

September 21, 2003

Doctor Name
Practice Name
Address
City

Re: Veterinary Practice Internal Controls

Dear Doctor,

We would like to share with you some information regarding the importance of internal controls.

Our experience has revealed to us that small businesses run an inherently greater risk of employee theft because of their lack of checks and balances. Although we have no reason to suspect a problem within your company, we believe it's necessary to alert our clients about the importance of internal controls.

A few important factors to remember about embezzlement and theft in small businesses:

- ✓ If they occur, most thefts in your practice will only involve one person
- ✓ Generally, only the people you trust will steal from you
- ✓ Most embezzlements continue for months before being discovered

Without strong internal control procedures in place, employees can learn to manipulate the accounting system to their benefit. However, a properly executed system of internal controls can help you reduce these risks.

The risk of embezzlement and theft will always be there, but you can reduce this risk tremendously by remembering the following three items:

- 1) Division of responsibilities. Don't let any one member of your staff have too much control.
- 2) Pay attention to employee behavior and moods.
- 3) Stay diligent. A small amount of supervision and awareness goes a long way towards theft prevention

We have enclosed a comprehensive **Internal Controls Checklist** for you to review.

Should you have any questions regarding the development and implementation of these internal controls, please feel free to give us a call.

Sincerely,

Gatto McFerson, CPAs, LLP