

# VIS® CONNECTIONS

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We are happy to provide you our publication for nonprofit risk managers, as part of our service to you. The titles in the contents section link directly to their articles. If you need to change the email address to which this is sent, please [contact us](#). Be sure to include your name, organization and address. You also are welcome to call us at 800.222.8920 for assistance. For risk management guidance between the quarterly issues of *VIS Connections*, we invite you to follow our blog at [www.volunteerinsure.org](http://www.volunteerinsure.org).

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## **Fraud – Sometimes it is right in front of our faces!**

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*Editor's note: Wegner CPAs ([www.wegnercpas.com](http://www.wegnercpas.com)) is a full-service accounting firm with offices in Wisconsin, New York and Washington D.C., and serves over 600 nonprofit organizations. Mike Hablewitz, CPA, is a Senior Manager in Wegner's Assurance Department, and works almost exclusively with nonprofit organizations. He can be reached at [mike.hablewitz@wegnercpas.com](mailto:mike.hablewitz@wegnercpas.com). We appreciate his providing this article for VIS Connections.*

Fraudsters are often very smart people, but they make poor decisions. The complexity of the fraud schemes these people carry out can be remarkable in some cases. However, sometimes these fraudsters are incredibly brazen, and their schemes are quite simplistic and recognizable – if only someone is looking!

In the past couple of years, I've uncovered or been asked to assess frauds where I was shocked, upon my review, at how obvious the inappropriate conduct was. First I will give some background information on each case, then describe how the fraud occurred and how it might have been prevented:

1. The organization had two people with access to the accounting system and the ability to prepare checks. However, one of them prepared the checks the vast majority of the time. This individual also had access to a signature stamp for the authorized signer (the executive director, in this case). Check registers were given to the executive director for review and signature; these were also produced by the same person preparing the checks.
2. This organization was very small and had no staff. It was run entirely by the volunteer board of directors. The president was in charge of the finances and nobody was reviewing any financial reports or bank statements.
3. As in #2, the organization was very small and had no staff. It was also run entirely by the volunteer board of directors. Again, the president was in charge of the finances and nobody was performing a review of any financial reports or bank statements. In fact, there *were* no financial statements prepared, and the board of directors just governed by how much cash was in the bank.
4. The company had one person responsible for accounting duties. The two owners did not have a "financial background" and didn't fully understand their financial statements. There was no review of bank statements. When the owners did question the accountant about the finances, the accountant became argumentative and told them they just didn't understand.
5. The organization had a credit card account, to which multiple employees had a card attached. The credit card bill was approved by the executive director, as were all other vendor bills.

**So, what happened in each case? What simple procedures could have been performed to catch the perpetrators?**

In the first case, the check preparer wrote a few fraudulent checks each month to herself. She used the signature stamp to sign the checks (although she could've just forged the signature if necessary). The check registers she gave to the executive director didn't include the fraudulent checks because she was preparing these manually, and since she could record them in the system, the bank account still reconciled. This could have been prevented by a simple review of

the organization's monthly bank statements and cancelled check images. This person had very minimal expense reimbursements, so it would have been easy to identify multiple checks written to her each month (payroll was direct deposit) for several hundred dollars, as fraudulent.

In the second and third cases, both board presidents executed dozens of fraudulent withdrawals from the main checking account, in the form of cash withdrawals and electronic withdrawals. To put it bluntly, these organizations had a complete lack of financial review and oversight. There needs to be a thorough periodic review of the financial statements. This alone might have highlighted the increased expenses of the organizations and made someone question, and follow up on, the discrepancies. But even a review of the organization's monthly bank statements would almost certainly have uncovered these frauds immediately. One had dozens of cash withdrawals, mainly from ATMs at various casinos. The other had a few cash withdrawals along with numerous electronic withdrawals that were going to her personal account!

