

Identity Theft – A Growing Problem

- The #1 Crime in America (since 2007)
 - 1 of 6 are victims of Identity Theft
- Data Breaches occur in all types of business
 - Visit www.privacyrights.org for complete list
- Five common types of Identity Theft:
 - Drivers License, Social Security, Medical, Criminal/Character, Financial
- The Cost to Businesses:

Cleaning up – companies average 1600 work-hrs per incident, and a cost of \$40,000 - \$92,000 per victim

 - 20% of customer base will no longer do business
 - 40% will consider ending relationship
 - 5% will be hiring lawyers
 - Employees take 600 hrs., much of it on work time
- Safeguard & Security Rules:
 - Appoint an Information Security Officer (ISO)
 - Develop a written policy to protect NPI
 - Hold mandatory trainings for all workforce
 - Secure your data trail
- Tips for Safety:
 - Avoid public copy machines, credit cards at gas pump
 - Never give out SSN over the phone
 - *Properly* shred non-public information
- Use a department of Defense approved shredder
- Never dispose of NPI using a dumpster
- For compliance requirements – www.npicomply.com

Separation of Duties

- Creating checks and balances within the office staff
 - Key areas to do this in? i.e. Accounting?
 - A written account payable policy
 - Include signers, limits, person who mails checks, etc
- Including board members in the mix
 - Must have two board members sign each check
 - A manager should never sign a check

Banking: Fraud Protection

- Use “Lockbox” service.
- Check fraud prevention – Use Positive Pay
- ACH fraud prevention – Use ACH block/filter
- Use Dual controls on all outbound disbursements (ACH, Wire)
- Use a Token, Encryption or “Control Totals” for outgoing electronic disbursements.
- Contact your banker for more details.

Going the extra mile...

- Background checks upon hire and periodically
 - Accountants
 - Book keepers
 - Any one else potentially privy to sensitive info

Empowering Your B.O.D

- Your Board Of Directors is your last line of defense
- Request an original, not a copy, of bank statements
- Check cancelled checks against the disbursements journal
- Do they know how to read a reconciliation
 - Create a basic checklist for their use

Checklist for reviewing a bank statement and reconciliation:

- Is this bank statement for my association?
- Are all the account numbers correct?
- Are the checks in sequence?
- Has any check been cashed twice?
- Are the deposits made throughout the month, or just once or twice?
- Are there any deposits in transit that were in transit last month?
- Does the reconciled balance (the Adjusted G/L Balance) on the reconciliation match the balance listed for that account on the Balance Sheet?

Checklist for reviewing the revenues and expenses for the operating & reserve accounts:

- Are there any unpaid invoices from previous months?
- Check Current Actual Assessment Income to verify that it is the same as the budgeted amount.
- Check Current and YTD variances.
- For any account that seems unusual, check the Check Distribution Report to find out what checks were applied to that account.
- Compare the Outstanding List from previous months. Have pre-lien letters been sent and liens been filed on everyone delinquent according to the Association’s Collection Policy?
- Do the totals for Debt Balance and Credit Balance match the Accounts Receivable and Pre-Paid Assessments?
- Check the General Journal for any unusual activity.