

# Nonprofit Investigations

## Overview

According to the Association of Certified Fraud Examiners (ACFE) 2022 Report to the Nations, which examined 2,110 cases of occupational fraud that were investigated between January 2020 and September 2021, nonprofit organizations reported an average loss of \$851,000. This sector is particularly vulnerable because of a lack of oversight and certain internal controls. Though nonprofit organizations may be vulnerable, they are also most likely to modify their anti-fraud controls. 87% of the organizations that fell victim to fraud modified their internal controls following the incident. **Anchin can be your partner in assisting with these modifications to mitigate the future risk of fraudulent activity.**

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 Anchin Can 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 organizations may also desire to mitigate the likelihood of fraudulent activities by identifying areas of fraud risk, strengthening controls, and implementing best practices and other improvements. Thus, it is critical to work with a firm skilled in both detecting and preventing fraud or misconduct as well as recognizing the importance of planning and implementing controls and procedures.

Anchin can also offer the experience and ability to testify or provide documentation in legal or administrative proceedings. Our team can 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 (RCI) and Litigation, Forensic and Valuation Services (LFVS) Groups have decades of experience, providing a diverse range of clients with forensic accounting services and investigations.

## Case Studies

### 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 the control of the individual during employment with the client. Additionally, we 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 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 U.S. 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.

### Bank Fraud and Credit Card Theft

Our team was retained by counsel to perform a forensic investigation of accounts held by the organization, as well as a review of credit card statements for potentially fraudulent activity. This included an analysis of activity related to the organization's accounts to which the former Fiscal Director had access. 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 uncovered two sources of fraudulent activity totaling over \$100,000 - bank statement activity suggesting that, upon termination, the former Fiscal Director withdrew money from the organization's accounts, and made purchases suggesting abuse of the company credit card.

## Contact Anchin Today!



### BRIAN SANVIDGE, CIG, CFE

Principal & Leader —  
Regulatory Compliance & Investigations Group  
brian.sanvidge@anchin.com  
212.840.3456

accountingTODAY

2023  
Top Tax  
Firms

