

Sy Accountancy Corporation

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FRAUD PREVENTION CHECKLIST

By Victor Sy, CPA, MBA

1. Keep unused checks locked in a secure location.
2. Keep all voided checks. Do not destroy.
3. Assign one person to write checks, another to sign checks.
4. Prohibit employees from writing checks to themselves or related parties.
5. Do not have more bank accounts than is absolutely necessary.
6. Reconcile checking accounts as soon as statements are received.
7. Have one person receive checks, another to deposit them.
8. Balance checks received with deposits to bank daily.
9. Use numbered receipt books. Do not destroy voided ones.
10. Require strict back up for petty cash payments.
11. Require strict documentation of reimbursements by check.
12. Restrict use of company credit cards.
13. Perform regular and surprise inventory counts.
14. Rotate bank duties, if applicable.
15. Have financial statements checked by outside CPAs.
16. Check employee references and criminal backgrounds - especially those handling cash and critical positions.