

Many companies are increasingly promising more flexibility around remote or flexible work arrangements.

Unfortunately, poorly adopted flexible work arrangement plans can lead to increased risk around asset management, data protection, employment practices, management controls, and employee work-life balance.



For most organizations, a complete return to the office will be tough until the pandemic ends, and schools are fully back in session. This means that the hybrid, flexible office model will likely continue with some employees working from home three days a week and from the office two days a week, if not longer. Some employees may actually seek five days a week to accommodate individual circumstances or medical conditions. The question is what accommodations need to be put into place.

Flexible work arrangements can vary significantly from the traditional work setting. These arrangements help employees balance the needs of work and life and the organization can retain key talent in addition to boosting employee satisfaction and productivity. They are especially important in navigating complex and fluid situations like the pandemic.



Workplace flexibility can be a mutually beneficial arrangement when both parties agree on **when, where, and how** the employee will work to meet their individual responsibility and organizational goals. Adopting more flexible work arrangements may also support long-term strategic business objectives including expense management, reduced employee turnover, absenteeism, and even workplace injury.

Unfortunately, poorly adopted flexible work arrangement plans can also lead to increased risks. Implementing flexibility requires a balance of both the risks and rewards. This overview and checklist provides some key considerations of flexible work arrangements, planning factors, and the potential risks that your credit union should consider.

FLEXIBLE WORK ARRANGEMENTS

- **Flextime** is a schedule that allows employees more latitude in choosing their work hours and the freedom to change work schedules from one day or week to the next depending on the employee's personal needs. An employee might be required to work a standard number of core hours with flexibility in start and end times.
- A **compressed workweek** is a work schedule that allows employees to work a standard workweek in a period of fewer than five days in one week or 10 days in two weeks.
- **Job-sharing** allows two different employees to perform the tasks of one full-time position. Each employee would work a part-time schedule, but both are accountable for the duties of the same full-time position. Employees would work to divide the responsibilities in a manner that meets both of their needs as well as the organization.
- **Part-time jobs** are the most traditional type of flexible scheduling options.
- **Remote Work or Telecommuting** where certain roles work where they choose and do not have physical space in certain branch locations (remote first), or where employees work remote on specific days a week (remote friendly).



According to a survey of 1,000+ U.S. workers, remote workers

Source: [LiveCareer Survey](#), 2020

More than 60% of workers want to work in a remote capacity

if their employer will let them work
even after the pandemic.

Remote Worker Benefits

- Increased flexibility (64%)
- Improved work-life balance (44%)
- Greater feeling of safety (40%)
- More productivity (29%)
- Ability to acquire new skills (10%)

Remote Worker Challenges

- Home distractions (59%)
- Staying motivated (45%)
- Communication issues (37%)
- Collaboration (36%)
- Loneliness (35%)
- Unplugging after work (32%)



Data Security

Data privacy and security of your member and credit union information should be a top priority.

- Use credit union-issued laptop or mobile devices. If personal electronic devices or home computers are allowed, carefully manage who else in the household has access and how they will be used.
- Require staff who are issued equipment to sign an acknowledgement agreeing to security procedures.
- Require anyone who uses their computer on home networks to use a Virtual Private Network (VPN). Never allow use on public Wi-Fi.
- Enable two-factor authentication – use of tokens or one-time passwords.
- Require that every employee follow established data governance protocols.
- Determine if remote employees will be granted full system access, or email access only.
- Understand the potential strain on bandwidth if others are using internet.
- Require encrypting emails and confidential data contained in attachments if it holds sensitive information.
- Ensure proper destruction of printed documents, if printing is allowed.
- Ensure mobile devices are equipped with anti-virus solutions, require passwords, and prohibit the downloading sensitive information.
- Establish policies for reporting stolen or lost devices including USB and external hard drives.

TRENDING! Fraud Exploiting Remote Workers

Fraudsters have exploited weak security measures or those employees not following proper security protocol as they adjust to remote work environments.

By using business email compromise (BEC) or fraudulent instruction scams, fraudsters request wire transfers through spoofed email to supposedly pay vendors under the guise of executive management.

A BEC scam typically involves an executive level employee's email that has been compromised or spoofed through a phishing attack. The fraudsters create an email appearing to be sent from the executive's email to another individual within the organization requesting a payment or purchase – typically wire transfer.



