

Financial Fraud and Corruption with Examples		
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ABSTRACT :

He mentioned in this article the main types of corruption, which are political, moral, financial and administrative. Others may add other types of corruption, such as religious, scientific, media, informational and statistical corruption. At the global level, the focus is largely on financial corruption, although other types of corruption are no less bad than it. Financial corruption can be defined as all financial deviations in violation of general laws or the provisions of regulations, legislation, and procedures regulating the work of the state, private institutions and individuals and applied in state institutions and the private sector in general and inconsistent with the controls and instructions of financial control.

In the first part of this study, we drew a conceptual framework for corruption which is distorted social justice and social stability and we gave experienced examples related to this subject. In the second part, the definition, types, actors and prevention of accounting fraud which is pave the way for corruption was mentioned. Besides, we have completed our work by providing examples which is related to accounting fraud.

Key Words: Financial Fraud, Corruption

the importance of studying:-

The importance of the study lies in the fact that it deals with a contemporary political issue with economic and social impact represented in the spread of the phenomenon of financial corruption and its impact on impeding the process of human development and the resulting harm in losing confidence in the state, disrespect for laws, and loss and damage.

Research problem:-

The research problem is related to the impact of corruption on human development indicators in the world and its clear negative repercussions on the human development process, even at the economic, social and cultural level.

Research hypothesis :-

We start the research on the premise that financial corruption affects human development as a result of the loss of resources available for development events and their distraction from achieving their goals.

Research objective :-

It is researching a dangerous phenomenon represented in financial corruption, and identifying its economic and social effects, as it spreads rapidly and impedes the progress of the human development process, while developing appropriate solutions to eliminate it and avoid its recurrence.

Research Methodology :-

The study focuses on the inductive approach based on reading and analyzing the available data and information.

1.INTRODUCTION

Corruption, which is defined as the misuse of a duty for personal gain, is like a cancerous cell that continues its life by updating itself according to the conditions of the day and corrupts the society.

Corruption; either in return for material-moral benefit or for the satisfaction of any emotion (loyalty, revenge, showing off), crime and misdemeanor for which judicial-administrative sanction is envisaged, or any unethical act that requires an administrative investigation, or any unethical behavior that is not tolerated, condemned in the society (Uğur,2012:302).

First of all, corruption harms the structure of society. The organization (State), which once constitutes the framework of the society's coexistence, suffers from corruption. Because acts of corruption are acts that can only be committed by public officials (Akalan, 2006: 102).

Accounting fraud includes the intentional or intentional misrepresentation of certain inaccuracies and illegal acts that a staff member knows to be wrong or does not believe to be true. Errors in financial statements result from fraud, irregularity or error.

The main element that distinguishes fraud and irregularities from error is whether the action that caused the error in the financial statements was made intentionally (Emir, 2008: 118).

2 .CORRUPTION**2.1. The Concept of Corruption**

Corruption, which is accepted as one of the biggest social diseases of every era, is defined in many ways in the literature. Some of these definitions are as follows. In its simplest form, corruption is the bad and unlawful use of the duties assigned to them by public officials in order to gain profit. Although this definition explains the concept of corruption in general, it is not a definition that includes value judgments accepted by everyone. The acceptance of the concept of corruption by everyone is possible by meeting the value judgments of all societies on a common denominator (Bakırtaş, 2012: 88).

On the other hand, the concept of corruption is defined in the public administration dictionary as follows.(Uğur,2012:302)

-Work and behaviors that are not done in the right way, against the rules, inappropriate, irregular.

-In legal and sociological sense, it is defined as the use of public duties, powers and resources for private interests, contrary to the legal and social norms and standards that form the basis of the social order.

And corruption is formulated as follows:

CORRUPTION=MONOPOPORITIES+DISCIENCE DECISION-MAKING+ACCOUNT

In addition, the concept of corruption, the definition of Corruption, is defined only in the "Civil Law Convention on Corruption" dated 4 January 1999 of the Council of Europe.

According to the second article of this Convention, corruption is defined as "requesting, offering, giving bribe or any other unlawful benefit, which leads to deviations in the lawful performance of duties or necessary behavior of the person who directly or indirectly provides bribery and an illegal benefit. or it is accepted (Özbaran, 2003: 18).

