

HR STORIES FROM THE FRONT LINES SHORT CHANGED? DEALING WITH THEFT IN THE WORKPLACE

George is a new manager of Food & Stuff Inc. which operates several convenience stores. Upon hire, he was tasked with determining why the store's cash never balanced out. Naturally, George started reviewing cash handling procedures and protocols in the stores. He found that normal cash handling procedures were in place. He then started reviewing the procedures with the employees and concluded that everyone was following the proper protocol. However, George is still suspicious that cash handling is the root of the company's problem, but how to prove it?

George notices one shift leader in particular, who generally works at 2 different store locations interchangeably throughout the month. More importantly, this shift leader generally works the closing shifts when cash is deposited in the safe. Here is what he found.



FAST TRANSACTION AND STICKY FINGERS

George starts by reviewing surveillance tapes during the past couple weeks. He focuses on the closing shifts that this employee worked. Upon review, George is shocked at what he observes. The employee in question was ringing up customers, however looking more closely, he notices that a zero dollar transaction is processed.

He watches as the employee writes something down on a piece of paper. The employee continues to do these zero dollar transactions throughout the shift. At the end of the shift the employee tallies up her zero dollar transactions, takes the cash value of those transactions from the till, and puts the money in her pocket.

THE CONFESSION

George immediately sets up an appointment to talk to the employee. He begins his investigation by explaining the interview process and what his objectives are. He reviews the cash handling policy procedures with the employee to ensure she understands them. He then begins to question the employee about the unusually high number of zero dollar transactions on her shifts. The employee doesn't seem to have a reasonable explanation for the large number of transactions. She is also unable to explain the discrepancy of cash balances at the end of her shifts.

Eventually, after further questioning, the employee admits to the zero dollar transactions, and taking the cash. She also admits that sometimes she would lose track of how many transactions she would do, which is why the cash would be off. The employee goes on to explain that she had some medical bills to pay off which is why she took the money. The employee is very remorseful and begs to keep her job.

CONCLUSION

George is tasked with reporting his findings to management and finding out how much money the employee stole. They determined that the employee took \$2,000 over the course of 2 months. Concluding the investigation, George believes that, while the employee is remorseful, she should be terminated for theft and violating the company's cash handling procedures. George ultimately decides not to press legal charges against the employee for theft.

While terminating an employee for theft is almost always justified, what if the employee were pregnant or just returning from a disability-related leave of absence? What if your evidence of the theft does not include a confession and is based on more circumstantial evidence? In these circumstances, and others where the employee is a member of a protected class, seek professional advice before moving forward with a termination.

Additional recommendations:

- When conducting an investigation, be thorough and determine the facts of the situation
- Reevaluate your internal controls for detecting dishonesty in the workplace, including your cash handling procedures.
- Hold employees accountable through disciplinary action for violations of cash handling procedures.
- Lock up all checks and deposit slips.
- Require supporting documentation when signing checks or authorizing transactions. Question check requests for any vendor whose name you don't recognize.
- Follow check-writing procedures, and scrutinize everything, including requests for "rush" signatures. Never sign a blank check.
- Examine transactions on your bank statement for any irregularities. Verify that deposits were made in a timely manner and that no deposits were reduced by cash returned to the person making the deposit. Make note of any missing checks or breaks in check sequence and investigate.
- Review financial statements at least quarterly for any radical changes in expenditures. Look long and hard at categories such as payroll or office expenses.
- Conduct periodic audits. If you uncover missing or altered documents or past-due notices for bills that should have been paid, investigate. Amounts credited to clients on billing statements should match the funds collected.