Prevent Fraud By Maintaining a Safe Workplace Meeting Kit



Keeping your workplace safe decreases your risk of workers' compensation fraud. **Having a written Injury and Illness Prevention Plan (IIPP)** tells your employees that their well-being is a top priority.

THE IIPP

An Injury and Illness Prevention Program (or IIPP) is a basic safety program tailored to business operations. California employers with at least one employee are required to have a written IIPP that is understandable to all employees.

Keeping employees safe on the job keeps them working and your business more productive. An effective IIPP shows that safety is important at your company and guides your employees to work safely. It can help you improve the safety and health in your workplace and reduce costs with good management and employee involvement.

IIPP CAN HELP PREVENT FRAUD

A primary tool of any IIPP is the accident investigation. Not only does this cover the who, what, when, where, why, and how, it also helps you determine if the injury claim is accurate.

When employees know you have a formal process for reporting workplace injuries, and that each injury report is investigated, they're less likely to try and get away with making a false claim. Be sure to give all employees a copy of the plan. Also be sure to display it in a common area like the breakroom. Flyers, posters, and other printed material can help further emphasize your message. You can distribute these by email and also display them in the breakroom.

EMPLOYEES BEWARE

Fraud occurs in the workplace when an employer misrepresents (spoken or in writing) something about your job. Fraud may arise when an employer makes a false representation concerning job security, salary, potential bonuses or promotions, health risks, or other aspects of employment.

You may have a claim for fraud if your employer knowingly makes false promises of high salaries or guaranteed bonuses to persuade you to quit your former job and come to work for him, but later refuses to pay.

You may also have a claim if you have relocated because you believed your employer's

representations about any one of the following: the kind of work, the existence of work, the length of time the work would last, the amount of pay for the work, the sanitary conditions of the work, or the existence or nonexistence of any strike or lockout.

TYPES OF BUSINESS FRAUD

1. **Identity theft:** A fraudster could steal the identity of your business and access your credit. Fraudsters may gain access to your federal tax ID or financial statements.
2. **Payroll fraud:** This may be more common with smaller business. Employees may ask for paycheck advances and not pay them back. Utilizing a payroll service that lets you approve everyone's time before they are paid may help to prevent payroll fraud.
3. **Fake money:** Learn how to recognize fake money so you can refuse to accept it.
4. **Returns:** Requiring a receipt and having strict return policies may help to limit return fraud.
5. **Workers' compensation:** A business owner is required by law to purchase worker's compensation. This insurance pays your employees if they get injured while at work. Companies should stay on top of safety and what happens in your place of employment to help prevent this type of fraud.

FRAUD PREVENTION TIPS FOR BUSINESS TO PREVENT & IDENTIFY EMBEZZLEMENT

Effective Internal Controls. One of the strongest deterrents to committing fraudulent acts is the fear of getting caught. Effective internal controls increase employees' perceptions of detection and reduce their opportunity to commit fraud.

Background Checks. Background checks are one of the most cost-effective ways to save a business from fraud.

Fraud Awareness Education and Training. A business employee handbook should have a Fraud Awareness section specifically outlining what constitutes fraud in the workplace and the consequences of committing fraud.

Fraud Hotline. 46 percent of workplace fraud is uncovered due to tips from an employee, vendor, or customer. Providing employees an anonymous, worry-free way to report suspicious activity can greatly reduce fraud risk.

Insurance. Businesses should obtain coverage for dishonest employees through their insurance providers. This type of coverage assists with protecting a business from losses and fees incurred due to fraud by employees.

TIPS TO PREVENT FRAUD

Increasing the perception of detection is one of the best fraud deterrents. The opportunity to commit fraud is easier to rationalize when employees believe their wrongful acts will go undetected and unprosecuted.

Segregate duties. Don't leave an employee in a position to correct their own work. If people know that their work is being watched they are less likely to commit fraud.

Set the tone at the top. A written ethics policy is an excellent method by which management can objectively communicate its philosophy toward fraud.

Put it in writing. Companies frequently have an ethics policies, which set forth in detail what is expected in the ethical climate of the company.

Require time away. Beware of the employee who seems too good to be true. An employee

who comes in early and stays late or never takes a vacation has the perfect opportunity to conceal their wrongdoing.

Reduce the risk of fraud. Include surprise audits as part of your pro-active fraud policy.

FINAL WORD

Having a written Injury and Illness Prevention Plan (IIPP) sends out a loud signal to employees that their safety and security get top billing. An effective IIPP not only improves safety and health in the workplace but also reduces costs with good management and employee involvement.