

## Preventing Employee Theft

Employee theft should always be a concern, but the risk is even greater during the tough economic times impacting those in the construction and subcontracting industries. Normally honest, loyal employees may resort to theft due to increasing debt and financial pressure at home. Employees may rationalise such behaviour even more if your company is struggling and they're worried about job security.

You may not think of employee theft as a big threat on the job site, but there are several risks you should take into account. Any worker or foreman who handles payments, invoices or other financial aspects of your business poses the greatest risk. However, employees may also steal raw materials, tools or other equipment. In addition, time theft is a concern if employees arrive late, leave early or take extra-long breaks.

### Protect Your Company

To prevent theft at your organisation, consider the following safeguards:

- Communicate with your employees about the economy if it is impacting your business negatively. Be open and honest, but discourage them from panicking.
- Educate your employees about what is considered fraud and the consequences associated with it, and emphasise that the company has a zero tolerance policy.
- Increase company oversight by owners.
- Deposit cash and reconcile all bank statements immediately.

- Consider using a payroll service to ensure accuracy.
- Purchase Employee Dishonesty Liability Insurance.
- Management may consider taking a pay decrease or not receiving bonuses, so that other employees see that everyone is being affected by the economy.

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You may not think of employee theft as a big threat for your company, but there are several risks you should take into account to protect your bottom line.

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- Regarding financial tasks, give different employees different jobs. Small companies often have one person as the sole bookkeeper, but this makes it easy (and more tempting) for that individual to embezzle funds.
- Conduct internal audits of your books periodically and randomly, to ensure that everything adds up.
- Establish a fraud hotline for employees to report suspicious or fraudulent behaviour. Give them the option to call anonymously.
- Conduct thorough background checks on all your new hires.
- Have an inventory for your tools and equipment, and check to make sure everything is accounted for on a regular basis.

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- Train site foremen to monitor employees and watch for suspicious behaviour. Any suspicious behaviour should be reported and further investigated.
- Monitor your site foremen as well. They may be contributing to time theft or theft of raw materials. Regularly and randomly check in on your various job sites.

To learn more about Employee Dishonesty Liability Insurance, contact Crendon Insurance Brokers Ltd today.