



Technical Update

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Key Ways to Prevent Employee Theft

Just three incidents of embezzlement by employees in CAPP member counties the past two years total almost \$800,000. Costs for employee theft can increase dramatically when left unchecked. Don't let this happen in your county. The following tips may help your county avoid being a victim of employee theft.

Screen job applicants

Before hiring, screen job applicants thoroughly. Background checks should be performed and should include a check on criminal history, civil history, driver license violations, as well as verification of education, past employment (including reasons for leaving), and references.

You can also consider running a credit check on prospective employees for jobs which have cash handling and financial duties; however, you will need the applicant's written consent and you will need to comply with requirements to give notice to the applicant if adverse information causes you to reject them.

Create a zero tolerance atmosphere

Be clear with employees that your company has zero tolerance for employee theft of any sort. Write and distribute a company policy that outlines exactly what constitutes stealing. Contact the sheriff immediately if you do discover an incident of employee theft.

Separate Duties

Do not allow the finances of the county to be handled and controlled by one person. Separation of duties is critical, and no employee should be responsible for both recording and processing a transaction. Don't let the person handling incoming mail with payments, record and deposit those same payments.

Audit

Have a third party audit your books at least yearly. Perform internal audits on a sporadic basis.

Require Vacation Time

Many violations are discovered while the perpetrator is on vacation. Require your bookkeeper or any employee who has access to monies to take a yearly vacation at which time examine all their records.

Do Not Allow Working Late or Taking Work Home

Do not allow those who handle finances to work late or take work home without close supervision.

Require Two or More Signatures

Require all checks above a nominal amount to have two or more signatures. Never sign a blank check. Sign every payroll check personally. Avoid using a signature stamp.

Check for Irregularities

Deposit daily and reconcile monthly. Leaving cash sitting around is too tempting for some employees, and reconciling the bank statement each month helps you catch irregularities sooner rather than later.

Investigate Customer Complaints

If someone complains that they have not received credit for a payment, investigate.

Set Up an Anonymous Reporting Method

Coworkers often reveal incidents of employee theft. Set up a method where employees may report employee theft anonymously.

Be Aware

Be aware of disgruntled or employees who have indicated that they are having financial difficulties. Look for excessive personal spending (new cars, trips) by an employee whose income can't support these extravagances

Maintain a Positive Work Environment.

Good communication and strong county policies are essential to minimizing your risk of theft.

For more information, contact CTSI at 303-861-0507.