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# LOSS PREVENTION & SAFETY CONSULTING

## Loss Prevention & Safety Consulting Newsletter

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### Employee Fraud .... What is it?

The five most common fraud schemes for organizations with fewer than 100 employees are:

- Billing fraud
- Corruption
- Check tampering
- Skimming
- Expense reimbursement fraud

Corruption schemes deal with crimes such as bribery, illegal gratuities and kickback arrangements. The largest number of perpetrators in the entire study, 41.5 percent, had been with the organization between one and five years, most of them had a college degree and worked in the accounting area. Most of these employees were also trusted and believed to be honest and of the highest integrity.

### Data integrity, Inventory control

As the saying goes, “you’re only as good as your weakest link”, so does good data integrity. Data integrity / inventory control is the process in which as an owner, you are certain that your numbers relating to inventory on hand are correct. This not only impacts the bottom line profits, it also impacts customer service, ordering new inventory. Not knowing where your inventory is, how much you have on hand, who is handling it, whether the numbers are accurate, etc.....will present itself in negative consequences.

Some areas to consider when looking at data integrity, inventory control are: Who is completing your daily inventory counts (high value / known high theft merchandise), are you “spot checking” personally? The same person should never be responsible for ordering or reconciling inventory on a regular basis, mix up this responsibility. Do you have a regularly scheduled inventory, does a third party service conduct it to maintain objectivity, impartiality? What type of data level detail do you get once the inventory is completed, is it by SKU, or item description, of just a departmental total (i.e. sporting goods misc.)?

One of the easiest ways and most undetected for employees to steal is by manipulating inventory. Finally, do you have a software program in place that reconciles your inventory on hands, to what you’ve actually sold vs. received?

**“Employees don’t think losses are important, unless the boss thinks they’re important.”** Shelley Connors, Director of Loss Prevention, Best Products



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Is theft costing  
your company  
hundreds,  
thousands,  
or millions?

