

**MeredithCPAs**

## Fraud Prevention Checklist

This checklist is designed to assist departments in assessing their current internal control strength and fraud risk. The checklist is divided into process categories and will act as a guideline to identify areas where departments can improve their controls and lessen the risk of fraud.

### Instructions

Answer each question with a Y for Yes, N for No, DK for Don't Know, and N/A for Not Applicable. If you have a significant number of "No" and "Don't Know" responses, consider whether a more formal review is warranted.

### Master Controls

(1) Does an owner or person with no cash receipts, AR or AP/ disbursements duties receive all banks statements directly and reconcile the bank accounts monthly?	Y	N	DK	N/A
(2) Does a person with no cash receipts, AR or AP/disbursement type duties monitor the bank balances daily looking for unusual transactions?	Y	N	DK	N/A
(3) Does a person with no AP, disbursement or payroll duties request IRS transcripts for payroll tax deposits and match them to payroll tax returns several times per year?	Y	N	DK	N/A
(4) Are all IRS and/or State tax and compliance notices routed directly to the owner(s) or top management?	Y	N	DK	N/A

### IT Controls and Cybersecurity

(5) Do employees understand the importance of safeguarding passwords and not writing them down for others to find?	Y	N	DK	N/A
(6) Do employees know how to identify and delete phishing emails or report to IT Service Desk if they have mistakenly clicked on a link?	Y	N	DK	N/A
(7) Do employees know the importance of locking their computer screen when not in use?	Y	N	DK	N/A

(8) Does management perform periodic system access reviews to ensure employees only have access to systems they need to perform job duties and to ensure the level of access is appropriate for employee's responsibilities?	Y	N	DK	N/A
(9) Does the department ensure all staff have taken the annual Cybersecurity training?	Y	N	DK	N/A

### Cash Receipts and Accounts Receivable

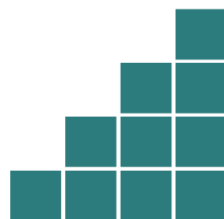
(10) Does the department use a secure means to deposit cash receipts, e.g., a lockbox or are deposits transmitted electronically to the bank accounts?	Y	N	DK	N/A
(11) Are cash receipts deposited as soon as receipts exceed \$500, or at least weekly?	Y	N	DK	N/A
(12) If credit card payments are received, is the sensitive information destroyed after the transaction is processed?	Y	N	DK	N/A
(13) Are cash receipts stored in a secure location until they are deposited?	Y	N	DK	N/A
(14) For cash receipts received through the mail, do you have two individuals opening the mail and logging the cash receipts?	Y	N	DK	N/A
(15) For cash receipts received through the mail, do you have separate individuals performing the recording and depositing functions?	Y	N	DK	N/A
(16) Is there proper review by management comparing cash receipts to the deposits?	Y	N	DK	N/A
(17) Does the department ensure access to petty cash is limited to specific individuals and securely stored when not in use?	Y	N	DK	N/A
(18) At least quarterly, does the department ensure petty cash is verified by someone not involved in the process?	Y	N	DK	N/A
(19) Are non-monetary items such as gift cards, debit cards, etc. securely stored under lock and key with restricted access?	Y	N	DK	N/A
(20) Are gift cards tracked and accounted for in a log?	Y	N	DK	N/A
(21) Are vacations required for individuals handling cash, and cash disbursements so that someone else can temporarily perform their job function?	Y	N	DK	N/A

## Cash Disbursements and Accounts Payable

(22) Is there proper segregation of duties to ensure that the person requesting to set-up new vendors isn't also reviewing and approving payments?	Y	N	DK	N/A
(23) Are invoices greater than \$500 reviewed by someone other than the requester?	Y	N	DK	N/A
(24) Are invoices greater than \$5,000 approved by a secondary approver (someone who was not the original approver)?	Y	N	DK	N/A
(25) Are credit card purchases reviewed and approved for proper support, i.e., invoices/receipt?	Y	N	DK	N/A
(26) Does the department review credit card transactions to look for unauthorized purchases?	Y	N	DK	N/A
(27) Are actual expenses compared to budgets, and variations investigated?	Y	N	DK	N/A
(28) Is general ledger verification (a review of the general ledger performed monthly) performed monthly by departments and are unusual or unknown items investigated?	Y	N	DK	N/A
(29) Are expense reimbursements reviewed for accuracy and proper supporting documentation before approving for payment?	Y	N	DK	N/A

## Awareness Training and Reporting on Fraud

(30) Annually, are employees being alerted of new fraud schemes?	Y	N	DK	N/A
(31) Are your employees aware of the mechanism in place to report suspected fraud anonymously?	Y	N	DK	N/A



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*Accelerating Financial Success*