

Embezzlement – Getting Past the Trust Factor

“We never thought it would happen to us...” Every embezzlement claim starts with that same sentence. We would all like to believe that everyone in our PTA is there for the same reason...the children. Most of them are and never have intentions of embezzling money. However as PTAs, we must start running our PTAs like a business and not a social club. Life situations that we can't control may force people into taking money from the PTA checking account. The intention is to pay it back before anyone else notices that it's missing. If the proper internal controls are not put in place, theft is easy. The next month it gets easier. The month after that, embezzlement is a piece of cake because now they know how to do it. With embezzlement claims quickly rising, we can't stress enough the importance of internal financial controls to keep your money safe.

Here are a few simple things that you can do to keep your PTA from going down Disaster Avenue:

1. Look for checks made out to cash, to an individual or relatives of PTA members. This should raise a GIANT red flag.
2. Watch for checks that clear the bank that are out of sequential order.
3. Never sign a blank check.
4. Take the money to the bank ASAP. The longer money just hangs around, the more likely it is to disappear.
5. Have a non-signer review and sign the bank statement every month looking for inconsistencies with withdraws, deposits, and expenses (**AIM Requirement**).
6. Have an annual audit/review of your books by an Audit/Review Committee or Qualified Accountant (**AIM Requirement**).
7. Use the two signature check system (**PTA Requirement**).

No PTA is completely safe. It's up to you to protect the future of your hard earned money.

For further questions please contact Association Insurance Management at 800-876-4044 or visit the website at www.aim-companies.com.