According to the Report to the Nations on Occupational Fraud and Abuse

Source: Association of Certified Fraud Examiners, 2020

35%

of internal fraud

is due to

a lack of internal controls

followed by

a lack of management review

and

an override of existing controls.



**Employees or directors
account for**

47%

of Bond claims dollars paid.

Source: Employee or Director Dishonesty & Faithful Performance losses, Claims data, CUMIS Insurance Society, Inc. 2015-19

Asset Management

In order to accommodate employees in remote work settings, not everyone has properly maintained an accurate record of the items provided for remote use.

Items that may have left branch locations typically include electronic devices (laptops, monitors, web cameras, printers, tablets, phones), furniture (chairs, tables, screen risers, desk lamps), office supplies, and possibly paper documents.

Unfortunately, some items may have left without proper authorization, not been accounted for despite offices reopening, or returned damaged.

- Set policy addressing what types of property are needed for remote work and can be removed (electronic devices, equipment, supplies - be specific) with approval authority.
- Indicate what asset type can be transported from the premises, under what circumstances, who is authorized to approve the transportation, and procedures for exceptions to the policy.
- Maintain a log of property leaving the premises so it may be accounted for. The process makes it easy for a credit union to keep track of their assets, whether liquid or fixed.
- Consider asset tagging system, especially for expensive items.

Internal Controls

Functional areas involving cash, negotiable items, plastic cards, lending, accounts payable, and payroll are some of the areas where money can walk out the door if internal controls are not adjusted accordingly when staff are allowed to work remotely.

- Maintain dual control for access to currency whether it is a vault, safe, ATM, or cash recycler / dispenser. The lack of staff on-site may make dual control difficult but there are some options.
- Increase the frequency of reviews when completed remotely - new loan reports, new account reports, loan file maintenance reports, and for fictitious / unauthorized loans.
- Ensure another employee reviews payroll before it is generated or submitted if the dual control function cannot be maintained. This can be a time sensitive task, so it is important to have the task completed by an employee that can be available to review it when it is ready to be reviewed.
- Keep a separation of duties between the ordering, receiving and paying of invoices at all times.
- Maintain a clear understanding which staff members are accessing and how they are accessing various reports to help minimize the risk concealing fraudulent activity.

Should you digitally monitor remote employees?

Monitoring should be proportionate to legitimate business needs. Poorly adopted flexible work plans can lead to increased risk around employment practices and management controls. Consider potential negative outcomes such as employees abusing the policy, lack of face-time culture, management uncertainty, unsecured technology, and data privacy issues.

Experts warn that employers must tell employees about any new or increased monitoring measures and the reasons behind monitoring to avoid violating the law. Consider updating your privacy policy and don't begin monitoring without first letting employees know in writing that you are monitoring.

Monitoring may make sense for some employees who are not project-based. Otherwise, intrusive monitoring could hurt employee trust, engagement, and productivity, and not even be that effective.



The **employment practices risk management hub**, www.epl-risk.com, provides practical and actionable resources including articles, checklists, and template policies / procedures focused on the most relevant legislation, employment, and workplace trends.

Not sure how to access? Review the [Quick Start Registration Guide](#) or contact a Risk Consultant at **800.637.2676** or riskconsultant@cunamutual.com.

Employment Practices

With flexible work arrangements, communication typically takes place in a decentralized environment. Remote work policies should identify which positions are eligible for remote work and clearly specify how an employee's productivity will be measured.

A common oversight with remote employees is monitoring and tracking the number of hours they are working outside of the office – especially those who aren't salaried and are non-exempt. It's more difficult to keep tabs on their activity when they are not in the office. Fair Labor Standards Act (FLSA) violations could apply if not compensated appropriately.

- Follow FLSA guidelines for exempt vs. non-exempt employees (recording of hours worked). Work hours should be specified, breaks and mealtime should be taken.
- Ensure you clearly communicate your policy about exceeding 40-hour work weeks. If your non-exempt employees exceed 40-hour work weeks, despite your communication efforts, you are still required to pay overtime.

Employee handbooks provide your credit union with opportunities to gain understanding and alignment with your employees.

