different countries between January 2014 and October 2015; it turns out that 5% of the annual income of an ordinary company is lost due to fraud as it is in the 2014 report. The total loss is 6.3 million dollars. Looking at the average of the losses from the fraud, it is \$150,000 and 23% of them have losses of at least \$ 1 million. In addition, the time passed till the detection fraud is 18 months as in 2014. (ACFE, 2016)

The classification below has been made by ACFE. The latest version of the abuse tree that is regularly developed in the published reports is as follows. As the characteristics and compositions of companies and people change and develop; so the fraud classification also changes. First of all, the classification which is divided into three separate sections is detailed afterwards.

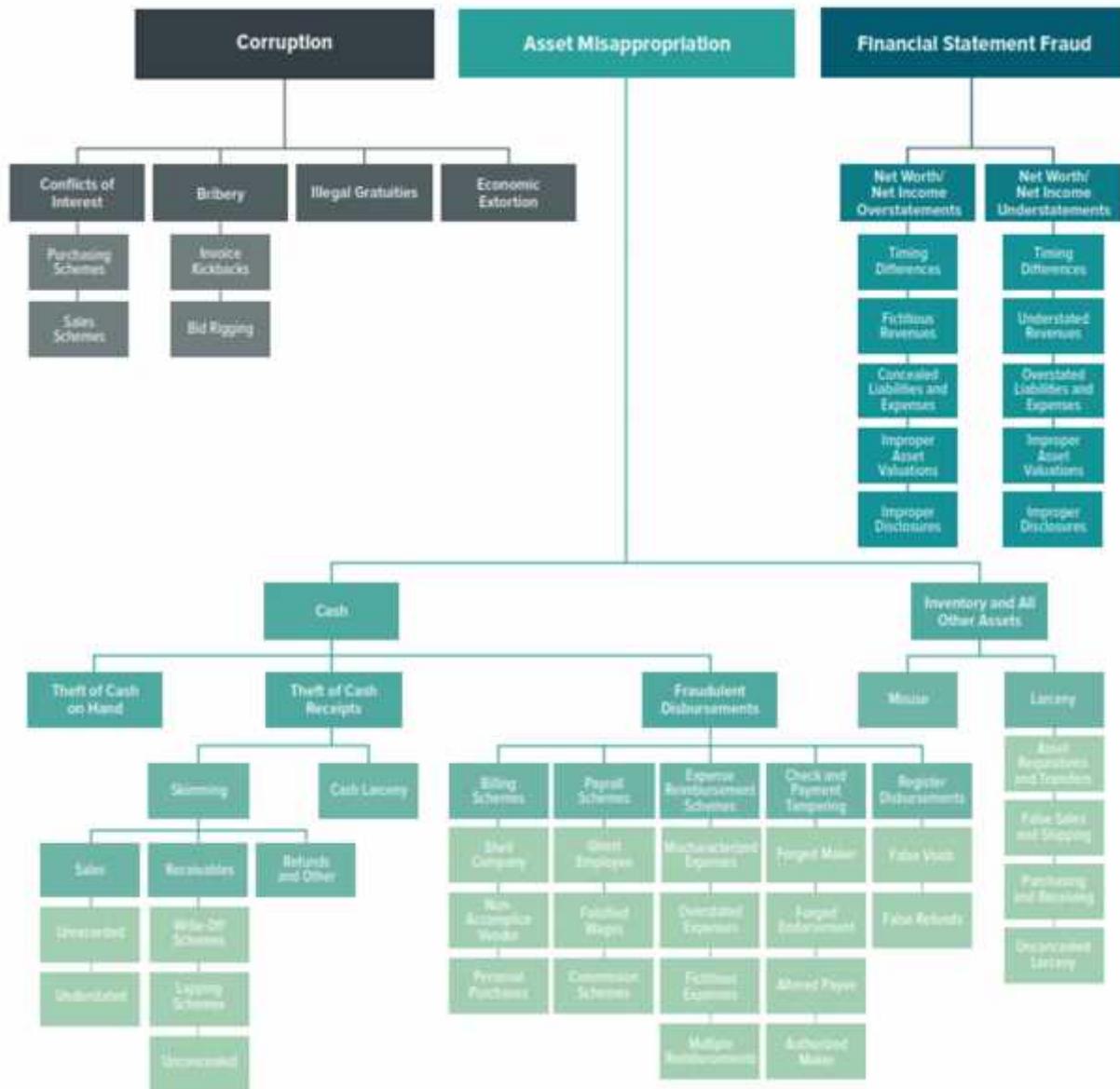


Figure 1: Categorization of Fraud, Fraud Tree in ACFE
Resource: ACFE, 2018: 11

Fraud Diamond Theory

A well-known theory, which is discussed quite often in the literature, is the fraud triangle. This theory identifies the elements that lead perpetrators to commit fraud. The fraud triangle theory consists of three elements that are necessary for theft or fraud to occur: (a) perceived

pressure, (b) opportunity, and (c) rationalization. Based on this theory, fraud is unlikely to exist in the absence of these three elements, and the severity of fraud depends on the strength of each element (Howe & Malgwi, 2006: 28).

With his researches, Cressy is the creator of the fraud trio; but in fact his researches did not have the concept of "fraud triangle". Joseph T. Wells, the founder of the ACFE, who has contributed the fraud triangle to the academic world as a term, and has done a lot of studies on fraud (Tarhan, 2012: 116)

Pressure

There is a pressure element that encourages management or other employees to fraud or motivate to fraud. Examples of such pressure elements are big amount bills, addiction problems, expensive pleasures, and gambling habits etc. More material difficulties come to the forefront of the pressure element. (Varici, 2011: 47-48)

Opportunity

The opportunity element of the fraud triangle is an element that directly concerns the business management and owners in particular. Providing the fraud opportunity for the employees in the company is accepted as one of the most important factors in the birth of fraud. This is why it is often necessary to pay attention to this fact in order to prevent a fraud in an company. An employee who knows that there is a strict control in the company and who thinks that in a possible fraud the probability of getting caught is high, does not try to defraud easily. On the other hand, an employee who sees the opportunity to defraud and knows that it is less likely to get caught has more willing to defraud. (Abdullahi and Mansor, 2015:40-41)

