
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. Employee theft costs 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 education verification, 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

Develop a zero tolerance policy for employee theft. Create a company policy that outlines exactly what constitutes stealing. Contact the sheriff immediately if you discover an employee theft incident.

Separate Duties

Do not allow the finances of the county to be 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, also record and deposit those same payments.

Audit

Have a third party audit your books 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. Reconciling bank statements monthly means catching irregularities sooner rather than later.

Investigate Customer Complaints

If a customer 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 that allows employees to report employee theft anonymously.

Be Aware

Be aware of disgruntled employees especially those experiencing financial difficulties. Look for excessive personal spending (new cars, trips) by an employee whose income can't support these extravagances.

What This Means To Counties

Counties should adopt these recommendations to limit their exposure to employee theft.

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