

Protecting Your Organization's Funds from Theft
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Theft of funds by treasurers, directors, and other board members is a problem that is growing in all facets of nation today, and emergency service providers are not immune. We have seen so many of these in recent months and the people in the organization usually say the same thing. "Wow...that was the last person we would have suspected to take money from us," or "That was our most trusted member."

The average person who steals money from organizations doesn't set out to steal, but to simply "borrow" the money and has all intentions to repay the "loan." However as time goes by, they are not able to replace the money and since no one had noticed that it was gone, they feel that maybe they could take some more, still with the thought to repay it. Eventually, they have taken so much money that repayment is not even an option. At this point, they rely on time and unmonitored access for the continuation of the theft.

To indicate how rampant these thefts are, for the last 8 years embezzlement and fraud have been the number 1 and 2 losses for business in the United States. They account for over \$400 billion in losses annually and over one-third is internal fraud. Last year nearly 16,000 employees were arrested for fraudulent activity.

The responsibility for your organization's finances is in your hands and the following steps should be taken to reduce the possibility of losing part or all of your funds:

- Regular audits should be conducted. If you choose to do the audits internally, they should be done quarterly by an audit committee, not an individual. Annual audits should be done by an outside firm.
- Incoming funds should be deposited as soon as possible after receipt. All incoming checks should be stamped "For Deposit Only" with the organization's account number as soon as they are received.
- Incoming funds should be received by someone other than the treasurer and recorded before being turned over.
- Minimize the number of accounts the organization has. Numerous accounts and complex bookkeeping give the opportunity to hide funds.
- Checks should be pre-printed with the organization's name and address and pre-numbered. They also should have an expiration date.

- All checks should require a counter signature. At least 2 signatures should be required on all checks. Rubber stamps and pre-signing of checks should be prohibited.
- Electronic banking should be prohibited.

For more important steps to reduce the chances of theft of funds, you may request a copy of ESIP's Technical Bulletin "Preventing Funds for Theft." The booklet is available to policyholders at no cost. To request a copy send an e-mail to LossControl@mneilandcompany.com