

# Discuss

## WHY DISCUSS FRAUD?

- One study discovered charity fraud happens at almost twice the rate as for-profit fraud
- The typical organization loses 5% of funds to fraud each year
- Nearly half of victim organizations do not recover any losses that they suffer due to fraud
- Asset misappropriation schemes, which generally involve cash or inventory theft, made up 87% of reported cases
- 31% of fraudulent activities occurred in organizations with less than 100 employees
- 55% of fraudulent activity occurs when there is a lack of controls or controls are weak or unenforced
- Reported frauds last approximately 18 months before detection
- 85% of fraudsters are first-time offenders
- Approximately 54% of fraudsters were between the ages of 31 and 45
- 67% of fraud is carried out by one individual

INSURANCE COVERAGE CAN HELP YOUR PTA TO COMBAT THE DEVASTATING EFFECTS THAT FRAUD CAN HAVE ON ANY ORGANIZATION. CONTACT YOUR STATE PTA OR YOUR INSURANCE CARRIER TO LEARN MORE.



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stop

## FRAUD In Your PTA

How to prevent, detect,  
and take action now

# Prevent

## HOW DO YOU PREVENT FRAUD IN YOUR PTA?

- Establish a two signature requirement for all checks
- Do not pre-sign checks
- Assign members who do not have check signing privileges to review books and bank statements
- Complete a monthly review of activities
- Verify cash logs, receipts, bank deposit slips, and accounts payable vendors
- Never sign a blank check or a check made to "Cash"
- Treasurer should deposit funds immediately after event (or the end of each event day)
- Pay bills by check, never cash
- Conduct an annual financial review/audit
- Require at least two people to count cash received
- Have a bond policy and follow requirements to guarantee coverage.

# Detect

## WHAT ARE SOME SIGNS FRAUD IS OCCURRING IN YOUR PTA?

- Untimely and unorganized financial statements and reports
- Unexplained losses of funds
- Missing documents related to accounts, payments, etc.
- Lifestyle or behavior changes
- Delay in bank deposits
- Checks made out to "cash"
- Bank reconciliations are late
- Vendors' addresses are the same as employee's addresses
- Petty cash funds are disappearing
- Unexplained or unauthorized changes to company accounts
- Duplicate payments
- Missing check numbers or check numbers out of sequence.

# Take Action

## WHAT DO YOU DO WHEN YOU SUSPECT FRAUD IN YOUR PTA?

- DO NOT make accusations!  
(You could run into libel or slander issues)
- Determine and limit the suspect's access to other PTA resources
- Get help from an outside source like a CPA, the state PTA, or a lawyer
- Contact your insurance company
- Contact your bank. Identify all accounts involved and consider freezing or closing them
- Gather facts and necessary documentation. Try contacting the vendor to receive appropriate documentation for the expenditures such as a bill or invoice
- Contact the authorities.

