

FRAUD PREVENTION CHECKLIST



Qualified Professionals

- Are background checks performed on all employees, board members, volunteers and independent managers who handle association funds?
- Is an accounting professional retained to set up or confirm that proper checks and balances as well as financial protocols are in place?
- Are employees adequately supervised?
- Are all vendors and contractors vetted by the board?

Financial Analysis

- Is an audit, compilation or review of the association's financials conducted annually?
- Does the association have and regularly update a reserve study??
- Are financial reports reviewed monthly
- Are bank statements reconciled monthly, or at least quarterly?

Checks & Balances

- Is the same individual making deposits and reconciling the accounts?
- Is more than one signature required on each check, or is a rubber stamp used for check payment?
- Are original invoices required and marked "paid" with every check request?
- Are all PIN numbers, access code and bank signature cards secure and updated regularly?
- Are blank and unused checks kept in a secure location?
- Are duplicate statements sent directly to two separate board members?
- Are checks issued in numerical order?

Insurance

- Does the Association have fidelity (employee dishonesty) coverage with the directors and officers included in the definition of "employee" or added as a "designated agent"?
- Does the Association have third party crime coverage that parallels the fidelity coverages?
- Does the Association require that any retained independent management company have sufficient employee dishonesty and crime coverage?



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McGowan Program Administrators

P: 800.545.1538 • F: 440.333.3214 • W: mcgowanprograms.com

20595 Lorain Road • Fairview Park, OH 44126