Preventing Theft in Your PTA

National Representative

2016
Preventing Theft in Your PTA
By the end of this workshop you will know:

• How to Define: Theft, Fraud, and Embezzlement
• How to Recognize the Signs of Theft, Fraud, and Embezzlement
• 10 Tips for Fraud Prevention
• What to do if you Suspect Theft
*Note*

During this workshop, we may refer to the terms theft, fraud, and embezzlement interchangeably for illustrative purposes.
What is Theft?
Theft is, “The action or crime of stealing.”

source: askoxford.com
Former PTA Treasurer Pleads Guilty to Theft, Gets 10-Year Probation Sentence for stealing over $10,000.
Source: The Atlanta Journal-Constitution, 2014

Ex-PTA treasurer sentenced to prison for embezzlement.
Source: The Columbian, 2014

Video: KKSL-TV, Salt Lake City
What is Fraud?
Fraud is, “Wrongful or criminal deception intended to result in financial or personal gain.”

source: askoxford.com
What is Embezzlement?
Embezzlement is to, “...Steal or misappropriate (money placed in one’s trust or under one’s control).”

source: askoxford.com
Withholding or under reporting collected dues is another method of stealing funds at the local, state, and national level.
The Impact of Stealing, Fraud, and Embezzlement... Hurts Children!
The **Negative Impact**... *Hurts Children!*
Fraud Diamond
Incentive/Pressure

Fraud Diamond
The Fraud Triangle

Incentive/Pressure

Fraud Diamond

Opportunity
The Fraud Triangle

Incentive/Pressure

Opportunity

Capability

Fraud Diamond
The Fraud Triangle:

- Incentive/Pressure
- Opportunity
- Capability
- Rationalization

Fraud Diamond
Theft Warning Signs
The Fraud Triangle

- Incentive/Pressure
- Rationalization
- Capability
- Opportunity

Fraud Diamond
Tips to Prevent Theft
Tips to Prevent Theft

- Conduct annual audits
- Assign 2 board members, without signatory authority, to review books and records
- Have 2 unrelated signatories
- Monthly review of activities
- Verify cash logs, receipts, bank deposit slips
- Make bank deposits immediately
- 2 people count cash
- Review accounts payable vendors
- Secure the checks
- Don’t pre-sign checks
- Look for missing check #s
- Look for checks made out to cash
- Track all bills and use original invoices
- Ask for proof of tax payments
Reasons Why Theft Is Not Reported
Reasons Why Theft Is Not Reported

- Negative Publicity
- Concern for Safety
- Legal Actions
- Legal Fees
- Avoid Embarrassing the offender and/or their children/family
- Not sure who to Contact
- Don’t want to Testify
The Downside of Not Reporting Theft
The Downside of Not Reporting Theft

- Sets precedent for additional thefts
- Creates an environment that encourages theft
- Loss of credibility and respect for your PTA
- Voids bonding insurance policy
- Encourages perpetrator to steal from other organizations
What to **Do** if You Suspect **Theft**
What to **Do** if You Suspect Theft

- DO **NOT** make accusations!
- Determine suspect’s access to other PTA resources
- Gather facts, documents, and interviews
- Identify all PTA accounts involved and consider freezing or closing them
- Contact the authorities
- Contact the PTA insurance company
A Brief FAQ

Theft and Insurance
PTA’s Insurance…Fidelity Bonds

Q. What does a fidelity bond cover?
A. Protects the cash of the PTA unit against theft, fraud, and embezzlement.

Q. Who should be covered under this policy?
A. Anyone in your PTA who has access to or handles money (e.g., Treasurer, President, Fundraising Chair)

Q. How else should a PTA handle its fidelity bond policy?
A. Inform the insurer of any changes (people) during the year and cover the position, not the person. See if a “blanket” policy would be a better value.
Questions?
For more information
www.PTA.org