



Fraud Prevention Strategies for Small Non-Profits

Are you a very small, 100% volunteer run organization?

Are you a PAC, sports club or other mainly member funded group?

Do you have limited resources to pay for outside financial assistance?

In order to prevent fraud you must reduce the opportunity for it to be committed. Some easy to implement strategies include:

1. Two signatories on every payment transaction
 - a. Cheques
 - b. Online banking
 - c. Contracts for services

2. Monthly review of source documents by a board member not involved in the day to day financial transactions
 - a. Review paper statement or online banking site independently of bookkeeper/treasurer
 - b. Review cheques for proper signatures
 - c. Ensure no cheques made out to "cash"
 - d. Ensure any cheques made payable to board members have supporting invoices available

3. Annual review of financial documents i.e. internal audit
 - a. Match cheques to invoices
 - b. Ensure all payments supported by third party invoices
 - c. Watch for transfers out to non-organization owned bank accounts

4. Ensure board receives regular monthly financial results
 - a. Treasurer can bring bank statements and invoices for the month to the meeting and have them available for viewing
 - b. A monthly statement of receipts and expenditures
 - c. A monthly bank reconciliation showing bank balance and any outstanding cheques or deposits

Remember – anyone deserving of your trust will welcome the opportunity to have someone else review their work – as long as it's all done in a respectful manner and is part of the organization's policies.

Fraud needs two things to happen, opportunity and motivation. You can control the opportunity - don't choose Convenience over Controls!