Rationalization

In the last stage of fraud triangle, the one who defraud finds words in order to comfort and to defend him in case he gets caught even he knows that his crimes are a crime.

Fraudulent behaviors may be able to legalize their fraudulent behavior in accordance with their ethical conception; in another words he might try to justify. Some people's moral perceptions may allow them to intentionally exhibit dishonest behavior. On the other hand, in environments where adequate pressure has taken place, it seems possible that even those who are not expect to anticipate such behavior behave in a fraudulent manner. (Küçük and Uzay, 2009: 244)

Capacity

A study by David T. Wolfe and Dana R. Hermanson in 2004 found a new understanding of the fraud triangle and identified a fourth element to be added to the fraud triangle. This element is thought to make progress in detecting and protecting fraud. Wolfe and Hermanson have added "personal capacity" to the elements of pressure, rationalization and opportunity, and they have formed a 'fraud diamond'. It is thought that together with the presence of the other three elements, personal traits and abilities play a major role in the genesis of the fraud (Wolfe and Hermanson, 2004: 38-42) According to Wolfe and Hermanson (2004), the fraudster also has the necessary traits and abilities to be the right person to pull it off, and that this person has recognized this particular fraud opportunity and can turn it into reality.

Accounting Frauds

The accounting fraud can be described as any irregularity made in the system against the company or the 3rd parties. (Bayraktar, 2007: 14)

Accounting frauds generally come in four forms: (Zabihollah, 2002: 4)

- Intentional mistake, change or manipulation of records, supporting documents and transactions,
- Intentional ignorance or misrepresentation of events, transactions, accounts or other important information used while preparing financial statements,
- Making mistakes in the accounting principles, policies and procedures used to measure, accrue, report and disclose economic events and transactions,
- Nonisclosure of accounting principles and policies and financial amounts related to them or making them insufficient.

Financial Statement Fraud Methods

Firstly the realisation period of the financial reporting frauds have to be understood very well in order to prevent and reduce the risk. In this sense, it is necessary to determine the causes of the financial reporting frauds and what the purposes of these frauds are and what the conditions of the environment are.

