

Control against fraud

Every business at one time or another will experience fraud in some form whether it is theft or embezzlement, or unlawful use of goods or equipment. Businesses that do not have the funds to put in place systems of control for security will often find themselves more susceptible to fraud. For example, small businesses usually have one person who looks after the accounting and money functions. Therefore, there is the opportunity for one person to steal without being found out until it is too late.

Most staff members will handle the work in an honest manner, but others will steal because they have unrestricted access and no control. Some of the controls that can be put in place to prevent theft could include the following:

- Where finances are concerned make sure that there are always two or more people involved in the process.
- Managers should make sure that the bank statements come to them directly so they are able to see if there are any irregularities.
- Chequebooks and petty cash should be kept in a locked area with only one or two members having key access and responsibility.
- Regular (at least monthly) reconciliations.
- The owner should always sign the cheques (especially for wages) personally after verification of the correct details for the employee and of the payment.

Further information

The following fact sheets provide further information on these issues:

- Accounting records you should keep
- Business records you should keep
- Dealing with fraud in your business
- Risk management
- Reduce your exposure to business losses