The fourth case had a mix of the characteristics of the first three. Financial oversight was weak, and the accountant wrote checks to himself where he forged an owner's signature. He also made electronic payments on his personal credit card account from the company's checking account. Once again, this could have been detected by a review of the monthly bank statements (see a theme here?) and the cancelled check images. Also, his attitude toward the owners when they questioned him was a huge red flag that something was happening, and they should have followed up much sooner.

Finally, in the last case, the executive director was intermingling business and personal charges on the organization's credit card. Since he was the person who reviewed the credit card statement, nobody was approving his charges and ensuring that all his receipts were reasonable and attached to the statement. His fraud could have been quickly detected by requiring another person to review and approve the executive director's charges and receipts. In a nonprofit organization, it might be best that a member of the board of directors perform this review so it has an "upward" approval.

As you may have noticed, all of these frauds above involved cash disbursements. While frauds involving cash receipts certainly occur as well, most uncovered frauds are the result of inappropriate cash disbursements. Performing basic procedures – such as reviewing monthly financial statements, reviewing bank statements and cancelled checks (make sure you review those electronic withdrawals as well!), and properly reviewing *all* credit card charges – can go a long way to safeguard your assets and minimize your risk of fraud.

## **Older drivers – new safety studies, resources...and possible restrictions down the road**

If you have older volunteers who drive for your organization, you might anticipate that within a few years some of those volunteers will have to give up the keys, involuntarily. If your organization's services include transportation for those who do not drive, you might anticipate more demand for those services.

According to National Highway Traffic Safety Administration studies, drivers over age 65 are at greater risk of dying or sustaining serious injuries in vehicle accidents than are younger drivers. Also, says NHTSA in a December 2013 report, “Older drivers are generally capable and conscientious, but changes in...strength, flexibility, vision and cognition associated with normal aging or with aging-related medical conditions may result in declines in some functional skills. Those changes may undermine their ability to drive safely.” Now the agency has embarked on a [Five-Year Traffic Safety Plan for Older People](#) that could lead not only to fewer accidents but also to increased restrictions on one’s ability to retain a driver’s license.

Already, a number of states impose [age-related testing requirements for driver’s license renewals](#). The NHTSA five-year study could lead to more widespread use of those practices, as the introduction of the study foreshadows:

*“It is evident that no single test accurately and validly determines whether an individual driver is at risk for crashes on a population basis. It is possible, however, that individually assessing a person’s functional capacities related to driving will be useful in both identifying at-risk drivers, and in identifying technologies that can be used to compensate for age-related deficits. Departments of Motor Vehicles are uniquely positioned to positively influence safety through restricting or suspending licenses, but they are regularly challenged because such actions are seen as a threat to individual older drivers as opposed to a benefit to the general driving public. DMVs need tools and resources to overcome these challenges. It is also critically important that DMVs wisely use their resources by focusing on those who are most at risk.”*

NHTSA is required by law to provide guidelines to states, regarding a wide range of highway safety issues. The most recent [Highway Safety Program Guidelines](#) include a lengthy discussion of issues involving older drivers. The agency also has developed a [model program](#) for implementing age-related restrictions.

The [Five-Year Traffic Safety Plan for Older People](#) also will address how technology -- systems already in use and more advanced systems in development that brake or steer the vehicle automatically when sensors detect an impending crash or a traffic signal – can affect a person’s ability to continue driving safely...and legally.

Volunteers Insurance Service offers excess automobile liability insurance that protects volunteers if they are responsible for a vehicle accident while driving on behalf of the organization – including driving to and from their assignments. If you do not already have this coverage for your organization, you can learn more about it [here](#), or by calling Vicki Brooks or Joan Wankmiller at 800.222.8920.