In the classification made in the ACFE 2008 report, financial reporting fraud is divided into two sub-categories; (ACFE Report)

- a) Write up the original revenue/value of assets
- b) Write down the original revenue/value of assets

" Write down the original revenue/value of assets" is not common in practice; but it is the theory that can be done and made by small companies. For this reason, it has been elaborated on "Misrepresentations of Assets / Revenues".

" Write up the original revenue/value of assets " is examined in two subcategories: "unreal income" and "contradictions to periodicity."

Asset Misappropriation

Misappropriation assets is often caused to small and insignificant damage, and is often done by employees. However, in some cases it can also be done by the company manager which can keep the fraudulent transactions more easily and secretly. Misappropriation of assets occurs in the following forms: (Independent Auditing Standard,240)

- Transferring the fees and revenues received on behalf of the company to personal accounts (for example, the collection of fees and revenues from receivables accounts or collection of receivables that have been closed after being placed in the records and passing them on to personal accounts).
- Stealing the stocks or intellectual property rights (eg, stealing stocks for their own benefit, stealing scraps in order to sale, sharing of technological knowledge, convenience, or formulas owned by a company with their competitors for person's own benefit).
- Making payments without the delivery of goods and services (for example, paying to non-existent vendors, paying to non-existent employees, paying to purchasing employees by suppliers in order to make the prices of the good and services higher than original price).
- Misappropriation of assets owned by the company for person's own benefit, (for example, to provide a guarantee by using company's assets in order to get personal loan from a bank)

Fraud Audit

Some malicious people or institutions that specialize in reporting fraudulent financial statements can manipulate numbers with a series of frauds and turn the ones into thousands, profits to losses, and losses to profits. Until recently, certain sized companies have been decided to receive specialist support when faced with a fraudulent situation. However, nowadays necessary precautions have been taken and system

deficits have been tried to be found by the companies even before a fraud has occurred yet.

The following table shows the differences between fraud audit and auditing.

Table 1: Differences Between Auditing and Fraud Audit

	Auditing	Fraud Audit
Timing	Recurrent	Non-recurrent
	Audit activity is carried out regularly and repeatedly.	Fraud audit is a non-recurrent activity. It recurs if only there's enough supporting documents.
Scope	General	Specific
	The scope of audit is the analyze of financial information	Fraud audit is done to clear specific claims.
Object	Obtaining Idea / Giving Information	Detecting the responsible(s)
	Audit activity is usually carried out in order to reach an opinion on financial statements or related information.	The purpose of fraud audit is to reveal whether or not the fraud has occurred and to determine the responsible(s)
Dependance	Non-Personality	Personal Opposition
	The nature of the audit is that it is not conducted against the person.	The fraud audit is conducted against the person as it is done to find responsible(s)
Methodology	Auditing Techniques	Fraud Auditing Techniques
	Auditing is done by analyzing financial information and collecting supporting evidence	Fraud audit is done by; 1. reviewing of documents, 2. reviewing of the information gathered from outside sources such as government (or public) records; 3. interviews.
Standard	Professional Skepticism	Evidence
	Auditors must act with professional skepticism in the conduct of audit activities.	Fraud auditors try to seize evidence that will help to reveal whether the fraud has occurred or not.

The cases where the business is suitable for fraud, abuse or corruption can be expressed as follows: (Gülten and Terzi, 2014: 131)

- 1) In cases where there is no effective internal control system in company,
- 2) In the structure of family company; where the authority and duties of the employees are not stated well,
- 3) The failure to implement the separation of tasks principle, especially in financial affairs,
- 4) Institutions / organizations where there is little communication between employees in terms of information,
- 5) Companies that the board focuses only on profit,
- 6) Companies that have long working hours and employees can not use sufficient leaves,
- 7) Companies with a lot of staff turnover,
- 8) Companies which motivation is low.

Fraud audit is basically carried out to measure the damage resulting from fraud, abuse or negligence and covers a wide range of activities. It's also done in order to sue the related party for other financial claims based on a wide variety of legal cases such as embezzlement, alimony, insurance fraud etc. or a part of the judging process due to the anticipation of the case. (http://www.accaglobal.com/content/dam/acca/global/pdf/p7int_2006_dec_pilot_q_and_a.pdf)

Traditional Tools And Methods In Order To Prevent Fraud

Traditional tools and methods in order to prevent fraud are listed as follows. Internal control, internal audit and independent audit.