In addition to these, the broader definition of corruption is not limited to public power, but is made as the abuse of any office for private interests (Gönülaçar, 2012:3).

After all these definitions, it can be said that corruption; either in return for material-moral benefit or for the satisfaction of any emotion (loyalty, revenge, showing off), crime and misdemeanor for which judicial-administrative sanction is envisaged, or any unethical act that requires an administrative investigation, or any unethical behavior that is not tolerated, condemned in the society (Uğur,2012:302).

2.2. Key Elements of Corruption

There are four main elements in an act of corruption (Oral, 2009:9)

- 1-Person or persons with common authority.
- 2- Existing rules governing the decision-making power or joint authority of the individual or group.
- 3- Violation of the rules by the individual or group.
- 4- As a result of violating the rules, harming common values while gaining benefit to the person or group. The illegal use of the given authority draws attention. We can list the characteristic features of corruption as follows (Oral, 2009:9).
- 5- More than one person is always involved in corruption. The situation may be different only in cases of theft or embezzlement.
- 6- Yolsuzluk genellikle gizliliği gerektirmektedir. Ancak toplumun tümünün yolsuzluğun hâkimiyetine girdiği, yolsuzluk olaylarına karışanların çok güçlü destekçilerinin bulunduğu durumda artık gizliliğe gerek duyulmaz.
- 7- The phenomenon of corruption involves mutual responsibilities and mutual interests. Responsibilities and interests do not have to be monetary.
- 8- People who resort to methods that will lead to corruption cases hide behind some legal excuses to hide their attempts. They avoid openly conflicting with the law.
- 9- Those who are involved in corruption cases are people who have certain desires and have the opportunity to realize them.
- 10- Any case of corruption requires deception of the society and cheating.

2.3. Causes of Corruption and Risk Factors Causing Corruption

When various indices related to corruption are examined, it is seen that the level of corruption varies at the level of countries and even geographical regions.

There are many reasons why corruption occurs in countries and is seen in different dimensions between countries. Many sociological, economic and anthropological factors play a role in the basis of these differences (Başar, 2004: 26).In the occurrence of corruption encountered in organizations and institutions, both the internal and close environment factors of the enterprise are the driving force. The causes of corruption are diverse and multifaceted.These reasons are generally; can be classified as individual, organizational and social; It can also be classified under the administrative, economic and social main headings as shown in the table below (Gürbüz and Dikmenli, 2009:224).

Table 1: Causes of Corruption

Administrative Reasons	Ekonomik Nedenler	Sosyal Nedenler
<ul style="list-style-type: none"> - Centralist and status quo structure. - Numerous bureaucratic procedures and confidentiality - Numerous bureaucratic procedures and confidentiality - Swelling of public cadres - Frequent changes in senior management - Weakness of accountability and control mechanisms - Weak judicial system 	<ul style="list-style-type: none"> - Inflation - The weight of the state in the economy - Informal economy - Inequality in income distribution - Media-Trade relationship - Political finance - Lack of transparency in privatizations 	<ul style="list-style-type: none"> - Lack of education - Lack of civic consciousness - Inadequacy of non-governmental organizations - Negative social perceptions - Cultural structure that supports bribery

The above-mentioned environment may lead the senior management to commit corruption and fraudulent transactions. The groups that lead the senior management to commit fraudulent transactions and are named as corruption risk factors are listed as follows.(Kaval, 2005: 71).

- 1- Risk factors arising from honesty and incompetence of top management.
- 2- Risk factors arising from industry conditions.
- 3- Risk factors arising from unusual (incident) transactions.
- 4- Risk factors arising from lack of adequate and appropriate audit records.

2.4. Types of Corruption

It is possible to divide corruption into different categories as follows (Oral, 2009: 34)

- 1- It can be bureaucratic (small) or political (large).
- 2- Can be cost-reducing (for the bribe-giver) or beneficial.
- 3- May originate from giving or receiving a bribe.
- 4- It can be done by necessity or consent.
- 5- May be in central government or local governments.
- 6- It can be done predictably or randomly.
- 7- May or may not include a cash payment Some sources of corruption categorized above; Types of corruption according to the way they are committed (Hasdemir, 2006: 125), acts of corruption that are criminal and not criminal (Oral, 2009: 35), and types of political corruption (Özsemerci, 2003: 13).

