

Welcome to SVA's Nonprofit Update. I'm Kirsten Houghton, a principal at SVA and the head of our Nonprofit Services Group. We are frequently asked by our clients if their audit will detect fraud.

Most frauds are actually discovered due a tip. Educate your employees and raise awareness about fraud by fostering a culture that encourages employees to speak openly without fear of retaliation. Having a fraud tip hotline increases your chances of discovering a fraud by 50%; Adopt a whistleblower policy; help board members and employees become more aware of what types of actions constitute fraud and demonstrate the cost; communicate a zero tolerance policy towards fraud; identify each board member's responsibility with respect to allegations of fraud and decide in advance that the organization will pursue criminal charges.

While an independent audit may not uncover fraud, strong internal controls can help reduce the risk of theft and embezzlement. Internal controls sound daunting, but there are numerous very practical steps every nonprofit can take including determining that policies are in place and are followed consistently.

For further information about this topic go to SVAaccountants.com/nonprofitupdate.