Internal Control

The growth and development of companies makes their management more complex. Thus, the importance of internal control is being recognized. It is increasingly difficult to directly follow an employee' activities for senior managers. Therefore; a continuous and renewable and effective internal control system must be in use in order to get fraud and corruption to the minimum level and at the same time it has to be in line with volume of the company that will raise the efficiency. (Yaman, 2008: 46)

An effective internal control system is a guarantee against error, fraud and abuse. This system is aiming to make it difficult to steal, to prevent thefts that can not be followed and to avoid accounting mistakes.

Also it aims to remove the tendency to steal in the company. (Johnson, 1964: 49-50)

Internal Audit

Internal audit is an independent and objective assurance and consulting activity aimed to improve the facilities of a company and add value to it. It helps the organization to establish a systematic and disciplined approach by analyzing and developing the effectiveness of risk management, control and governance processes. Thus it helps the company to achieve their objectives. (https://www.tide.org.tr/page.aspx?nm=ic_denetim Access Date: 19.03.2016)

The multidimensional scope of the internal audit activity contains the financial audit, compliance audit, operational audit and information systems audit. With this function and scope features, internal audit has to be accepted as an indispensable activity thanks to reliability of the financial reporting system in the companies, compliance with laws and regulations, economic activity and efficiency and the reliability of the information systems.

Independent Audit

Independent audit increases the quality and reliability of financial reporting as well it's an activity that created value both inside and outside of the company, On the other side it also gives observations developed in the audit process to the managers and personnel; so it contributes to the efficiency of the economy and capital markets. Independent audit ensures that the accounting staffs think that the records and financial statements they have made will be audited and so it has another indirect contribution to company and financial table user. It also prevents some mistakes by making the personnel more careful and attentive when compared to there's no audit. (Kandemir and Kandemir, 2012: 56)

Contemporary Tools And Methods For Preventing Fraud

Contemporary tools and methods in the prevention of fraud are listed as including notification, fraud investigation, and corporate governance and qualified financial reporting.

Report

The report mechanism basically consists in resolving the frauds by the competent authorities, as a consequence of informing the competent authorities about the fraud. The competent authorities in which reported are audit committees, internal auditors, external auditors, senior managers, and institutions (such as the SEC) that can enforce legal sanctions. Those who know the frauds in the organization but do not

reveal it in any way are also included in fraud groups, even if indirectly. (Yıldız and Ba kan, 2014: 7)

Some of the frauds and manipulations are generally hidden in the company books and documents, and some of them are out of book and document, so it is generally held that the reports are highly effective in their detection and prevention. For this reason, it is important that special channels (anonymous lines) are created for reporting without giving an identity info and they need to be closely monitored during and outside the work hours. (Kandemir and Kandemir, 2012: 23)

Fraud Investigation

As auditing and control activities could not be effective in revealing fraud, one of the newly emerging areas is forensic accounting or fraud investigation. Forensic accountants or fraud investigators only conduct research, investigations, audits and controls in order to find evidence of fraud. They need to be a kind of person who has the intuition and creativity that make them think like a criminal. As opposed to independent and internal auditors, they are subject to an in-depth review of all fraud and irregularities, regardless of whether they are small or large, without any threshold of materiality. (Coenen, 2008: 126)

Corporate Governance

Management is obliged to implement corporate governance and follow up processes to reduce fraud. By combining prevention, deterrence and detection measures, the risk of fraud can be reduced. When the damage that occurred after fraud is considered, taking care of prevention and deterrence is more effective and less costly. The program created by the management to prevent fraud and the controls help to reduce the opportunity element, which is a footstep of the trick triangle. There are three ways to find, deter and prevent cheating: (Emir, 2008: 92)

- To create and protect high ethical culture,
- Calculation of the known fraud risks and performing controls in order to reduce them,
- Developing appropriate fraud supervision management.

