



How to Minimize Employee Theft & Embezzlement

Chances are that you have heard a story of an employee getting caught stealing from their employer. Either you know the victim or heard the story from your nightly news. Most of the time that employee is the bookkeeper. You think this will never happen to you. Your bookkeeper has been working for you for a very long time, you consider them part of the family and they would never do such a thing. The sad truth is that your most trusted employee is the one that steals! So how can you avoid such from happening to you?

Here are a couple of things you can do to minimize employee theft and embezzlement.

1. **Always have a third party balance your bank statements.** Aside from your bookkeeper, have a third party accountant/bookkeeper balance your bank statements.
2. **Have bank statements come to you.** The bank statements that are mailed, should not to be opened by anyone, but you. Do not have your bookkeeper open or review statements before you. Statements should come straight to you, unopened for your review. Electronic bank statements are to be emailed to you.
3. **Balance your credit cards.** Your bookkeeper should not balance the credit cards. You or another party that does not have access to credit cards should balance the credit card statements each month.
4. **Anything that is wired,** have your bookkeeper, once a quarter, bring allocations and check the electronic allocations against the general ledger
5. **NEVER** let bookkeeper sign checks. Only you should sign checks.
*If you are not in town and a check needs to absolutely be made, it is always good to have another account with minimum money requiring 2 signatures for the check.
6. **Look at bank statements after being balanced.** Look for checks that have not cleared and see how long those checks are outstanding. Also, credit card statements after being balanced need to be reviewed by you.

What are some signs that your employee may be stealing?

1. If your bookkeeper cannot provide a current in house financial statement within 20 days after the end of the month, this is a red flag.
2. If an employee is under personal financial stress, this is a red flag.
3. If you are having continuous profit fades and shortfalls in materials and not labor; and the same project manager is out in the field managing the projects, that is a red flag.

What should you do if your employee is stealing from you?

The answer is simple. Turn them in. If you don't report it to the police, probabilities are that your ex-employee, who stole from you, will find another job and do the same to another innocent employer.

Here at Burke Insurance Group, we advise that you have a Crime Policy. With a Crime Policy, you can protect your business against financial loss due to employee theft. You can contact Will Burke, Shawn Gustafson or Carlos Aguirre for more information.