2.4.1. Types of Corruption According to the Ways It Is Processed

Types of corruption according to the way it is processed:

- 1 .Tender fraud
- 2 .Investment corruption
- 3 .Customs fraud
- 4 .Tax refund fraud
- 5 .Corruption of agricultural subsidies
6. We can list it as bank corruption and explain it as follows (Hasdemir, 2006: 125).

2.4.1.1. Tender Corruption

It is the event of defrauding the state treasury and causing damage in an organized manner by the state officials who constitute the tender commission, together with the private-legal persons participating in the tender.

2.4.1.2. Investment Corruption

It is the event of spending the support premiums received from the treasury by presenting investment projects, not for these projects, but for some special benefits. It is seen that some public officials who are in charge of supervising these projects are also involved in such corruption.

2.4.1.3 .Customs Corruption

It is the loss of the state treasury by obtaining unfair VAT refunds or low-interest Eximbank loans by the state in return for export and import transactions that are pretended to be made with false documents, even though they were not actually done.

2.4.1.4 .Tax Refund Corruption

It is the case of unjustified VAT refund of the state with false documents in exchange for no or little production by some organized groups.

2.4.1.5 .Agricultural Subsidies Corruption

It is the loss of the state treasury as a result of unfairly benefiting from these supports of the state with false documents by some organized groups that are not related to farming, during the support payments made by the state to the farmer for the purchase of additives such as fertilizers and pesticides.

2.4.1.6 .Bank Corruption

It is the phenomenon of making the banks with deposit guarantees pay the state treasury by emptying them through various methods.

2.4.2. Corruption Acts Considered as Crimes and Not Crimes

Corruption acts that are criminalized according to the law;

- 1 .Bribery
- 2 .Extortion
- 3 .Insider trading
- 4 .Embezzlement and conflict
5. We can list it as money laundering and explain it as follows (Oral, 2009: 35)

2.4.2.1. Bribe

In its most general form, bribery can be defined as influencing a business or decision in return for a promise made directly to a person and/or institution or through intermediaries, an extra payment made or a benefit to be provided.

(Ocal, 2008: 13)

2.4.2.2. extortion

Extortion is when a public official uses his authority to demand a price from the relevant persons for doing their job or to be forced to pay a price.

2.4.2.3. Insider Trading

It is called insider trading when a public official, who has confidential information that has not yet been disclosed to the public, due to his duty and position, leaks this information to third parties in exchange for money.

2.4.2.4. Embezzlement and Conflict

Embezzlement is the unlawful allocation of public resources (monetary or property) by public officials for private uses.

2.4.2.5. Money Laundering

Black money is defined as the income obtained by violating the rules and procedures regulating economic life, as well as the acts considered as crimes by law. Asking this income to the legal economy like a normal and clean money is expressed as money laundering.

We can list non-criminal acts of corruption as follows (Oral, 2009: 37).

Nepotism, rent-seeking, lobbying, patronage and servitude, and others.

2.4.3. Political Corruption

Political corruption is carried out through lobbying, which is one of the forms of political corruption (Özsemerci, 2003: 13). In many countries, when the political parties that receive the support of certain capital groups come to power, they pay in one way or another. This response directly and indirectly extends to economic policy preferences and financial resource transfer (Çağlar, 2007: 7).

2.5. Effects of Corruption

First of all, corruption harms the structure of society. The organization (State), which once constitutes the framework of the society's coexistence, suffers from corruption.

Because acts of corruption are acts that can only be committed by public officials. Corruption-oriented behavior of public officials undermines the trust in the state organization. As it is known, the state stands with its legitimacy belief (Akan, 2006: 102). In addition, corruption can be effective on economic, political and social variables in a country (Güney, 2013: 44).