Fraud will not occur if corporate governance is implemented properly so that it can be used to regulate and control the enterprise in order to create added value for all stakeholders. Corporate governance can work well when applying the principles of transparency, accountability, fairness, and responsibility. Given these principles, the management of the company healthy and responsible can be achieved, so as to commit fraud takes people who have the ability to understand and

exploit the accounting and internal control systems. (Indarto and Ghozali, 2016:116)

Qualified Financial Reporting

In a qualified financial reporting, it's accepted that to report in accordance with generally accepted accounting basis and principles. With the financial tables without makeup; companies will reduce the risk of fraud.

Fraud – Corruption Audit Report

Demand: It is fraud audit report dated 28.05.2016.

Event: .About company's internal audit and special audit reports that detected the abuse- fraud on different dates between 2013 and 2016 by Ö.H, who has been working as an Accounting and Finance Officer in the tenders of (X) Advertising Company which is an outdoor advertising activity at Erzurum-Palandöken District Terminal Caddesi No: 7;

Duty Requested: Expert investigation of the company records in order to make a detailed investigation of account movements, bank account statements and company records from the beginning of 2013 of suspicious Ö.H.'s bank account / accounts requested by the company representative.

With this request, we go to the address of the company and as a detailed examination; We have conducted an accounting fraud audit on the bank accounts and accounts receivable, accounting records of the legal books, documents and former employees of the bank for the years 2014-2016 and the following findings were reported.

Documents and Information Available in the File; There are bank statements of Ö.H and two internal report in the file. These reports are;

1. Internal report dated 18.02.2016
2. Internal report dated 02.04.2016

Internal reports in the file shows that Ö.H. declared "He had worked as a accounting clerk for 6 years and as accounting and finance officer for the last two years until 2016/01; left his work because he could not get along with senior manager E.K.; did not file a suit for compensation and other rights; withdrew money from the bank with the bank instructions that has been stamped and signed by General Manager & Finance Director, transferred the money withdrawn to related places, interviewed with Turkey General Manager O.A., did nothing wrong but if he shall be found guilty by law, he will compensate all amount with an appropriate payment plan".

Result Of Detailed Investigation;

A- Suspicious Ö.H. Working Status;

With his most recent assignment at the company; Ö.H. had worked as Accounting and Finance Responsible in the tenders won by (X) Advertising Company in Erzurum-Palandöken between 01.04.2008-26.01.2016.

The records of the year 2013-2014-2015, where the suspect is responsible for the accounting records, have been investigated in detail for fraud. Statutory notary certifications regarding the periods investigated are as follows;

a) (X) Notarized Status of Legal Books of Advertising;

Table 2: Statutory Certificates of Company History

X Company					
Year	Statutory Books	Notary	Confirmation Date	Roll No.	Closing Confirmation Date
2013	General Journal	Erzurum 6.Notary	26.12.2012	13	26.06.2014
2013	General Ledger	Erzurum 6.Notary	26.12.2012	14	
2013	Inventory Register	Erzurum 6.Notary	26.12.2012	15	
2014	General Journal	Erzurum 6.Notary	28.12.2013	5	30.06.2015
2014	General Ledger	Erzurum 6.Notary	28.12.2013	6	
2014	Inventory Register	Erzurum 6.Notary	28.12.2013	7	
2015	General Journal	Erzurum 6.Notary	17.12.2014	6	
2015	General Ledger	Erzurum 6.Notary	17.12.2014	7	
2015	Inventory Register	Erzurum 6.Notary	17.12.2014	8	

It has been seen that the confirmations of the statutory books given above have been made in accordance with the laws and on the right dates

X Advertising Company (2013-2014-2015 Years) Records Investigation

Illegal Transfers Made to Personal Bank Account from the Company Bank Account

The sum of illegal transfers made in the following table (except Salary and Advance) made in 2013: 25,250.00 TL. Those money had been transferred to the personal bank account of the Ö.H by making misleading accounting records in company accounts.

