Part of the Washington SBDC Podcast Series

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Preventing Business Theft:

Hear from the owner far too often that the company has been robbed by the office manager or bookkeeper. A common thread is that the person has complete control over all aspects of accounting and the checkbook including reconciling the accounts. Opportunity resulted in theft.

This resulted in the owner having absolute trust in a bookkeeper, and don't have a lot of time to review everything, this can lead to theft.

To Prevent Theft:

- Large companies have various people handle their books and other bookkeeping functions to reduce the likelihood of theft
- **Computerized bookkeeping can help hide theft; require audit trails in your electronic books**
- Business owner must deter and detect theft
- **Stay alert of the common methods of theft**
  - Recording checks to a vendor but writing one to themselves, a friend, or another "company"
  - Record an amount over an actual bill, two checks are written, one inflated and one for the right amount
  - Creating two sets of customer invoices, one with the correct invoice and one that's inflated and sent to the customer. Person deposits the check less the inflated amount as cash received.
- **Review the company's bank statement** in detail.
- You should be the first to look at daily mail; use a locked P.O. Box.
- Owner or someone other than the bookkeeper should verify the checks received each day and make sure it properly compares to the bank statements.

- **All check must be deposited for the full amount** - no less cash received withdrawals should be permitted.
- Set up accounting software to require audit trails. This should prevent any deletion of bogus invoices or bills resulting in exposing theft when theft occurs or deters theft because the theft knows they will be caught.

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