It’s incredibly easy for people to steal from you if you’re not paying attention. However, if they know you are auditing on a regular basis, the likelihood they steal drastically decreases. Below you will find information on red flags to look for when auditing. At the end of this document you will find a financial audit that should be done every quarter to reduce team member theft.

**RED FLAGS**

1. **Cash Theft through Discounts.**
* Waste Percentage should always be below 1.5% of sales.



* If the waste amount is suspicious run a **Waste Orders Report** and look for any of the following**.** (Cloud>Reporting>Orders>Waste Order Report)
* The same Team Member associated with a type of action, like bad/void orders and edit after paid.
* Consistent time patterns (A cluster of bad/void orders only done during certain day parts e.g. at close)
1. **Manager Discounts above ?**
	* Using the **Secured Discounts Report** look for anything suspicious. (Cloud>Reporting>Orders>Secured Discounts Report)
		+ The same Team Member associated with multiple discounts.
		+ Consistent time patterns (A cluster of bad/void orders only done during certain day parts e.g. at close)
		+ Orders discounted long after they were placed.
2. **Over/Under should always be less than 1% of sales.**
	* If your weekly amount is off by more than 1% of sales then:
		+ Reconcile all [cash shortages](#cashshortage)
		+ Review Cash controls and make sure there are assigned till.
3. **Inventory Theft**



* Inaccurate inventory- Food variance should be between -.50 and 1.5%. If you see large negatives or numbers swinging week to week it means that inventory is inaccurate.
	+ Inaccurate inventory can be a sign of someone trying to cover up theft. Get the inventory in line and use the **Usage Report** to troubleshoot inventory issues. (Cloud>Reporting>Inventory>Usage Report)
* High Variances- Indicates possible theft of inventory items
* Chicken Strips, Boneless Wings, Shredded Cheese
* Zero Variance- Indicates possible matching ending counts with ideal
* Soda theft- is common in stores but people don’t correlate it to theft the same way as stealing money or time. However, soda theft is stealing and it can cost you thousands of dollars per year.
* Monitor the variances of inventory items for patterns of missing products
* High box variances indicate unaccounted sales
1. **Deposit/Transaction Fraud**
	* Reconcile all receipts with Daily Key Indicator POS Report
	* Reconcile bank deposits with Daily Key Indicator POS Report
	* Reconcile PFG invoices with Deliveries entered into the POS
2. **Price Reduction Skimming**
	* People think it looks less suspicious if it’s only a few dollars. Using monetary value coupons such as New Customer or Late Cards.
	* Using Honor Guarantee or other Management coupons to reduce the price of an order to zero dollars. Use the Zero Price and Secure Coupon order reports if anything is suspicious. (Cloud>Reporting>Orders).

Financial Audit



|  |  |
| --- | --- |
| Location:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Manager In Charge:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Auditor:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Cash Handling**

Cash Shortage:

|  |  |
| --- | --- |
| Yesterday: | Last Week: |
| Two Days Ago: | Two Weeks Ago: |
| Three Days Ago:  | Three Weeks Ago: |

Examine Daily Key Indicator Reports for the past month if Cash Shortage is a problem.

**Inventory Audit –** Best done early in the morning so you don’t have to calculate the days usage. The best day to do it is on a Monday because full inventory done on Sundays.

1. Print **Ending Count Report** for the previous day.
2. Verify the Quantity for the Following Items (Adjust for Today’s Usage).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | POS Qty | On-Hand |  | Item | POS Qty | On-Hand |
| Mozzarella  |  |  |  | Bacon  |  |  |
| Cheddar |  |  |  | Chicken |  |  |
| Sausage |  |  |  | Boneless Wings |  |  |
| 2L Coke |  |  |  | Canadian Bacon |  |  |
| 2L Diet |  |  |  | Ranch Cups |  |  |
| 20 oz. Coke |  |  |  | Wings |  |  |
| 20 oz. Sprite |  |  |  | 12” Boxes |  |  |
| 20 oz. Diet Coke |  |  |  | 14” Boxes |  |  |
| 20 oz. Water |  |  |  | Portion Cups |  |  |
| Pepperoni |  |  |  |

1. If anything looks suspicious, do a complete inventory.
2. Print the **Usage** Report for the past 4 weeks. Examine for Theft & Waste. Discuss Areas of Concern.

**Notes**

|  |
| --- |
|  |
|  |
|  |

**Audit Order** **Callbacks**

When you call the customer back, you are trying to determine if their order was delivered or not. When you speak to the customer, the conversation should sound like a normal customer callback. You should include questions about the quality of the experience. If the customer’s order was actually delivered without an issue, you will need to determine why the order was bad ordered or voided. Just because the order was delivered without issue, doesn’t mean that a team member stole money. The order could have been bad ordered or voided, then entered in the computer again as an actual order.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Address | Phone # | Amount | Legit? |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**Notes**

|  |
| --- |
|  |
|  |
|  |
|  |

1. Manager \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Auditor\_\_\_\_