Corruption in the economic field causes an increase in the desire of interest groups to use public resources according to their own interests by increasing activities such as rent seeking and lobbying as a result of the government's growth and more struggle with economic life (Çimen, 2004: 118). According to scientific studies, corruption has a positive or negative effect on variables such as economic growth, savings, income, investment, public expenditures, foreign aid and informal economy (Güney, 2013: 45).

For this reason, some individuals engaged in politics have tended to look after their own interests, not the public interest.

The biggest negative social effect of corruption is the deterioration of the moral structure. An unethical structure causes the legal one to collapse (Akan, 2006: 109).

2.6 .Examples of Corruption

In this section, a few examples of corruption incidents that have caused great damage to the financial systems of the countries in which they live are given (Şentürk and Kasap, 2013: 161).

Case Study 1: The Enron Case

Financial Loss: More than \$1 Billion What They Did

In just 15 years, Enron, the 7th largest company in America from a very small company and employing 21,000 people in more than 40 countries, fell victim to a very distinguished fraud case. By using legal loopholes in the accounting system, subsidiaries established for special purposes, and inadequate financial reporting methods, top managers have managed to hide billions of dollars in debts arising from failed deals and projects. Some of the crimes announced by the company;

- Manipulating the Texas energy market
 - Bribing foreign governments to win contracts abroad
 - Confusing the California energy market
- How They Got Caught:

In 2001, Bethany McLean's "Is Enron Overrated?" In his article titled, it was questioned how Enron, which has a trading volume of 55 times its earnings, was able to maintain its high share prices. The article emphasized that analysts and investors did not know exactly where Enron derives its income. The company had caught McLean's attention after an analyst advised him to review the company's related report. In his research, McLean encountered strange business transactions, volatile cash flows, and huge debt. In July 2001, Enron reported revenue of \$50.1 billion, beating analysts' estimates by 3 cents per share. But the company continued to attract attention. In October, Enron reported a third-quarter loss of \$638 million, reporting a \$1.2 billion drop in shareholder equity and spurring the SEC to check company accounts. Later that month, it was announced that the SEC's investigation had been turned into a more formal investigation, and in November the company had to revisit its financial statements, which included the loss reports for the previous 5 years, to disclose a loss of \$586 million. Following this, Enron's accounting and auditing firm, Arthur Andersen, was found guilty of falsifying Enron's accounts after a federal subpoena was sent. As the full details of the event began to emerge, investors and lenders backed off and the company was forced to declare bankruptcy.

Penalties Taken:

Rick Causey (General Accounting Manager) - 7.5 years in prison.

Andrew Fastow (General Chief Financial Officer) - 6 years in prison.

Jeffrey Skilling (Former Enron CEO) - 24 years in prison.

Kenneth Lay (Former Enron CEO) - died before sentencing

Case Study 2: WorldCom Case Financial Loss: \$3.8 Billion What They Did

WorldCom CEO Bernard Ebbers became very wealthy when his stake in the telecommunications company skyrocketed. However, since the sector was in decline in 2000, the Ministry of Justice had to take a serious step back when the Ministry of Justice stood in the way of the merger agreement with Sprint, which is one of the pillars of WorldCom's rapid growth strategy.

Ebbers, the CEO of WorldCom, whose shares continued to depreciate until then, was under serious pressure by the banks. They wanted it to cover the cost differentials on the shares it used to finance other industry activities (such as lumber and yachting). There was a tendency to hide WorldCom's declining profits by fake financial growth with the fraudulent accounting methods of top managers, which started modestly in 1999 and continued to gain momentum until 2002, thus keeping share prices artificially high.

How they were caught:

In 2002, a small group of auditors uncovered \$3.8 billion in fraud, many WorldCom executives were fired soon after, and the SEC launched a formal investigation. It turned out that billions of dollars of losses were concealed using fraudulent accounting techniques, and some money was withdrawn for personal use. On July 21, 2002, WorldCom filed for the largest-ever bankruptcy in American history (equaled by the bankruptcies of Lehman Brothers and Washington Mutual in 2008). Sentences: Bernard Ebbers - 25 years in prison

3. ACCOUNTING CHEATS

3.1. Definition and Characteristics of Accounting Fraud

Unusual arrangements, masking, corruption and fraud in the accounting records and therefore the financial statements of an enterprise provide benefits for a small group, while causing losses for a significant part.

