

## TIPS FOR PREVENTING EMBEZZLEMENT IN YOUR CHAPTER OR HOUSE CORPORATION

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### COMMERCIAL CRIME - How Embezzlement Happens

It can be easy for a chapter officer or volunteer to steal money from the organization. Sometimes, volunteers begin with a desire to borrow money, but never repay. Lax financial controls and the trust members build with one another often allows theft to go undetected for months and sometimes years. House corporation and chapter finances should be managed like business.

Financial oversight is necessary for all house corporations and chapters and the responsibility for this area should be shared by more than one person within an organization. A key to preventing theft is to design intentional controls at multiple levels and times within the organization so that someone is always watching the money. Following are tips for safeguarding your chapter's or house corporation's funds:

1. **REQUIRE TWO SIGNATURES ON ALL CHECKS.** In addition to the Treasurer, who is most likely a check signer, another officer should be required to sign a check and should always review the documentation for a check prior to signing.
2. **REVIEW BANK STATEMENTS AT EXECUTIVE BOARD MEETINGS.** The Treasurer should make a formal financial report at each executive board meeting that includes documentation of all transactions. Another officer should also review the bank statements to ensure that the account balances reported by the Treasurer match statements. This officer should initial bank statements following review.
3. **PREPARE DUPLICATE RECEIPTS FOR CASH COLLECTED.** Purchase and use a duplicate receipt book. Have the person paying with cash sign the receipt as well as the officer receiving the cash.
4. **DEPOSIT MONEY RIGHT AWAY.** No one should wait several days following the collection of dues or funds from a fundraising event before depositing the proceeds. The Treasurer should provide proof of deposit to another officer within a reasonable time frame. If cash is deposited, another officer should compare the cash receipts to the amount on the bank deposit form.
5. **REQUIRE REIMBURSEMENT FORMS.** Everyone seeking reimbursement from the chapter or house corporation should provide receipts and a completed reimbursement form. Limit access to any credit cards used by the chapter or house corporation.

*Please contact us should any questions arise with respect to a claim.*

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