

Employee Theft Investigation

A Practical Guide: Part 1

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Regardless of your business sector size of your company, employee theft has happened and will occur in the future. Theft can be in the form of proprietary information, data, company supplies (not a pen), cash, stock manipulation, and the list is endless. However there are some common covenants that should be in place. Policy and procedure is important to running a small business or multi-million dollar corporation. They are the rules of the road. There cannot be a more important set of guidelines than how employee theft is handled within the company.

Here are some suggestions regarding employee theft awareness, investigations and prevention. All policies should be reviewed by a Human Resource professional and a Labor Attorney before implementation.

Policy and Procedures

- Have a written policy regarding disciplinary action if an employee is found to be stealing.
- Clearly define stealing. Sure, we know it when we see it but sometimes people see it as "borrowing."
- An example statement in such a policy would define theft as "The unauthorized removal of company assets both tangible and intangible." Notice it does not use the word theft. Theft requires intent. For termination purposes their intent is not an issue. For prosecution, it will be the crux of the allegations.
- Communicate that policy beyond new hire orientation. Posters, newsletters and blogs can help reinforce a gentle message.
- Ensure that all levels of the company are tied to the policy including Senior Management.
- Keep in mind that precedents are set with any termination. Ensure there is consistency in the enforcement of policy.
- Management must set the tone and lead by example regarding policy. If a manager borrows a lap top so his child could do a PowerPoint presentation in class then why can't any employee do that?
- If there is not a formal department that conducts internal investigations formulate a plan (in writing) as to what initiates an investigation and who handles it.
- Have a written policy regarding searches of vehicles and personal articles like backpacks and briefcases.
- Have a written policy regarding refusal to allow a search.

Searching Employees

Warning! The ability to search someone (anyone) is a vital right for any business but doing so should be considered very sensitive. Put yourself in the position of the person being searched to understand the feelings of the process. There are many scenarios to justify the need for search but this discussion will focus on employees and the implementation and management of the procedure.

Bag checks are common place and should be accepted by employees if properly positioned and concerns addressed. If a company adopts a policy to require employees to submit to searches the policy and procedure should be well vetted with Human Resources, Legal, and Management. There are five provisions that should be considered when formulating policy:

1. Define "search."
2. Searches should be limited to anything outside the body. This would include purses, backpacks, brief cases, computer bags, sacks, etc. NEVER touch someone in the process. Don't frisk or have them disrobe. (Yes, it happens.)
3. The policy is in place for all levels of employees including (especially) Management.
4. The consistency of the policy. Under what circumstances will a search be conducted?
5. Who has the authority to search?

Policies are only as good as the people implementing them. Don't assume that a written policy created is a written policy understood. Consistency in application is the key. If, for instance, there is a security person at the door and all employees are to stop and open anything they are carrying on them, even the company President or owner should do so. There needs to be a clear definition of how a search can be conducted. Is that defined as allowing someone to dig through a handbag or does it mean merely a visual inspection is allowed? This is very important. Is a metal detector appropriate? If so how are activations handled?

Even with the best written policy, occasionally someone will refuse. These refusals do not necessarily mean they are in the act of theft but they can be volatile situations nonetheless that can escalate needlessly if handled improperly. What disciplinary action is available for an employee refusing to comply with company policy?

Unless there is a very compelling reason to not allow the employee to leave if they refuse, then allow

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