

About PKF

PKF brings clarity to business problems with simple, effective and seamless solutions that break down barriers for sustainable growth.

PKF Australia firms are members of the PKF International Limited (PKFI) network of legally independent firms in 400 offices, operating in 150 countries across five regions. PKFI is the 12th largest global accountancy network.

In Australia, PKF offers clients the expertise of more than 73 Partners and 595 staff, across audit, taxation and specialist advisory services.

PKF Australia's Forensic and Risk team



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FORENSIC COST REVIEWS

Working closely with you to identify key risks and reduce unnecessary business costs.

FORENSIC COST REVIEWS

Faced with challenging economic conditions and diminishing margins, organisations are constantly looking for ways to reduce their cost base. The most common strategies include streamlining systems and processes to reduce staff, adaption of new technology and economies of scale through merger and acquisition.

However, there are often hidden costs associated with poor procurement processes, maladministration or fraud that are difficult to detect through traditional internal and external audit programs. Increasingly, organisations are seeking professional expertise and hands-on support to review their cost base forensically to understand exactly where hidden costs may lie.

Common instances of maladministration or fraud that impact business costs include:

- ✓ Incorrect payments to contractors and sub-contractors
- ✓ Falsifying invoices
- ✓ Payroll fraud or error
- ✓ Collusion with suppliers and other third parties
- ✓ Failure to follow approved Procurement policies and processes
- ✓ Allocation of work and contracts to related parties
- ✓ Stock theft and/or poor inventory control.

Forensic cost reviews

We work closely with our clients to tailor risk-driven programs that deliver meaningful data that is then forensically analysed.

We can reduce unnecessary business costs by identifying:

- ✓ Areas at high risk of fraud or maladministration
- ✓ Control weaknesses – such as Conflicts of Interest, lack of segregation of duties
- ✓ Efficiency improvements
- ✓ Process weaknesses that leave the organisation vulnerable to loss
- ✓ Transactions which appear to show fraud, poor value for money etc.

Examples of existing Cost Review programs are outlined next page.

1. BENCHMARKING EXERCISE AGAINST AS8001 – AUSTRALIAN STANDARD ON FRAUD CONTROL

Purpose	Process	Deliverables
To assess the organisation's resistance to fraud and error (Benchmarked against Australia Standard AS8001)	We ask a series of questions to understand how well the business prevents, detects and responds to fraud and corruption incidents.	Report and action plan that highlights strengths and weaknesses and recommendations for improvement.

2. PAYROLL REVIEW

Purpose	Process	Deliverables
To identify fraud and payment errors in the payroll system	<ul style="list-style-type: none"> • Analysis of payroll transactions with the purpose of identifying payroll fraud (e.g. ghost employees, over-payments to terminated employees etc) • Analysis of payroll control environment within the accounting system. • Forensic review and validation of payroll data (timesheets, rosters, payslips etc) against awards, agreements, employment contracts etc 	Report and action plan that highlights over/under payments. Report will also highlight strengths and weaknesses of payroll function and recommendations for improvement to drive efficiency gains and subsequent cost saving opportunities.

3. CORPORATE CREDIT CARD REVIEW

Purpose	Process	Deliverables
To identify fraud potential fraud and a reduction in corporate credit card expenditure	<ul style="list-style-type: none"> • Analysis of corporate credit card risk profile • Design a series of tests to identify suspicious or unusual transactions • Deep dive into suspicious transactions to identify fraud or potential fraud 	Report and action plan that highlights improvements to corporate credit card framework to reduce costs by reducing likelihood of fraud or misuse of corporate card

4. PROCUREMENT REVIEW

Purpose	Process	Deliverables
Identifying areas of weakness in current procurement processes and losses to the organisation through fraud, failure to follow policy or maladministration	<ul style="list-style-type: none"> • Analysis of the procurement framework • Deep dive into contractor transactions to identify fraud, overpayments or efficiency gains 	Report and proposed action plan. Data around size of potential losses to fraud or improper procurement processes

5. PHYSICAL ASSETS REVIEW

Purpose	Process	Deliverables
To better protect a client's assets and reduce stock shrinkage.	<ul style="list-style-type: none"> • Analysis of accountability framework and physical security controls • Deep dive into transactions to identify fraud or high likelihood of fraud • Deep dive into transactions to also identify specific unaccounted for items and trends to develop appropriate remediation strategies 	Report and proposed action plan