Table 3: Illegal Money Transfers Made from the Company's K Bank Account

Illegal Transfers From The Company's K Bank Account			
No	Date	Description	Amount
1	01.01.2013	Money Transfer	5.000,00 ₺
2	20.02.2013	Money Transfer	600,00 ₺
3	15.03.2013	Money Transfer	1.500,00 ₺
4	09.04.2013	Money Transfer	3.500,00 ₺
5	25.05.2013	Money Transfer	1.500,00 ₺
6	19.06.2013	Money Transfer	3.100,00 ₺
7	07.10.2013	Money Transfer	3.400,00 ₺
8	22.11.2013	Money Transfer	2.650,00 ₺
9	05.12.2013	Money Transfer	4.000,00 ₺
2013 Total Illegal Total Transfers			25.250,00 ₺

The table below shows the total of illegal transfers made in 2014 (except Salary and Advance).

Table 4: Illegal Money Transfers Made from the Company's G Bank Account

Illegal Transfers From The Company's G Bank Account			
No	Date	Description	Amount
1	26.01.2014	Money Transfer	2.000,00 ₺
2	14.02.2014	Money Transfer	3.300,00 ₺
3	16.02.2014	Money Transfer	5.500,00 ₺
4	22.03.2014	Money Transfer	2.950,00 ₺
5	17.04.2014	Money Transfer	500,00 ₺
6	19.04.2014	Money Transfer	4.400,00 ₺
7	25.05.2014	Money Transfer	3.500,00 ₺
8	28.05.2014	Money Transfer	1.250,00 ₺
9	02.06.2014	Money Transfer	4.900,00 ₺
10	30.07.2014	Money Transfer	3.700,00 ₺
11	19.08.2014	Money Transfer	900,00 ₺
2014 Total Illegal Total Transfers			32.900,00 ₺

The table below shows the total of illegal transfers made in 2015 (except Salary and Advance).

Table 5: Illegal Money Transfers Made from the Company’s B Bank Account

Illegal Transfers From The Company’s B Bank Account			
No	Date	Description	Amount
1	21.01.2015	Money Transfer	1.500,00 ₺
2	22.02.2015	Money Transfer	3.800,00 ₺
3	13.03.2015	Money Transfer	1.100,00 ₺
4	30.05.2015	Money Transfer	5.400,00 ₺
2014 Total Illegal Total Transfers			11.800,00 ₺

From bank records it has been determined that a total of 69,950 TL illegal transactions were carried out by Ö.H. against the company’s procedures and principles from the accounts of K, G, B, Palandöken, Kayak yolu, Yakutiye on behalf of his company. These transfers were recorded as advance of the company, so that the money transfer has been realized, and they did so with various accounting movements in the accounting book with description "transfer".

Table 6: Irregular Transfers Made to K, G, B Banks

No	Year	Description	Amount
1	2013	K Bank Illegal Transfer	25.250,00 ₺
2	2014	G Bank Illegal Transfer	32.900,00 ₺
3	2015	B Bank Illegal Transfer	11.800,00 ₺
Total			69.950,00 ₺

Irregularities Made with Misleading Accounting Records

1. Fraud by creating unreal records on the account of C GSM operator that has a contract for the corporate cell phone lines of (X) Advertising Company.

In the transaction dated 10.12.2014, there’s a booking with “TRANSFER” description to C GSM operator with the vendor code 320 01 005 and 5.600 TL paid cash by creating an expense in prepaid expenses (in fact, not real - virtual and no receipt). Also there was a corporate GSM line whose invoicer has been paid but did not belong to any of company’s employees. Investigation of calls and texts showed that the user of this line was Ö.H.’s wife.

2. Company (X) has about 500 employees. When we looked at their organizational chart, it was determined that 400 people worked with minimum wage. 100 of them are middle and senior level managers.

When the monthly declarations and Social Security Institution records were investigated, it was noticed that the personal files of 20 employees were not created. It was claimed that these people were interns and that short-time work was done, so that their files were not created. When the addresses of the persons were visited, it was revealed that the owners of the houses were not related with those employees and random addresses were given. With further investigation through the bank it has been discovered that they are students studying in various parts of Atatürk University and Ö.H. has received the bank cards of those students and after 3 months he terminated their employments. As of 2015, the minimum wage earned by the salaried employee was 1,273.50 TL per person. The table below shows the total amounts.

Table 7: Salaries Paid to K Bank by the Payroll Fraud of Ö.H.

