

# RISK COMMUNIQUE

*A technical reference bulletin by the Risk Control Services Department of the Glatfelter Insurance Group*

## ***Fidelity Procedures***

*Organizations handle money in various ways, such as cash handling from bill payment, equipment purchasing, recreational usage fees, finance handling by board or trustee members, and many other potential activities. Organizations vary in the level of control and oversight over these activities.*

*Problems within the organization can occur through theft, breach of duty, conflict of interest, negligence, wrongful acts, and misappropriation of funds. Some officers and managers are not always honest and may be tempted to divert money and other financial assets from your organization for personal gain. Statistically, these types of claims are on the rise.*

*The real problem for an organization is that when these losses occur, they can occur over relatively long periods of time. This may result in losses being staggeringly high.*

*How can your organization control these types of exposure to loss? There are proven risk control methods for reducing the conditions that make Fidelity theft possible. The following are some of these controls:*

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### ***For Persons With Purchasing, Fund Management and Check Writing Responsibilities***

- Checks should always require two signatures, signed only after they have been written in full. Never sign a blank check or allow the use of signature stamps.
- Have your organization's bank require signature cards be kept on file for transaction review. These signature cards should be kept updated.
- Bank statements should be received and reconciled by someone who does not have check writing authority.
- Have an independent third party audit your books annually.
- Whenever possible, do not permit persons with close personal ties (spouse, siblings, business partners, or other) to have control over organizational check writing and/or reconciliation.
- Require purchase orders and invoices for all purchases of supplies, property or service. The invoices should be compared with the payment checks.
- Separate financial functions as much as practical.
- Conduct background checks on all new employees/volunteers.
- Have all financial policies in writing.

### ***For Persons Who Handle Recreational, Rental Properties, or Special Events Cash***

- Do not permit persons with close personal ties (spouse, siblings, business partners, or other) to handle cash without a third party present.
- For large amounts of cash or for events occurring over a long period of time, have frequent pickups and accounting of cash. Collected money should be bank deposited to limit the amount of cash on-hand.
- Have at least two people responsible for reconciliation and deposits of cash.
- Whenever possible have some form of paper trail (ticket stubs, bill of sale, or other) so that a close estimate of the anticipated cash can be obtained and confirmed.
- Conduct background checks on all new volunteers/employees.
- Have all financial policies in writing.

*This is a sample guideline furnished to you by MemberGuard. Your organization should review it and make the necessary modifications to meet the needs of your organization. The intent of this guideline is to assist you in reducing risk exposure to the public, personnel and property. For additional information on this topic, you may contact your Risk Control Representative. [www.MyMemberGuard.com](http://www.MyMemberGuard.com)*