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Desperate times call for desperate measures, the saying goes.

So it's not surprising that fraud in the workplace **increased** during the economic crisis and recession. The median loss tied to occupational fraud is \$160,000, according to the Association of Certified Fraud Examiners' 2010 report, so the issue is something about which many companies are rightfully concerned. Small businesses are especially vulnerable, the ACFE says.

Fraud typically occurs when someone has an incentive, such as financial pressure,

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going on than anyone knows about," she said.

Sageworks Chief Operating Officer Nicole Wolfgang said periods of sudden growth, such as when demand for a company's goods or services starts picking up quickly, can also open the door to fraud. Workers may be scrambling to keep up with more work, giving them less time to monitor employees, expenses and inventory. "During a period of high growth, there might be the potential for companies to drop the ball in some of those areas," said Wolfgang, who oversees finance, accounting and other operational aspects of the Raleigh, N.C.,-based financial information company.

Edwards said new markets or new partners tied to growth efforts can also potentially expose businesses to corrupt third parties.

Fraud can pad your selling, general and administrative expenses or inflate your cost of sales. Here are five ways to fight fraud in your business:

1. Confirm who's doing fraud control. "Do a quick and dirty assessment of fraud control," Edwards says. "One of the questions I always ask [clients] is, 'What are your responsibilities for fraud and misconduct management?' If nobody has responsibility across a senior level, they have to establish some kind of roles and responsibilities." It can be a working group, but someone needs to quickly identify areas that may need action.

2. Screen and monitor those who touch or track money. Background checks are a must for accounting workers, and division of labor is also a good idea, especially for things like who gets the mail and who deposits checks. "It's good to have a few different people working on those things so that no single person has access or control over the entire system," Wolfgang said. And make sure accounting workers take vacations. "If someone's involved in fraud, they'll be reluctant to take time off

because if somebody else gets in their job for a few weeks, they'll see that something's

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depends on your company's culture. But it could be as simple as emailing the staff a news article about a recent case of occupational fraud. You could say something like, "This recently happened to a competitor. It's a great time to remind everyone here that you are responsible for preventing and detecting fraud."

5. Watch non-core vendors. PRGX recently found that one client who had gone through a hiring phase ended up paying hundreds of thousands of dollars to a completely fictitious vendor with a P.O. Box address in India. Also be aware that new employees might not be as knowledgeable about what fraud looks like, so if they get an invoice, they will pay it without as much scrutiny as a more experienced employee.

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