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ONE in five Australian businesses are affected by fraud and many may not even be aware of it, says a leading employment law specialist.

A partner in the national law firm Hunt & Hunt Peta Tumpey said it was estimated fraud cost the Australian community up to $14 billion a year.

One of the first thing one thinks of when the subject of fraud comes up is an employee with access to a company's money, regularly siphoning off small amounts.

After many years, this silent theft can total hundreds of thousands of dollars, even millions.

While these frauds make the headlines, they are not as numerous as less serious, but equally immoral, frauds.

The latest KPMG fraud survey shows the incidence of fraud suffered by Australian companies has doubled from 27,657 in 2004 to 65,000 in 2006.

Ms Tumpey says many employers are unaware they have employed unscrupulous people who are cheats, thieves and liars.

She says that these employers write off a loss as an operating cost or a bad debt rather than think ill of their staff.

The group most likely to commit workplace fraud is non-management employees, Ms Tumpey says.

The most common type of workplace fraud is lying on a CV to get a job.

Once the job is obtained, the second most common form of fraud is lying on the timesheet, such as claiming overtime or hours not worked.

Obviously, this type of cheating is more common in industries involving shift work and irregular hours.

The KPMG survey also found untrustworthy employees misusing computers and files accounted for 17 per cent of major frauds in the workplace.

And it found that 14 per cent of employees had a history of dishonesty with previous employers.

Ms Tumpey says timesheet fraud can be detected when monthly figures are scrutinised. Understandably, timesheet fraud is a sackable offence.

But what about CV fraud? It's easy to assume most people take liberties with some creative writing on their CVs.

"It depends on how serious the deception is," Ms Tumpey says. "When you look at something like the health industry, such as nursing, lying on your CV can put other people's lives at risk."

A common sign of CV fraud is when an employee clearly lacks skills that could be assumed from the CV, or when they appear to not know what they are doing or talking about.

Ms Tumpey says other types of fraud that cost the community include feigning illness and then claiming sick pay, inflating expense claims, stealing or wasting food in the catering industry or stealing stock in shops.

Stock loss is known as retail shrink. A recent London House study found that 62 per cent of retail employees have stolen from their employers.

In the US, average retail shrink is 2.7 per cent of sales, and is worth a staggering $US26 billion a year. Almost half, or 42 per cent, of this loss has been put down to employee theft.

In Australia, retail shrinkage is estimated at 3-5 per cent.

Other Australian figures are unclear, although it is estimated that one in 17 incidents of police-reported crime related to employee theft while one in five related to shoplifting.

Obviously, employing a prevention strategy will stop some, even most, fraud, says Ms Tumpey.

But she says that it is important that the strategy does not cost more than the fraud itself.

Strategies she suggests are video surveillance, regularly changing the people handling cash, making daily and random till checks, checking the books more carefully, and checking CVs.

When an employer suspects significant fraud, it may be appropriate to call in forensic accountants who are trained to look beyond the numbers and deal with the business reality of the situation.

Vincents Chartered Accountants partner Paul Vincent says business owners need only have a "bad feeling" before calling in a forensic accountant.

"Sometimes business owners may think there is an inconsistency in the records or have a bad feeling that a staff member is knocking something off, but they don't know who or how," Mr Vincent says.

"A forensic accountant can begin to investigate at this stage without the employees needing to know they are under watch, by analysing records and balance sheets and working out where something is amiss."

He says the suspicions of fraud often arise when the suspect employee leaves the business or goes on holiday.

"Suddenly the business owner is flushed with this extra cash and he's not sure where it was going before," Mr Vincent explains.

"Often it can be narrowed down to the missing employee."

He says payroll staff are usually the first to come under investigation.

"Payroll staff have an incredible amount of trust put in them and have the power to manipulate money going out and perhaps give themselves a little extra on the side," he says.

"This can sometimes go on for years, and a relatively small business may only wake up when they work out they are missing tens or hundreds of thousand dollars," Mr Vincent added.

Ms Tumpey says workplace fraud is a very real problem in Australia.

"The consensus among specialists in the field is that not enough employers are protecting themselves sufficiently by deploying fraud detection and prevention strategies.

"Although a significant number of organisations have systems for anonymous reporting of fraud, far too much workplace fraud either goes undetected or, if it is detected, goes unreported," Ms Tumpey says.