



Employee Dishonesty

A list of best practices for loss prevention to help Ohio Mutual agent partners and members identify the most common hazards that Employers face every day.

Best Practices

The scope of employee theft is difficult to overstate, as it happens in many forms. Whether that be financial statement fraud, asset misappropriation, inventory shortages or simply helping oneself to the till. Being proactive is always better than being reactive and setting company standards that employees understand can hopefully prevent theft.



- Mail maintenance should be rotated daily, if not weekly. Stolen accounts receivables, payments and other scams are frequently detected through simple acts of receiving the mail.

- The average amount of time it takes to detect employee fraud is 14 months, therefore bank and checking accounts as well as credit card statements should be reconciled regularly and by someone who is not responsible for issuing company checks.

- Because fraud frequently surfaces when routines are broken up, staff with fiduciary and monetary responsibilities should be regularly required to take at least 1 week of consecutive PTO/ vacation.



- According to the Association of Certified Fraud Examiners, 4% of perpetrators have a prior fraud conviction, therefore, criminal background checks can and should be ordered on new hires as a baseline

and should be supplemented with periodic spot checks on all associates with financial responsibilities.



- 70% of check fraud theft occurs at smaller companies of 100 employees or less, according to Hiscox. A couple remedies to help prevent that is to stamp checks “for deposit only” and require two or more signatures on all checks, or for checks issued over a certain dollar amount.

- Perform regular audits by having a third-party review business finances which can bring theft to light. If your business is goods driven, take a physical inventory monthly to determine if there is shrinkage compared to the expected amount of stock.



- Install high quality surveillance cameras at critical points inside and outside of your business. Ensure your equipment includes some of these features; facial and license plate recognition, night vision, motion tracking, 2-way talk, alarms, wireless etc.

- Maintain a closer watch on the following departments: accounting, operations, sales, executive/upper management, customer service, and purchasing or finance. According to the Association of Certified Fraud Examiners, approximately 77% of fraud occurs from within those departments.

- When the responsible party is identified, terminate their employment and consider legal action. Complex issues should involve third party legal counsel, forensic accountants, and/or investigators to ensure a thorough, professional, and objective review, and to obtain recommendations for future loss prevention. Protect your business against false accusations by verifying the employee and the extent of fraud.