Month	Year	Description	Total Amount
July	2015	Salary Of 20 People Paid To K Bank For Ö.H.	25.470,00 ₺
August	2015	Salary Of 20 People Paid To K Bank For Ö.H.	25.470,00 ₺
September	2015	Salary Of 20 People Paid To K Bank For Ö.H.	25.470,00 ₺
Total			76.410,00 ₺

3. Making fraud in the company's accounting records by creating a misleading transaction for the payment of the Municipality of Elazı service provided to them (the collected cash is not recorded in the company's account)

Table 8: Elazı Municipality's Payments List

120 01 036-Elazı Municipality			
No	Date	Description	Amount
1	02.10.2015	Payment Received	4.500,00 ₺
2	31.11.2015	Payment Received	2.300,00 ₺
Total			6.800,00 ₺

Cash payments received that stated in the table above had to be booked directly to the company's daily cash book but received cash has been taken illegally with the booking fraud. Payment had been booked to 120 036 Elazı Municipality account but there had been no booking to cash. It has been corrected by transferring to other cashes and also there's no cash entry in the Daily cash book. The other bank accounts are made eft and the account is corrected and the cash money collected in the daily cash register chart is not shown. In this way, it has been seen that the

amount of 6.800 TL, which should actually be collected and added to the cash in the company, has been reduced by fraudulent ways.

4. Fraud of making advance payments with misleading descriptions between Cash Accounts.

Table 9: List of Advances Made with Misleading E Between Cash Accounts

False Advance Payment Description Between Cash Accounts			
No	Date	Description	Amount
1	19.11.2015	Advance Payment	3.500,00 ₺
2	05.12.2015	Advance Payment	7.000,00 ₺
Total			10.500,00 ₺

Some money has been transferred from the cash account 100 01 002 to 100 01 003 other cash account with advance payment description as it has been shown that an advance payment made to other cash account. Then it had been transferred to 393 01 001 Istanbul branch account with the explanation of “TRANSFER” as of 09.12.2015. The cash amount was reduced by 10,500 TL illegally by losing money transferring between cash accounts.

5. Fraud by making false records by booking fictitious (unreal transactions) transactions in current accounts.

Collection of 4.500 TL payment from 120 01 036 Elazı Municipality Institution has been booked debit to other account receivables, then at 31.10.2014 it has been booked credit to 393 01 002 Ankara Account. So the open account has been closed and 8.500 TL has been lost between the accounts by reducing the amount in the cash account.

6. Fraud made by not booking the return of the work advance by using the 196 01 407 account of another employee S.T.

On the date of 12.05.2014, one of the employees of the company S.T. paid back the 2.000 TL which is the remaining amount of his work advance. But it has not been booked to cash account and directly booked to 393 01 001 Istanbul account by closing the open account. 5.000 TL cash has been reduced by without booking to cash account.

Table 10: Frauds by Misleading Accounting Bookings

Frauds by Misleading Accounting Bookings		
No	Description	Amount
1	Fraud by unreal transactions made for the C GSM Operator invoices which is a supplier of (X) Advertising Company	5.600,00 ₺
2	Fraud by misleading transactions in accounting for the payments of Elazı Municipality (Not to book the cash that had been received to company's cash accounts)	6.800,00 ₺
3	Fraud by misleading transactions for advance payments between the cash accounts that has been followed in different cash accounts.	10.500,00 ₺
4	Fraud by unreal transactions in current accounts.	8.500,00 ₺
5	Fraud by not booking the money other employees paid back by using their "Work Advance" account	5.000,00 ₺
Total		36.400,00 ₺

As you can see in the table above; the total amount of the frauds made by misleading accounting records was 36,400.00 TL.

Table 11: Total Frauds on Company Assets

Total Frauds on Company Assets		
No	Fraud Description	Fraud Amount
1	Illegal Transfers from Company Accounts	69.950,00 ₺
2	Frauds on Company Accounting Transactions	36.400,00 ₺
Total		106.350,00 ₺

The salaries of fictitious employees are taken by a certain person and only the identity information of the people is used that is accepted as "payroll fraud" in the literature. By this way, 20 people who seemed to be employed were discovered and their total salary was found to be 76.410,00 TL.

The total amount of fraud in company records and bank account statements is 182,760.00 TL during the period given to the fraud audit board.