While investors, lenders, employees and sellers are damaged at the micro level, the government and the public are affected at the macro level. Sources are flowing to the wrong places.

(Bozkurt, 2000: 15).

In this context, cheating includes making certain mistakes and unlawful acts that a personnel knows to be wrong or does not believe to be true, intentionally or with the intention of presenting wrong.

Errors in financial statements result from fraud, irregularity or error. The main element that distinguishes fraud and irregularities from error is whether the action that caused the error in the financial statements was made intentionally (Emir, 2008: 118).

In the light of the explanations above, if we define cheating, cheating; To deliberately deceive another person or group in order to gain a benefit, in a way that will cause harm. Based on the definition, the features of the concept of cheating are as follows (Bozkurt, 2009: 60).

- An act of cheating is an activity carried out in secret by the cheater.
- In the act of cheating, there is the principle of benefiting the cheater himself.

There is definitely an element of intent.

- In any case, the victim person or business suffers from the act of cheating.

There are several purposes of resorting to accounting fraud. It is possible to list them as follows (Açık, 2012: 355)

- 1- Concealment of embezzlement
- 2- Desire of partners to mislead each other
- 3- Less willingness to distribute profits
- 4- Hiding corruption
- 5- Desire to benefit from undeserved incentives
- 6- Tax evasion

3.2. Types of Cheating Encountered in Accounting

Accounting fraud, which we define as knowingly and willfully falsifying the records and documents of the enterprise, is carried out by the owners, managers and employees of the enterprise for many purposes mentioned above. It is possible to list these cheat types as follows.

3.2.1. Intentional Errors

Accounting errors are based on ignorance and carelessness. If the said mistakes are made for a certain purpose and knowingly, it will be a deliberate mistake and it is called accounting fraud. However, since it is often very difficult to reveal whether the wrongdoing was intentional or not, it is difficult to decide whether the wrongdoing was a mistake or a fraud. If the existence of intent cannot be proven, it should be accepted as an accounting error (Duman, 2008: 152).

3.2.2 .Unregistered Transactions

Documentation of all financial transactions and accounting records of businesses is a necessity in accordance with accounting principles. For this reason, the fact that some of the accounting transactions are carried out without official documents or that some transactions are not accounted for is called an informal transaction (Bayraklı et al., 2012: 78). For example, not receiving invoices for goods purchases and not issuing invoices for goods sales.

3.2.3 .Timely Before And After Registration

Business activities should be recorded regularly and in a timely manner. Records must be made on the date of the transactions. The execution time of the transaction should not be confused with the recording time. The posting time is the time allowed for making accounting entries and is in principle ten days.

Recording the transaction as of a date before or after the realization date indicates the existence of an ulterior purpose. Examples of this are tricks such as leaving the record of the goods purchased at the end of the year to a date after the balance sheet date so that the stocks of goods do not appear too much, or pre-recording the cash to come after the balance sheet is closed in order to show the liquidity status of the transaction well (Açık, 2012: 356).

3.2.4 .Document Fraud

Companies that continue their activities can issue a document as if they have sold a product or service even though there is no real sale of goods or services, or they can issue documents on behalf of companies that do not actually exist or whose commercial activities have been terminated. In addition, invoices are printed and used on behalf of some companies without their knowledge (Güçlü, 2008: 77).

3.2.5 .Balance Sheet Masking

First and foremost, they are the arrangements made in the balance sheet, income statement and trial balances for interim periods. The aim here is to mislead information users (banks, financial institutions, suppliers, suppliers, etc.) who want to form an opinion about the business by examining the information in the financial statement (Özeroğlu, 2014: 185).

Balance sheet masking can be in the form of improving the balance sheet and worsening the balance sheet according to different purposes (Okay, 2011: 69). The purpose of masking the balance sheet negatively can be listed as follows (Bayraklı et al., 2012: 86)

- Tax evasion.
- Not to distribute profits or to distribute less.
- To speculate by lowering the stock market value of the shares.

