

# CHEQUE FRAUD PREVENTION GUIDE

# Cheque Fraud Prevention Guide

## **How To Reduce Your Risk When Sending and Receiving Cheques**

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Some of the best safety measures you can take today to ensure your cheques validity when accepting, transferring or mailing them.

## **Restrict Access to Sensitive Information**

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To reduce the risk of internal or external parties of your organization from accessing sensitive cheques and related documents, you must take preventative action.

## **Maintain Sensitive Account Information**

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Follow these guidelines for the most up-to-date ways to protect information systems and secure access to sensitive items and documents.

## **Use Only Secure Cheques**

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Ensuring your cheques are produced with specific security features is at the very core of any security and cheque fraud prevention strategy.

## **Accounting and Bookkeeping**

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Secure financial systems are the first step in preventing fraud. Follow these tips to maintain safe accounting and bookkeeping systems and codes of conduct in your organization.

# Cheque Fraud Prevention:

## How To Reduce Your Risk When Sending and Receiving Cheque



- Accept cheques drawn on a local bank so that you can visit and make sure the check is valid. If visiting is not possible, you can call the bank where the cheque was purchased, and request verification of its authenticity.



- Carefully inspect and verify cheques for particular features such as: Perforations along at least one side of the cheque; Magnetic numbers along the bottom which may be raised from the surface due to the reflective light duplicating process.

- One way to see if a cheque has been reproduced on a color printer is to check for magnetic ink. The ink should appear flat and dull when tilted under normal light. Any shine or reflected light on the numbers along the bottom are likely signs of a forgery.

- Do not endorse cheques until you are ready to make the deposit. This reduces the risk of an unauthorized party cashing it.

- Never give a cash refund on a purchase made by cheque, until the funds have cleared.



- If you receive payment via a cashier cheque, ask the payer of the cheque to accompany you to the bank to cash it.

- Only accept cheques during business banking hours, so if need be, you may ensure they may be verified.



- Have in place a posted cheque policy.

- Rent a P.O. Box or secure parcel locker e.g. from Fedex or USPS.

- Compare routing number on bottom to fractional number.

- Use a cheque verification service or cheque guarantee service. If your business is located in a relatively high-risk area, use inkless fingerprinting as part of the check payment policy and communicate this policy clearly so as to avoid upsetting potential customers.



- Validate ID when possible.

- Do not use unlocked mailboxes when mailing cheques or document which has personal or business information in it. This will reduce the risk of a third party accessing it before it is picked up by the postal service.



- If possible, take bill payments directly to post office.

- Use registered mail where possible.

# Cheque Fraud Prevention:

## Restrict Access to Sensitive Information



- Make it company policy to change lock combinations and software access codes when staff leave the company or change positions within the company, and at regular intervals throughout the year.



- Do not leave cheques unattended in equipment such as the printer, scanner or copier. Similarly, do not leave chequebooks unattended and/or in plain sight.
- Make it company policy not to leave unattended cheques, deposit slips, endorsement stamps or bank records.



- Have employees with access bonded.

- Keep the company's official signatures details confidential and treat them as sensitive information.

- Eliminate concealed areas nearby to reduce risk of potential hiding places for thieves.

- Restrict access to the mailbox. If your mail carrier is willing, leave an unlocked lock inside the mailbox for them to lock your box after delivery.

- Use a mail slot instead of a mailbox, if possible.

- Pick up mail promptly after delivery.



- Rent a P.O. Box or parcel locker for added security.

- Restrict access to items that expose you to risk.

- Shred or burn all old or unused cheques.

# Cheque Fraud Prevention:

## Maintain Sensitive Account Information



- When hiring, carry out background checks of anyone that will have access to sensitive information.

- Set up limits on cheque cashing amounts. Ensure particular accounts with no check issue facilities are flagged with a "Post No Cheques" notification.



- Notify the bank immediately to revoke signing entitlements of any employee with signing authority who leaves the company.

- Limit the number of official signatories.

- Put an ACH block on your account if it does not accept ACH.

- Have a minimum of one signatory requirement on large dollar cheque amounts.

- Review bank account and deposit agreements regularly.



# Cheque Fraud Prevention:

## Use Only Secure Cheques



- Choose your cheque printer carefully, ensuring credibility, and for adherence to Standard 006 as set out by Payments Canada.
- Check packaging of your new cheques carefully upon receiving, for any evidence of tampering.
- To reduce your risk of identity theft, do not include personal information on your cheques, eg. social insurance number, phone number or driver's license number.
- When receiving your new cheques by mail or delivery, find out the estimated arrival time and follow up immediately on any late or mislaid deliveries, so as to minimise risk of lost or stolen cheques.
- Request a 'signature required' delivery.
- Print clearly the number of signatures required, above the signature line.
- Arrange to have your new chequebooks delivered for you to collect directly from your bank, if possible.
- Ensure your cheque printer uses alteration and tamper-proof packaging and delivery processes
- Ask your cheque printer about their features for protecting against copying and counterfeiting.
- Ensure your cheques are printed with featured warnings and messages evident.
- Use custom cheque designs which are not available to other companies or individuals, particularly for software with a 'print your own' option.

# Cheque Fraud Prevention: Accounting and Bookkeeping



- Ensure your cheques have an expiration date by printing an expiration onto the cheque face.
- Keep a record of the next cheque number and last cheque number.
- Always remember to remove cheques from copying equipment such as printer, scanner, or copier, when no longer in use.
- Do not leave unattended cheques, deposit slips, endorsement stamps or bank records.
- When writing a cheque manually, use non-erasable ink such as gel pen or fountain pen with durable ink.
- Use only cheque paper with toner adhesion.
- When using manual cheques and cheques software, ensure there are no spaces before or after payee name and the amount, so as to reduce the risk of unauthorized editing.
- Print payee name and address using the largest font possible or permissible.
- When possible, use electronic payments instead of cheques.
- Always record the number of the last cheque number used, and store in a secure place which is inaccessible to others.
- Monitor your accounts regularly, checking bank statements for duplicate or unexpected numbers.
- Fan through canceled cheques that you receive with your statement.
- Have employees with access bonded.
- If a canceled cheque has a MICR label, find out the reason why.
- To reduce the risk of your mobile device being used for mobile banking deposit fraud, enable the passcode lock for all mobile devices, and wipe the device clean of any saved codes before reselling or recycling when no longer in use. Consult manufacturer's recommendation for a thorough clean of saved information.
- Subscribe to banking text alerts for large purchases or transactions.
- Carry out random surprise internal audits.
- Systematically check bank statements frequently and reconcile discrepancies promptly.
- Use Positive Pay or Reverse / Negative Pay

