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# Dealing with suspected fraud at work

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## LEGAL MATTERS

Last week I covered how to help prevent fraud in your workplace.

This time I cover what steps to take if you think there may be fraud happening at your work.

If suspected fraud is discovered, you need to act quickly, but still be sure you follow a proper process.

Do some investigation to check what is occurring - for example, consider hidden cameras to collect evidence, check the office accounts, get bank statements, talk to creditors.

If those show apparent fraud, lock down systems or remove access for the suspect immediately, so records cannot be altered or evidence destroyed.

Doing these checks first and following a proper process is really important.

In one case an employer acted on what looked on an initial glance like damning information and sacked the "frauder", only to find out later that no fraud had occurred and the person was

making checks with the bank on the advice of the firm's accountant.

Get professional legal advice on the process to follow, which will include giving notice (written) of what the allegations are and possible outcomes if correct (up to dismissal).

In the letter let them know you are investigating allegations and are giving them an opportunity to reply to the accusations.

If you wish to suspend them pending completion of the investigation, you need to seek their input before you decide to suspend (note that suspensions are on full pay).

Set a time and place for the meeting and tell them they are entitled to bring a support person or representative to the meeting and to help them with a response.

At the meeting listen to what their responses to the allegations are and then consider the matter.

Carry out any further investigations necessary.

Put any new allegations or information to the employee, with a further opportunity to respond.

Decide on whether the allegations are correct (what a fair and reasonable employer would conclude).

Ensure you have based your decision on reasonable evidence.

Advise the employee of the findings and invite them to a meeting to comment on what any



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outcome should be.

After the meeting consider what they say and decide on the outcome (what a fair and reasonable employer would do). Does the matter justify a dismissal or some lesser outcome?

Advise the employee of the outcome in writing. Put a copy on their file.

A failure to follow the correct procedures could result in

damages being paid to the fraudster because the proper processes were not followed. So ensure you get and follow good professional advice.

Once you have concluded your investigation, if fraud was found, notify the police.

Do not notify the police first then wait for the process to conclude (it can be months or years).

The employment process is separate to the criminal process, and it is your process to follow.

Column courtesy of Rainey Collins Lawyers, phone 0800 733 484 or raineycollins.co.nz. If you have a legal inquiry you would like discussed in this column email: [aknowsley@raineycollins.co.nz](mailto:aknowsley@raineycollins.co.nz)