

CHECKLIST: Embezzlement Prevention

If an employee really wants to commit a crime, he or she will find a way to do it despite any laws, procedures, or policies. However, a business can cut down on such activity by adopting a preventative attitude, creating procedures which make it difficult to commit illegal acts, and watching out for and closing opportunities as they emerge. Below is a checklist of practical steps a company can take to lower the risk of employee embezzlement.

Yes/No

_____ **Has the business conducted a loss potential risk assessment?** A risk assessment tool appropriate to your type of business is essential in determining the company's vulnerability to acts of embezzlement and other crimes. Many consulting, insurance, and security companies offer such tools.

- **Has the business developed, implemented, and created a means to monitor and update:**

Yes/No

_____ Written policies and procedures governing the activities of all departments, cash-handling facilities, functions, and positions?

_____ Written internal control techniques?

_____ A program for documenting suspicious incidents?

_____ A mechanism for notifying internal security and the police of suspicious incidents, and to include this information in the employee orientation training program and employee handbook?

_____ Safeguards against abuses by officers and directors, or other "insiders"?

_____ A written Code of Conduct, shared with and applicable to all employees and Board members?

- _____ A policy of filling key positions at all levels with qualified personnel who are security conscious?
- _____ Written position descriptions, levels of authority, and reporting routines for all employees?
- _____ A policy providing notice that the business will conduct criminal background and credit checks on all applicants, and that it may conduct credit checks on employees at unspecified intervals during the employee's term of employment?
- _____ A policy prohibiting all but designated employees from accepting service of legal process directed at the business but covering wages, accounts, or other property of the employee (e.g., levies, attachments, garnishments)?
- _____ A policy limiting employees' acceptance of gifts from customers?
- _____ A policy requiring that all customer financial documents must be signed in an employee's presence?
- _____ A policy prohibiting customer documents from leaving the premises?
- _____ A policy prohibiting the removal of original business documents and computer files from the workplace, and mandating that critical original documents be copied for storage in more than one location?
- _____ A process used to prepare and submit audit work papers, compliance reports, and other regulatory documents, to insure that all information is accurate?
- _____ A policy requiring that at least two employees must open and close a facility?
- _____ A policy governing the issuance, control, and collection of keys; security and alarm access codes and devices; and other security devices?