

Preventing Business Fraud-----

As with your personal information, keeping your business' sensitive information secure is critical. Here are some ways you can prevent fraud in your company:

- Password-protect laptops and encrypt sensitive files.
- Install, use and regularly update anti-virus and anti-spyware software on your computer or network.
- Use a firewall to prevent hackers from invading your computer/network.
- Keep your computer/network up-to-date with software security patches.
- Educate employees not to respond to or click links within suspicious e-mails as they can potentially infect their computers with keyloggers or other malicious software.
- Protect statements that contain account numbers.
- Conduct thorough background checks on applicants during the hiring process, especially prior to granting employees access to sensitive information or purchasing authorization.
- Segregation of duties: no employee should be responsible for both recording and processing a transaction.
 - Set a limit to the number of people who can authorize purchases.
 - Set a dollar limit to the amount each person can authorize.
 - The person who keeps the books should not be the person who reconciles the statements.
 - The person who opens the mail and prepares deposit tickets should not be the person who keeps the books.
- Run random audits or have a third party audit your books once a year, in particular for bookkeepers or employees who have access to financial records and documents.
- Make sure all checks, purchase orders and invoices are numbered consecutively, and regularly check for missing documents.
- Personally follow up on Customer complaints that they have not received credit for payments.
- Check safety:
 - Use a "for deposit only" stamp on all incoming checks to prevent an employee from cashing them.
 - Require all checks above a nominal amount to have two signatures.
 - Never sign a blank check.
 - Sign every payroll check personally.
 - Avoid using a signature stamp.
- Small business owners should take the time to review accounts payable by checking cash disbursements and payments. A very common scheme to look out for is billing-scheme fraud where an employee sets up fictitious "phantom" vendors.
- Institute a "clean desk policy" to keep sensitive and/or customer information out of view.