

Ask The Expert

Where's The Cash?

An undetected hemorrhage in your organization can prove fatal to your cash flow. As the economy slows, the mortgage crisis continues, fuel prices increase and the cost of everything continues to rise, I predict personal financial pressures will lead to a rise in employee embezzlements.

The theft of cash receipts - payments coming into your firm or business, seems to be the primary target area. Why? - Because cash theft can often be concealed without any trail on the books.

But it is also important to note, embezzlement is not limited to the theft of actual cash. Pilfering checks and credit card information are equally susceptible. These areas should be monitored closely as well.

Entitlement continues to be the main rationalization for the embezzler, followed by gambling. In this economy, we are likely to see motives shift from individual enrichment to covering personal expenses, especially by those who would otherwise never consider stealing.

Three critical procedures for every business to adopt include:

- Know how much is received each day and ensure that amount equals what was posted and what was deposited.
- Monitor for non-payment adjustments (reductions) posted to your receivables.
- Remain vigilant!

In the words of the late Ronald Reagan, "Trust, with Verification."

-Stephen Pedneault, CPA, CFE, FCPA

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