

**2010 WESTERN RC&D'S IN MONTANA'S BIG SKY
PREVENTING EMBEZZLEMENT discussion by Allen Bjergo**

Never assume anything. Never trust anyone to handle money by themselves, financial responsibilities must be divided up. Ways to stave off problems include:

- 1. Do a background check of each hire, including driving records, credit and personal history, lawsuits, bankruptcies and criminal history.**
- 2. Be sure the applicant can be bonded and bond all employees, officers and board members, or have an errors or omissions insurance policy for all.**
- 3. Require two signatures on larger checks. The writer of the check cannot sign a check, nor be on the bank documents. Keep blank checks locked up.**
- 4. Disbursements of checks or cash must have an invoice, origin of expense, source account, and justification. Assure that bank watches for signatures.**
- 5. DON'T PRE-SIGN CHECKS (OR ANY DOCUMENT)**
- 6. If there are credit cards, the user cannot approve or reconcile the account. The statement must be reviewed by an officer or disinterested third party and match expense vouchers submitted by the employee carrying the card.**
- 7. Two or more people should agree in receiving and depositing funds, and at least two should agree on disbursements. Switch duties unexpectedly, so different people go to the mailbox and open mail for director and officers.**
- 8. Contracts should be reviewed and agreed to, by the Board.**
- 9. Inventory fixed assets annually, by serial number. Reconcile petty cash daily.**
- 10. CONDUCT PERIOD AUDITS BY A THIRD PARTY.**
- 10. Assure that all employees take vacations, or take time off, and are subject to surprise visits and informal audit by responsible officers at any time. (If this offends an employee, discuss it with them and check a little closer.)**
- 11. SEND BANK STATEMENTS TO THE TREASURER OR OTHER THIRD PARTY, AND MAKE THE BOOKKEEPER SEND OUT THE CHECK REGISTER TO RECONCILE EACH STATEMENT BEFORE THE CANCELLED CHECKS AND AUTHORIZING INVOICES ARE RETURNED, FOR MONTHLY REVIEW BY OFFICERS.**
- 12. Call law enforcement if there is any question, and don't back away from pressing charges or you excuse an embezzler to go cheat someone else.**