

12 STEPS AGAINST EMBEZZLEMENT

Programs, procedures and ideas that just may eliminate embezzlement.

1. Employment Background Screening

Know exactly whom you are bringing into your business before you hire them.

2. Conduct frequent physical inventories

By keeping a close eye on actual inventories, employers can immediately spot shortages and investigate these losses before they become huge.

3. Separate bookkeeping functions

If possible, the same person should not handle accounts receivable and accounts payable departments. In a worse case scenario, a dishonest bookkeeper can create a fictitious vendor, make false invoices and in effect pay themselves.

4. Personally approve bookkeeping adjustments

You should review all adjustments prior to changes being made.

5. Control check signers

Have as few people authorized to sign checks as possible.

6. Review monthly bank statements

Have the bank statement mailed to your home or an alternate mailbox. You should review the statement and canceled checks prior to the bookkeeper.

7. Tighten up on petty cash

Limit the amount of cash available for unplanned purchases.

8. Separate buying and bookkeeping functions

If possible, the person responsible for purchasing supplies should not be the bookkeeper.

9. Watch company credit cards closely

As with bank statements, have the credit card statements mailed to a separate address. Perform at least a cursory review of the statement before passing it on.

10. Document all expense reports

Make sure that a receipt or other authenticating form accompanies all reimbursed expenses.

11. Have a third-party refund policy

Before any money is returned, have a third party review the transaction.

12. Never forget who owns the business, and who has the most to lose.