

EMPLOYEE EMBEZZLEMENT – IS YOUR FIRM AT RISK?

The list of questions below are non-exhaustive, they are basic safeguards that all firms should implement, if they have not already.

DO YOU:

1 Request for status reports periodically from your accounts staff?

* Status reports should include, *inter alia*, overdue invoice reports, cash journal, profit/loss report, variance report, etc.

2 Request for status reports periodically from staff who are overseeing files?

* Status reports may be daily/weekly/monthly, depending on the firm's size.

3 Maintain strict segregation of duties for staff?

* For example, issuance of receipts must NOT be by the same staff receiving payment.

4 Have a policy against pre-signing blank cheques?

* Pre-signing blank cheques is very dangerous and should be forbidden in any legal firm!

5 Cross-check payment of cheques and vouchers against the relevant file?

* This is to ensure that all cheques and vouchers are for genuine reasons!

6 Monitor frequency of requests for cheque books and cheques issued?

DOES YOUR FIRM HAVE A POLICY OF:

7 Issuing receipts for ALL payments received from clients?

8 Reconciling receipts with bank statements at least once a month?

9 “Two to sign”? (if you are in a partnership)

* Refer to provision on “Claims Involving Misconduct” in Clause 12 of your Certificate of Insurance.

10 Only allowing partners to keep the firm's cheque books?

11 Storing away the firm's cheque books in the firm's safe at the end of every working day?

12 Ensuring that partners in charge of files review and “sign off” on their files before a file can be closed?

! If you have answered “NO” to *any one* of these questions, your firm is at risk!
