



Employee Theft Prevention Checklist

Employee theft is considered the most serious crime affecting businesses, with losses estimated in the hundreds of billions of dollars. While most employees are honest, there are employees who will steal, and it is unlikely that losses from such employees can be eliminated completely. The best that management can hope for is to minimize the impact of employee theft by establishing control strategies. Businesses that are selective about who they employ, that let employees know that stealing will not be tolerated, and that establish rules and procedures to detect employee theft usually have lower levels of theft.

General Considerations

- Is there a comprehensive pre-employment screening program that has been reviewed by legal counsel and which affords the basis for an in-depth check of the applicant's background?
- Is every job applicant required to completely fill out and sign an employment application form?
- Are checks performed on the applicant's references and previous employers?
- Depending on the importance or sensitivity of the job, are criminal and credit checks performed?
- Are there written security guidelines that outline the company's policy for dealing with an employee caught stealing?
- Are all employees provided with a copy of the guidelines and required to sign a receipt that they received them?
- Are human resource programs in place, such as profit-sharing, promotion-from-within policies, and fair compensation practices that are designed to build employee loyalty and align employee and company goals?
- Is company merchandise or property of the type that makes it desirable easy to steal?

Procedural Controls

- Are there controls on petty cash disbursements, bank deposits and withdrawals, issuance of checks, payrolls, reconciliation of bank statements, and the paying of invoices?
- Are responsibilities and functions separated so that no one employee has control over all parts of a given financial transaction, and workflow organized so that the work of one employee acts as a check on that of another?
- Is there an inventory control program that provides for regularly scheduled and random inventory checks?
- Is there a badge identification system to identify all employees and to regulate the movement of visitors?
- If feasible, are employees required to enter and exit the facility through a single employee entrance, monitored by a guard?
- Are shipping and receiving operations supervised by closed-circuit television (CCTV) surveillance?



- Is all incoming merchandise checked against purchase invoices and all outgoing merchandise against shipping documents?
- Is there a designated area within the facility, if possible, for the collection of trash before its disposal?

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