

Loss Prevention from Fraud

Personnel

Employees who may show the following characteristics:

- Drug Habits
- Alcohol Addiction
- Gambling Habits
- Personal financial problems, i.e. exorbitant medical expenses, job layoff

Significant lifestyle changes for employees in key check signing positions

Employees/individuals involved in reconciling the bank statements who work Excessive hours, refuse to take time off, and do not allow others to help them in their duties.

Bank Statements

- Checks payable to cash
- Endorsements on canceled checks different than vendor name
- Voided checks not documented and destroyed
- Missing checks
- Signs of alterations or erasures on any cancelled checks
- Cancelled checks missing from bank statement
- Checks cleared for different amounts than are on the check
- Checks written out of sequential order
- Excessive number of voided checks
- Reconciliations not done on timely basis.

Vendors

- Complaints about non payment when records show the bill has been paid
- Duplicate payments on vendor invoices
- Checks to same vendor to more than one address
- Checks payable to unknown vendors
- Checks issued without supporting documentation or approval
- Payments to vendors at unusual times or in unusual amounts.

Financials

Unexplained shortages in checking account
Unexplained increases in operating expenses
Unable to obtain financial statements
Journal entries to cash accounts

Easy Things to do to Prevent Fraud

Review of financial activity regularly
Do not use a signature stamp for checks

Separate duties of person who prepares deposit, person that opens the mail, person that makes deposits, and person that reconciles the bank statement

Require 2 signatures for anything over a given amount, ie. \$500.00

Number your deposit slips and make sure all deposit slips are accounted for during bank reconciliation process.

Have bank statement mailed to board member and that board member should review the cancelled checks and deposit slips.

Prepare a budget and run reports that show differences between actual and budget.

Require receipts to be issued for cash payments.

Have cancelled checks date imaged instead of receiving them with your bank statement

Do analysis periodically of number of player's time's registration fee to see if proper revenue has been recorded.

Make sure all checks are accounted for, keep voided checks.

Set password on financial computer information so that prior month's postings can not be changed.