



Fraud Prevention Checklist

- Open and review the bank statements.** Someone independent of the check processing should receive the unopened bank statement and review the activity before passing it on to the person responsible for the reconciliation. This may be a requirement of your bonding insurance.
- Reconcile bank accounts monthly.** The importance of bank reconciliations should not be overlooked; they should be completed monthly and presented to the executive committee, finance committee, or similar committee. Question unexplained reconciling items. Verify wire transfers—Work with the bank to set-up a system of verifications of wire transfers.
- Provide appropriate system access.** Make certain everyone has system access to perform their duties, but access should be limited to what they need to do their job.
- Verify cash logs.** Verify cash receipts with the cash log and with the bank deposit slips.
- Re-count cash.** Have a second person involved in verifying the cash count.
- Make daily bank deposits.** It is the association's money, and they should have access to it as soon as possible.
- Review the accounts payable vendor list.** Review periodically for suspicious names and addresses.
- Protect checks.** Store checks in a secure area, never pre-sign checks, limit the number of check signers and bank accounts, use pre-numbered checks, watch for missing checks or checks used out of sequence, and do not make checks payable to cash.
- Document bills and requests for payment.** Mark invoices as paid and file them in a timely fashion.
- Do not pay a photocopied or altered invoice.** The description of service on an invoice should be clear and understandable. Do not make unauthorized refunds.
- Prepare regular financial statements.** Financial information should always be timely and complete.



- Ask for proof of payment.** Ask for proof of timely tax payments or other payments such as sales tax and incorporation fee.
- Ask for proof of filing.** If the association is required to file a Form 990 and/or other legal documents, ask for proof of timely filing.
- Prepare a budget.** Use your budget as a control document for comparison to actual expenditures.
- Do not be afraid to ask questions.** Do not assume you are the only one that does not know the background of a transaction. If you do not understand the answer, ask for further clarification. If you are a board member, you have a fiscal responsibility for keeping the association healthy and ongoing.

PTA-Specific Warning Signs

- Treasurer's report delayed or non-existent
- Budget monitoring reports delayed (may be part of the treasurer's report)
- Delayed deposit of cash receipts
- Missing supporting documents
- Multiple corrections to the cash book
- Checks bouncing when there should be sufficient cash
- Lifestyle or behavior changes of staff or volunteers