Masking the balance sheet in a positive way is called beautifying the balance sheet. We can list these beautification purposes as follows (Bayraktar, 2007: 34)

- Getting more credit
- Distributing excess profits to satisfy partners in multi-partner companies
- Strengthening the public image of the business
- Paying taxes
- Increasing the prices of shares in the stock market
- To encourage new partners to join the business.

3.3. Reasons That Drive Employees to Cheat

Researches show that all employees in a business are and may be capable of cheating. It is generally very difficult to differentiate employees who cheat by putting them into stereotypes. Many cheaters generally look like other people (Bozkurt, 2009: 96)

It is a fact that dishonest people can be found everywhere, no matter how strong the size of the business or its internal control structure. For this reason, the risk of cheating by employees can always exist in an enterprise (Okay, 2011: 78). It would be wrong to look for the motives that push the employee to cheat in a single point. There is more than one urge on the road that leads a person to cheat. When these impulses are brought together in a suitable pot, cheating is often unavoidable. The three elements in the cheating triangle that enable the cheating to take place are stated as follows (Bozkurt, 2009: 111).

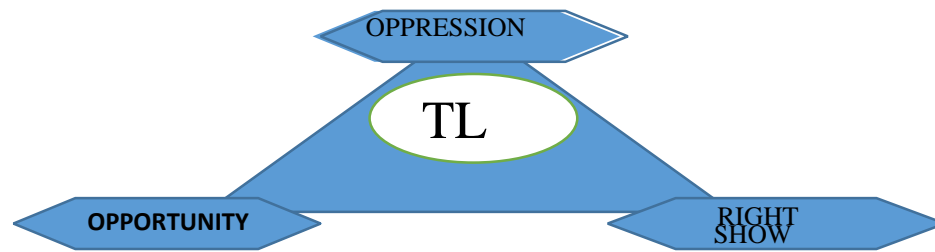


Figure 1: Cheat Triangle

It is possible to explain the three elements defined as cheating triangle separately as below.

3.3.1 .Oppression

Managers often want to make financial results look good. Because they will receive wages, premiums, etc. Their continued income depends on it. Employees, on the other hand, may need more money for different reasons (bad habits, etc.), so they may resort to cheating. Such pressures arise with personal and monetary interests (Bulca et al., 2014:51).

3.3.2 .Opportunity

The most important pillar of the cheating triangle is the opportunity factor that allows employees to cheat in their businesses. Every business has assets with various characteristics. These assets are in constant circulation as a requirement of the business. It is therefore possible for assets to come under some control, for example, employees, vendors or customers. For this reason, there is always an element of opportunity for cheating (Bozkurt, 2009: 116).

3.3.3 .Justification

The effort of the cheater to justify the cheating psychologically appears as the third element of the cheating triangle, the excuse. When cheating is an excuse, it will act as a bridge between pressure and opportunity. Those who cheat themselves; everyone does it, I didn't hurt anyone, I did what I did for the company, trying to justify itself by hiding behind excuses (Okay, 2011: 80).

3.3.4 .General List of Cheat Types

Below is a general list of cheating types especially for business employees (Bozkurt, 2009: 75-76)

- Stealing cash from the safe
- Stealing checks from the cashier
- Theft of stamps or similar items from the safe
- Confiscation of incoming payments
- Changing bank records
- Document forgery
- Counterfeiting on the cash register
- Use of business checks to pay personal bills
- Issuing checks to fake people
- Issuing payments to ghost vendors
- Getting paid with fake invoices
- Inflating invoices for goods or services
- Changing inventory records
- Scrap theft
- Taking a bribe

- Receiving inflated quotes
- Making tenders suitable for torpedo sellers
- Receive commissions from vendors
- Buying more goods or services from a torpedo seller
- Paying for work not done
- Unauthorized transactions
- Turning healthy receivables into worthless receivables
- Creating a ghost worker
- Showing resigned employees as working
- Not recording the sales made
- Showing low sales
- Inflating overtime
- Theft of office equipment and fixtures
- Making recurring payments
- Leaking business information

3.4. Actors of the Fraud Performing the Fraud .

In Table 1, the actors and effects of business-oriented frauds are grouped in five main groups (Yilmaz, 2013: 25).

