

SEO DETAILS:

Page Title: How to Avoid Becoming a Victim of Employee Theft [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] provides detailed measures employers can take to minimize the opportunity for employee theft at their companies.

Headline: How to Avoid Becoming a Victim of Employee Theft

BODY COPY:

As a business owner, the last thing you want to worry about is whether any of your employees are stealing from the company. Unfortunately, the theft or diversion of company funds is common wherever there is access to company funds, such as payroll, accounting or vendor receipts. If your company or organization doesn't have firm policies and procedures in place to mitigate opportunities for employee theft, you could become a victim.

As with all internal controls, segregation of duties is critically important. If you have a one-person accounting department, you have serious risk. Ideally, you want more than one person involved in the check disbursement process. Whomever prepares the checks should not be authorized to sign them. In addition, consider restricting the individual writing checks from having the authority to initiate any electronic payments and transfers and ordering ATM cards. It's always preferable to rotate personnel involved in the check writing process, but this is more common in larger entities.

Checks should not be processed without supporting documentation, such as: 1) a proper invoice, 2) a signed receiving document and 3) a purchase order. You want to make sure that someone authorized the purchase, verified the price and quantity received are correct and that the goods or services were received at an authorized location. Requiring multiple bids on goods or services has a tendency to keep the buyers honest.

Don't discount the importance of properly qualifying vendors and having proper controls for adding them. Someone should be comparing check payees to authorized vendors.

Some businesses require two signatures to authorize a check—especially if the amount is over a designated amount, such as \$10,000. These parameters should be discussed with the bank. Do not reflect the two-signature authorization amount on the face of the check.

Once the checks have been signed, they should be mailed immediately.

Identifying fraudulent check schemes – after the fact – can be easy if someone has the time. It all starts with securing the bank statements. First, bank statements should be sent to the company owner's residence, opened, reviewed and then given to a clerk to perform the monthly bank reconciliation. The bank statement should be reviewed by someone other than the individual who writes the checks. Note, the individual who writes the checks should NOT be involved in the bank reconciliation process.

Unfortunately, most banks no longer return the canceled checks. However, make sure you have access to examining them online. While it may be more difficult to do online, examine the canceled checks for alterations to amount and payee. Compare the check amounts on the bank statement to those reflected in the general ledger or cash disbursement journal.

Also, compare the payee on the canceled checks to those reflected in the general ledger or cash disbursement journal. Altering payees is one of the most popular disbursement scheme. Question the legitimacy of the entity that manually endorses the check.

Stopping the check fraudster isn't a task you should attempt on your own, so work with your bank! Establish a maximum check dollar amount threshold. For example, the checking account should never have a check over \$50,000. I don't know why, but when I suggest positive pay or reverse positive pay, clients sometimes looks at me funny. These are bank products (with a cost) that are by far the most effective check fraud protection methods. Annually review with your bank which employees have check signing authority and inquire as to the existence of all related bank accounts to make sure that dissolved entities accounts are closed.

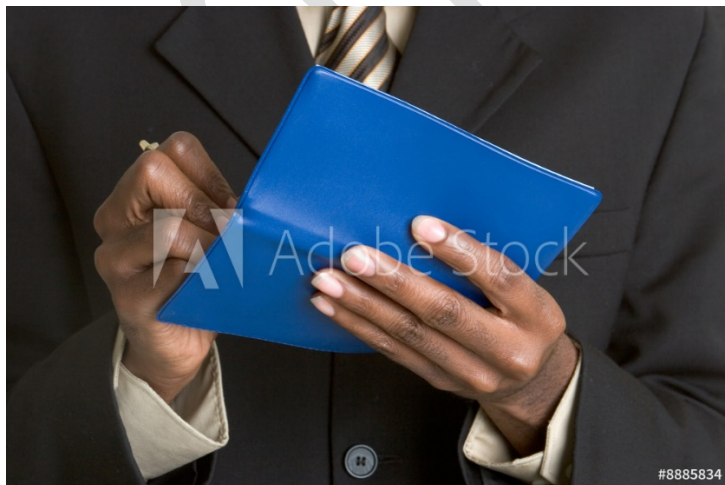
Discuss with your banker if your check stock incorporates the maximum and latest security features. While not as prevalent as it once was, check fraud still exists. Make sure to purchase your blank check stock from a reputable vendor. And while we are discussing check stock, make sure that the blank check stock is properly secured and not available for anyone to access.

Here are additional reminders. Make sure that you have written policies and procedures for the entire check issuance process and review these with all new departmental employees involved in the process so that they understand them. As a part of that onboarding process, do not forget to perform a background check on all employees involved in the check issuance process. Finally, check with your insurance agent about making sure that all accounting department employees are adequately bonded. At times, good people do bad things, so be prepared!

CLOSE:

Do you have questions about employee check embezzlement through disbursement schemes or other forensic accounting issues? Please contact [NAME] in our [DEPARTMENT] at [NUMBER/EMAIL].

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