

# CHECKLIST FOR PREVENTING EMPLOYEE EMBEZZLEMENT

1. **Background checks for all employees** – Check prospective employees references. Tell the candidate that you will be doing a background check. Many dishonest candidates will withdraw if they know there is a background check.
2. **Require employees to take at least one continuous week vacation per year** – During the vacation have another employee perform their duties. This will help uncover fraud and also serve as a deterrent. Employees who never take vacations can be hiding acts of employee dishonesty.
3. **Restrict access to all checks** –Limit access to checks to only authorized personnel. Make sure the payee and amount are filled in before signing any checks. Immediately stamp all incoming checks “for deposit only”.
4. **Maintain checks and balances** – Create a separation of duties between the employee who cuts checks and the employee who receives and reconciles the bank statements. Embezzlers may destroy the original check when it comes back from the bank.
5. **Invest in an internal audit** – Having your accounting firm audit your accounts payable and cash transactions will uncover fraud and serve as a deterrent.
6. **Investigate all suspicious and unusual transactions** – This may provide early detection of fraud and will also deter dishonest employees.
7. **Setup a whistleblower hotline** – This can be setup with a reward or anonymously, whichever best fits the individual dealership.