Table 2: Actors and Effects of Cheating

Cheating Actor	Victim	cheater	Explanation
Employees	Employers	Employees employed in the business	Employees steal directly or indirectly from their employers
Administration	Shareholders, lenders and financial statements	Top management of the business	Top management is often inaccurate about financial information.
Sellers	trusting other	Individuals or businesses that sell goods or services to the business	they make presentations
customers	persons	Individuals or businesses that buy goods or services from the business	Businesses demand more money from goods and services or goods that have been paid for.
Manipulatory individuals	Businesses that buy goods or services	Stocks of a publicly traded enterprise, etc. manipulator investors pretending to invest as	not delivering

3.5. Prevention of Fraud

Fight against accounting fraud is not a process that can be carried out unilaterally by the auditor. In a process, all parties affected or likely to be affected by fraud, especially business management, should assist the auditor. For this reason, one of the pillars of the fight against accounting fraud is to

take in-house measures (Şevkin, 2011: 214). There are many precautions that can be taken in businesses related to the prevention of fraud. The work that can be done to prevent fraud is more important than revealing the fraud. Considering the damage that frauds cause to businesses, the measures to be taken to prevent fraud are to minimize the damages that may arise. Considering these explanations, the measures to prevent fraud can be listed as follows. These; (Kaya, 2013: 139).

- Hiring honest people
- Creating a positive work environment
- Establishing the ethical rules of the business
- Preparation of employee support programs
- Establishment of internal control system
- Warn the seller and customers about the business policy
- Monitoring of employees
- Establishment of hotlines
- Creation of fear of punishment

3.6. Examples of Fraudulent Accounting Records

Example 1

Company (X) sold the commercial goods amounting to 2.000 TL + 18% VAT against a check. The company, which wants to show its profits low and to hide the VAT amount, has made the following fraudulent accounting record.

Fraudulent Accounting Record

101 CHECKS RECEIVED	2.000	
331 SHAREHOLDERS LIABILITIES		2.000

Accounting record that should be

101 CHECKS RECEIVED	2.000	
DOMESTIC SALES 600		2.000
391 CALCULATED VAT		

Example 2

Company A has earned a high profit in a tender it has received. He wants to show his profits low and pay less taxes. Since there is a state tender in the tender, it is unable to hide its revenue. Since he thought that in the tax inspections related to the public tenders, the fake document was examined first and that there would be a serious penalty in case it was detected that fake documents were used, he decided to record the real expense documents in excess and with this intention he made

the following fraudulent record: (Açık, 2012: 359)

(First item amount 500 TL, VAT amount 90)

Fraudulent Accounting Record

150 PRIMARY MATERIALS AND MATERIALS	5.000	
191 VAT to be deducted	900	
320 SELLERS		5.900

710 DIRECT PRIMARY MATERIALS ANDGOODS.GO 150 FIRST ITEM AND MATERIALS	5.000	5.000
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Accounting Record That Should Be

150 PRIMARY MATERIALS AND MATERIALS 191 VAT to be deducted 320 SELLERS	500 90	590
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710 DIRECT PRIMARY MATERIALS AND GOODS. GO 150 FIRST ITEM AND MATERIALS	5.00	5.00
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Example 3

In order for the 2013 profit to appear high, the expense invoice amounting to TL 100,000, which was not recorded, was recorded on 10.01.2014 (Seçkin, 2011: 98) Fraudulent Accounting Record

770 GENERAL MANAGEMENT EXP. 320 SELLERS	100.000	100.000
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Records were made against the periodicity principle.

Accounting Record That Should Be

681 PREVIOUS PERIOD EXP. AND LOSSES 320 SELLERS	100.000	100.000
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950 ILLEGAL EXPENDITURE 951 EXPENSE WITHOUT LAW	100.000	100.000
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Example 4

On 15.12.2014, the business sold one flat for 400.000 TL, collected the sale price and started to reside in the flat by the person who bought it. The institution did not issue an invoice to defer the profit for the period. The enterprise also paid 300,000 TL in advance as the rental price of the construction equipment that it had rented for a one-year period on 01.09.2014. The enterprise acted against the periodicity principle and made the following fraudulent record (Seçkin, 2011: 106) Fraudulent Accounting Record.

