

Non-Profit Community Association Crime Risk Management Checklist



Community associations are typically required in their bylaws to carry Crime and Employee Dishonesty (Fidelity) insurance. This is to help protect the money an association has in its operating and reserve accounts.

When you volunteer to become a board member for a community association, you assume a significant fiduciary responsibility. It takes hard work to create a pleasant living experience for yourself and the members of your community. As everyday life and full-time jobs present their own challenges, it can be tempting to cut corners, overlook procedures, and rely on others to take care of things. This can make life easy for a little while, but it can eventually lead to a nightmare scenario leaving you in the middle of a crisis.

BEST PRACTICES

Many associations have a significant amount of money set aside for future capital expenditures including for improvements. Community association funds are very susceptible to frauds such as theft by board members, employees and property managers. Cyber crimes and scams are also on the rise. We recommend the following best practices and internal controls to avoid sustaining a loss of funds because of fraudulent activity:

Banking & Financial Duties

- Separation of banking duties. The individual who reconciles bank statements should be prohibited from depositing, withdrawing, initiating wire transfers or using association credit cards. Reconciliation should be conducted at least monthly.
- Two signatures or dual approval of checks and/or bank account withdrawals/transfers.
- Maintaining an authorized vendor, service provider or contractor list with updates to the list, competitive bidding, and proper vetting.
- Verifying the completion/receipt of purchased goods and services while reviewing the bank statements monthly.
- Receiving bank statements directly from the bank (by mail or electronically, not furnished through property manager) and reviewing on a monthly basis.
- Prohibiting the property manager from being a sole authorized check signer on any association bank accounts.
- For electronic funds transfer requests, the recipient of the request should call the requester at a phone number already on file.
- Internal audits of bank accounts and banking activity.



Board of Directors & Association Duties

- Prohibiting the property manager or a single board member from having too much authority.
- Always be aware of who you are communicating with via e-mail and follow cyber security guidelines. Look out for bogus e-mail addresses.
- Maintaining proper financial records and board meeting minutes.
- Having an outside audit performed annually or every two to three years.
- Holding regular board member elections.
- Following association by-laws and statutory requirements.
- When there is board turnover or a new property management company, make sure this control remains

The more communication and “checks and balances”, the better associations will be able to mitigate employee theft exposures.

DISTINGUISHED PROGRAMS AND GREAT AMERICAN ARE HERE TO HELP AND OFFER THE FOLLOWING:



Comprehensive Coverage

This program includes coverage for criminal activity including employee dishonesty, forgery or alteration, computer fraud, theft, and more. Your clients can rest assured their funds will be protected from a wide range of unlawful acts.



Industry-Leading Expertise

We've been serving associations almost as long as they've been around. You'll be able to rely on our experience and expertise to build your specialization and win accounts in this market.



Superior Claims Service

We hear from our brokers how important and valuable our dedicated claims management is for both them and their clients. When it counts, we'll be there.

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