

# NONPROFIT INVESTIGATIONS



According to the Association of Certified Fraud Examiners 2020 Report to the Nations, nonprofit organizations can be more susceptible to fraud due to having fewer resources available to help prevent and recover from a fraud loss. This sector is particularly vulnerable because of less oversight and lack of certain internal controls. There are more than 1.5 million nonprofit organizations registered in the United States alone. Nonprofit organizations are susceptible to many fraud schemes that require an investigation such as the following:

- **Corruption**
- **Billing**
- **Expense reimbursements**
- **Cash on hand**
- **Non-cash transactions**
- **Skimming**

## HOW CAN ANCHIN HELP?

Anchin's forensic team conducts in depth analytical investigations and forensic accounting, looking for fraud, waste and abuse. Beyond the initial forensic investigation, nonprofit clients may also desire to enhance their internal controls and processes by identifying areas of fraud risk, strengthening controls, and implementing best practices and other improvements. Thus, a firm skilled in both detecting and preventing fraud or misconduct and one that recognizes the importance of planning and implementing controls and procedures to mitigate risk.

Anchin can also offer the experience and ability to testify or provide documentation in legal or administrative proceedings. Anchin has all of these capabilities, including those to obtain and further analyze various reports, develop testing, trace disbursement items, review vendor account maintenance, conduct computer forensic analysis and/or email analysis, and prepare thorough reports documenting our findings. Further, our Regulatory Compliance and Investigations and Litigation, Forensic and Valuation Services Groups have decades of experience in the public sector, serving a diverse range of clients with forensic accounting services and investigations.

## CASE STUDIES

### Nonprofit Organization – Abuse of the Organization's Credit Card

Our team was retained to perform a forensic investigation into the financial activities of a former employee because of suspected fraud and misconduct using the company credit card. We reviewed and analyzed the former employee's expense reimbursements to identify any instances of potential fraud or misconduct. We performed a forensic image and analysis of the individual's hard drive and email, performed background checks on the vendors that the former employee interacted with, and analyzed cost center activity that was under control of the individual during employment with the client. Additionally, we also provided recommendations for strengthening internal control gaps and weaknesses to help the client prevent similar inappropriate activity from occurring in the future. Our findings indicated that the former employee stole approximately \$100,000 after charging non-business related expenses on the company credit card.

## Religious-Based Nonprofit – Organization Used Funds for Personal Expenses

A well-known religious organization retained our team to conduct an investigation into accounting irregularities that indicated the organization's Chief Financial Officer (CFO) was using corporate monies to pay for personal expenses. We analyzed evidence including credit card statements, general ledger detail, and cash disbursements and supporting documentation, and conducted interviews of organization personnel. We prepared a presentation on our findings that we presented to the organization's Board. Our findings and analyses were provided to the US Attorney's office to assist with their criminal investigation against the former CFO. Our investigation led to a multiple count indictment on theft charges approaching \$1,000,000.

## Nonprofit Organization – Bank Fraud and Credit Card Theft

Our team was retained by counsel to perform a forensic investigation of Independent Living Program (ILP) accounts held by the organization, as well as a review of credit card statements for potentially fraudulent activity. This included an analysis of ILP account activity related to the accounts that the former Fiscal Director had access to. In addition, we reviewed charges made to certain vendors that were captured on the subject employee's corporate credit card statements and the former interim Executive Director's card, as the subject employee was suspected to have access to this card as well. At the conclusion of our investigation, we identified bank statement activity that suggested the former Fiscal Director withdrew money from the ILP accounts upon her termination, and identified purchases that suggested abuse of the company credit card. The potentially fraudulent activity uncovered totaled over \$100,000.



### Brian Sanvidge, CIG, CFE

PRINCIPAL, LEADER OF ANCHIN'S  
REGULATORY COMPLIANCE AND  
INVESTIGATIONS GROUP

brian.sanvidge@anchin.com  
212.536.6985



To learn more, email [info@anchin.com](mailto:info@anchin.com) or scan here to visit us on [anchin.com](http://anchin.com).

### NEW YORK CITY

1375 Broadway,  
New York, NY 10018  
P: 212.840.3456  
F: 212.840.7066

### LONG ISLAND

50 Charles Lindbergh Blvd,  
Uniondale, NY 11553  
P: 516.604.1923  
F: 212.840.7066

### FLORIDA

One Boca Place  
225 Glades Road,  
Boca Raton, Florida 33431



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