Fraudulent Accounting Record

102 BANKS 480 COME FOR THE FUTURE YEARS.	400.000	400.000
730 GENERAL PRODUCTION EXP. 102 BANKS	300.000	300.000

Accounting Record That Should Be

102 BANKS	400.000	
600 DOMESTIC SALES		400.000

730 GENERAL PRODUCTION EXPENSES 180 EXP.	25.000	
280 EXPENDITURES FOR FUTURE YEARS.	50.000	
102 BANKS	225.000	
		300.000

Example 5

In this Example, it is a real-life case where all the elements listed in the theory can be clearly seen. (Dumanoglu, 2005:353). D...B. Singing. and Tic.

In the financial affairs department of AŞ, a newly married accounting and finance officer named Y.C, who graduated from college, came from a middle-class family in terms of economy (he receives four times the minimum wage) and M.E, came from a low-income family, newly married and six-month-old one child, a graduate of commerce high school, an accounting-finance staff (50% more than the minimum wage) is employed. Both personnel have ten years of experience in the business and have built trust on managers and each other. Responsible Y.C left the responsibility of collection and payments to M.E. However, Y.C keeps track of incoming customer checks as a list and keeps them in the safe with this list.

M.E has performed the following operations; 400.000 TL of goods cost + 72.000 VAT = 472.000 TL of sales invoice deducted to Buyer A on the date of ... is transferred to current accounts and therefore to accounting records as follows.

(1)

120 BUYERS	472.000	
600 DOMESTIC SALES		400.000
391 CALCULATED VAT		72.000

Later, she recorded a purchase invoice from seller B to this business as 500.000 TL of goods cost + 90.000 TL of VAT = 590.000 TL as follows.

150 PRIMARY MATERIALS AND MATERIALS	500.000	
191 VAT to be deducted	90.000	
320 SELLERS		590.000

Later, Buyer A paid his debt of 472.000 TL with two checks amounting to 236,000 TL with one month between due dates. Thereupon, the accountant M.E entered the receipt of the first accounting record no. 1 and changed the figures as follows.

120 BUYERS	236.000	
600 DOMESTIC SALES		200.000
391 CALCULATED VAT		36.000

Then, she made the following change by entering the accounting slip no.

150 PRIMARY MATERIALS AND MATERIALS	700.000	
191 VAT to be deducted	126.000	826.000
320 SELLERS		

M.E, who canceled the reason for the entry of one of the voided checks with the change made in the first record, made it appear in the records of his supervisor, who kept the checks as a list in a separate file, and paid B's 590,000 TL in cash and 236,000 TL in check, making this check appear as issued to seller B. He made the cash payment to the customer and this correspondence took its place in the file. After a while, the audit staff of the independent audit firm became aware of the incident while comparing the auxiliary records of the VAT accounts with the documents.

During the investigation of the incident, M.E confessed to the incident and stated that he was treated unfairly because his salary was too low, that he was suffering from financial difficulties, and that his house was foreclosed because he could not pay the personal loan he received from the bank. He stated that his arrest was a coincidence, that he would never do it even if he felt that he would be caught, and that he regretted it.

4 . CONCLUSION

Corruption appears to have the greatest impact on the deterioration of the moral structure in social terms. This situation, which damages the structure of the society, is also negatively affected by the state, which is the roof of the society. As a result, this corrupt structure has completely affected the society and brought the corrupt and their supporters to a strong position, and thus corruption has started to be done publicly. Of course, there are many reasons for corruption that corrupts society. In order to deal with corruption, first of all, the injustice in income distribution should be eliminated and the financing of politics by special interest groups should be prevented.

INFERENCE

Considering the damage these frauds cause to businesses and society, it is necessary to take measures :-

- 1- The legal gaps in the accounting system, which are the basis for corruption, should be eliminated by legal regulations.
- 2 - With fraudulent accounting techniques, practitioners have found easy ways to commit corruption.
- 3- recruiting honest people to these businesses.
- 4- establishing ethical rules in businesses.
- 5- establishing an effective internal control system.

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