As a result of all these investigations, Ö.H. has made fraudulent transactions against to work principles, unified accounting system, with the password that has been identified to him with "ÖH" code in accounting program while he was working as accounting and finance responsible for "(X) Reklamcılık between 2013-2015. Those transactions are:

- a) he has made illegal transfers to his personal bank account from the company,

- b) he has made fraud transactions with the password that has been identified to him with “ÖH” code

These are gathered from the legal books/documents and bank statements. According to the reports, which are already available in the file, the company has already made detections. With the audits related to detections, it has been detected that there has been disagreement and misuse between the accounts and fraudulent accounting transactions in the company records. It also appears to be in compliance with the records, and even when there is no problem in legal records, a detailed investigation reveals that there are frauds.

Results

1- Suspected Ö.H. had worked for the company between 01.04.2008 – 26.01.2016 as Accounting Clerk in first 6 years and as Accounting and Finance Officer in the last 2 years,

2- In the investigation of the accounting records he has made fraudulent accounting transactions with the "ÖH" Code that is assigned to him in accounting program in the years when he worked as accounting officer and illegal money transfers from company bank accounts to himself except from his own job advances and salary,

3- Bu using his experience, knowledge and position in the company, he provided benefit to himself as reducing the cash money of company with fraudulent transactions,

4- By using the confidence for himself in the company, he provided benefit to himself by using the balances accounts which he was responsible for,

5- By sending extra money from the company's account to his own account, and reducing the cash money fraudulent transactions he provided benefit to himself,

6- It has been determined that Ö.H .. performed false transactions with fraudulent accounting and irregular methods and created inconsistent accounts in the accounting books with the other audit findings in the file,

7- As long as it is determined during the period given to the audit board, it has been concluded that the total amount of fraud in the records of legal books and bank account statements belonging to the (X) Advertising Company for the years 2013-2014-2015 shall be 182,760.00 TL.

8- Decision and evaluation belongs to the Board of Directors.

Conclusion

According to international reports, it is seen that biggest number of the frauds are misappropriation of assets made in accounting but also it has the least amount for money. In the case of financial tables, the situation is exactly the opposite. The most important factor affecting this is; Who made the fraud. If the fraud is made by a blue-collar staff, the damage is not too much. However if it's been done by a white-collar staff, fraud amount can be less; but the damage is too much. From this point of view, senior executives appear to be the most critical part. Because, as education level and seniority increase, self-confidence increases. Also, when the general characteristics of the employees that made fraud are considered to have worked for at least 6 years in the same business, it will not be difficult for them to learn the structures and the system deficits of the company. Thus, when the opportunity element which is a corner of the fraud triangle enters the circuit, the fraud will become inevitable. Therefore, manager selection, moral and material satisfaction and motivation are important.

In the fraud audit, the operations that need to be done during the fraud audit are determined as the focal point of the audit and if a fraudulent situation is noticed on these operations, fraud schemes are formed and the audit model is determined together with the prepared data. If there is a fraudulent transaction, the investigation comes up. While the existence of the fraud is not certain during the investigation, it aims to investigate this possibility.

Forensic accounting, which combines law and accounting information systems as a discipline, encompasses a comprehensive level of knowledge of the functioning of finance, law and trade, and an understanding of the use of this knowledge by experts in order to help judicial decisions.

Auditing knowledge and competence supports fraud audit and forensic accounting. Traditional auditing methods play an important role in detecting the fraud. The relationship between audit, fraud audit and forensic accounting is dynamic and it changes regarding to political, legal, social and cultural events. In this case auditors must have the least amount of knowledge and experience in detecting the financial statements. Those who have knowledge and skills in this way and also have knowledge of basic law and criminal science, will be authorized to conduct litigation support consultation as well as fraud audit and expertise in the field of accounting.

When the fraud audit report in the study is analyzed, it is seen that the employee has worked as accounting and finance officer in the

company as white-collar for 8 years. Auditing of financial tables and compliance with generally accepted accounting principles are the most important criterion in order to prevent the fraud. The inclusion of qualified financial reporting will not only prevent fraud, also will help investors make the right decisions, get more transparent information to the public, and reduce public sector losses.

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