- Provide updated, detailed, accurate written job descriptions along with the handbook. These should include why the job can or cannot be performed remotely. The description and handbooks can help manage expectations related to:
 - Availability
 - Responsiveness
 - Preferred modes of communication
 - Productivity
- Understand how employees working in a different state than which the credit union is located can be impacted. The laws and regulations effecting remote employees of the state in which the employee has set up their remote office must be followed as opposed to the laws and regulations of the state where the credit union is located.
- Retool employees' skills equipping staff for digitally-infused service and remote sales to help members. Create an individual development action plan for each employee adopting flexible work arrangements to assist with successful transitions.
- Maintain more frequent one-on-ones and daily check-ins when supervising a remote employee – especially those that may need additional guidance. The use of video technology (e.g., Zoom, Teams) may assist in these interactions.

“The two biggest risk factors are ‘lone working’ and office ergonomics. Assuming workers are going from a space with a desk in the office – possibly with an adjustable workstation and padded office chair with arms to a kitchen table...office ergonomics can be a significant concern. The other risk factor, which is difficult to control, in general, is just the nature of unknowns with remote workers.”

Brian Walker, CSP, ARM
Senior Risk Engineering Consultant
The Hartford



Managing Employee & Member Conflict

Political discussions, masking-wearing, and vaccines have led to escalating tensions and even office altercations for employees and/or visitors.

Employers have a responsibility to cultivate a safe, comfortable working environment for all employees. Credit unions should make clear that they will not tolerate harassment, bullying or physical violence, and that these behaviors will result in serious consequences, including termination. These guidelines should be backed up by regular training – including tips on how to diffuse any situations.

Employee Safety & Well-Being

Though remote employees are not located in the office; employee health and safety should remain a top priority.

Before granting an employee permission to work remotely, you should determine if the environment would be suitable for getting the job done without posing any undue risks.

If an employee gets hurt on the job, even if they aren't at a credit union location, the credit union could still face legal consequences.

- Create an ergonomically-friendly workplace. A well-arranged workstation can enhance an employee's productivity and comfort. It can also minimize some of the same hazards as on-site staff members while helping to eliminate discomfort.
- Understand how equipment adjustable features work and ensure you can easily reach frequently-used items.
- Keep the work area free of hazards. Slip, trip, and fall Workers' Compensation claims account for **nearly \$4.7 million** in the last 5 years (Internal Claims Data, 2016-20, The Hartford).
- Employees should take into consideration the effects postures can have on the head, neck, shoulders, back, elbows, hands, wrists and legs.
 - Use the chair backrest to provide full support to your lower back.
 - Make sure your chair allows clearance behind your knees when seated against the backrest.
 - Sit with your hips and knees at a 90-degree or greater angle.
 - Keep your feet flat on the floor or on a footrest.
 - Keep your arms relaxed at your sides.
 - Change posture frequently. Common postures include upright sitting, reclined sitting, and standing.
 - Consider proper positioning of your monitor, keyboard, and mouse to prevent strain.
 - Glare is a frequent problem with lighting in a work area. Consider adjusting window shades, decreasing overhead lighting, and repositioning the monitor screen to eliminate glare. Add a task light to illuminate paper references.
 - Minimize excessive stress by taking micro-breaks ranging from simply standing up to a conventional break away from the workstation is a proven, effective additional option for promoting blood flow and keeping the extremities healthy.
- Ensure employees create and abide by work-life boundaries to help with mental wellness.



Embracing differences and working to build a risk culture and inclusive workplace should be at the heart of today's credit union business while we navigate the changing workforce. By leveraging different hybrid work arrangements, your credit union has the ability to become stronger.

Helping your employees reassess their work environment can also help them be more successful as part of your team. Focus on issues like those highlighted in this resource:

- Data Security
- Resources and Controls
- Employment Practice Issues
- Employee Safety & Well-Being

Talking to your employees about work-life integration can also help you find personalized solutions to allow employees to create separate time for home life and work. Remember, the psychological effects of hybrid work arrangements can include a feeling of disconnect and isolation which can lead to depression. Communication to keep staff in the loop and showing appreciation can mitigate these feelings and make them feel included.

When working in a remote environment, remember there is no casual meeting in the hallway or stopping by the workspace to see how things are going. If employees voice problems with their remote or hybrid work arrangement, take action to find resources within the organization to help accommodate or support them.

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