## Resources

Mayo Clinic safety tips for older drivers – Summer 2013 issue of [VIS Connections](#)

National Highway Traffic Safety Administration monthly newsletter, [Safety in Numbers](#)

NHTSA [videos](#) on safety for older drivers

Hartford's ["At the Crossroads – Family Conversations About Alzheimer's Disease, Dementia and Driving"](#)

Hartford ["Life Ahead" series](#) on safety for older drivers

American Automobile Association ["Senior Driving"](#) Web resources

## **What you can do when a volunteer no longer can do**

Consider the possibilities implied in the article above, for your volunteers who drive. Whether it is a state Department of Motor Vehicles licensing bureau, a concerned family member, or the elderly driver himself or herself who makes the decision that driving is no longer an option, that does not mean your valued volunteer no longer can contribute to the organization. Sometimes you can promote the volunteer to a new role he or she can love, and will help the organization. This applies not only to drivers, but to any volunteer who, for whatever reason, can no longer handle current responsibilities.

If the volunteer has devoted years of service to the organization, who better to accompany your development person to visit a potential major donor? The volunteer might have diminished skills in whatever he or she has done for years, but will have passion for the mission, still can express it in a way that could move the needle, and might really appreciate the opportunity to be part of such an important effort. Perhaps all that's needed is a ride, for that visit.

A volunteer who no longer can transport clients safely might be a great help in planning, for example, the fundraiser gala or the volunteer recognition event.

Another option that can help veteran volunteers still contribute, and know they are appreciated, is to have them train new volunteers (and maybe select the new volunteers to be trained, as well.) "You know, Margaret, we want to create opportunities for all the new volunteers coming into the organization. Who do you think might be good at (whatever Margaret has been doing)?...Would you be willing to train him, so he can help in the area you know so well?" (Make sure you're there at the training session, too, for support.)

These are a few options that are respectful of the long-time volunteer, and might be better than the "lifetime achievement award" approach that could leave the volunteer wondering whether he or she is supposed to show up next week.

## **National Volunteer Transportation Center is launched**

The National Volunteer Transportation Center has been established, in response to the outpouring of interest in volunteerism related to the delivery of transportation services to older adults and many other population groups. CIMA Volunteers Insurance (the brand for the

programs of Volunteers Insurance Service) is a cofounder of the Center, along with the Community Transportation Association of America, based in Washington, D. C.; the Beverly Foundation of Albuquerque, NM; Ride Connection of Portland, OR; and AlterNetWays of San Francisco, CA.

The Center, which will have offices in Washington, D. C. and Albuquerque, will promote and support the concept and practice of volunteer transportation, which includes volunteer driver programs, shared vehicle utilization, and ride sharing initiatives. The Center will undertake program activities in five areas:

- Information gathering related to volunteer transportation programs and activities
- Identification and promotion of promising practices
- Collection and development of informational and technical resources
- Planning and delivery of online educational programs
- Communication with volunteer and volunteer transportation initiatives across America.

Community Transportation Association of America Executive Director Dale J. Marsico said, “CTAA is excited to announce this important new project. We’re confident that with these outstanding partners we can reach the new center’s objectives.”

Start-up and initial implementation activities will be directed by Dr. Helen Kerschner, previously President and CEO of the Beverly Foundation.

## **New VIS member discount – Verified Volunteers**

The newest addition to VIS’s line of discounted products and services for its members is Verified Volunteers, an innovative program that allows portability of credentials for volunteers who have passed background screens.

Using Verified Volunteers’ online service, volunteers and volunteer managers at any nonprofit can quickly and easily obtain a single, standardized background check for civic service accepted by multiple nonprofit organizations. This service eliminates the need for multiple screenings, saving time and expense. Either the nonprofit organization or the volunteer can pay the cost of the background check, or they can share the cost. If the organization pays, it receives a credit each time the volunteer serves at another organization that recognizes the Verified Volunteers program.

Features include:

- Three standardized levels of criminal background checks tailored to the service sector. Motor vehicle records and credit checks are also available.

- Automatic updates of all active background checks every 30 days for the first year at no additional cost to the organization or volunteer;
- Compliance with Fair Credit Reporting Act and state laws;
- The ability for volunteers to share their screening status with multiple organizations;
- The ability for volunteer managers to receive real-time alerts on any changes in the background screening status of their volunteers;
- The ability for volunteer managers to track, communicate with and manage volunteers

Verified Volunteers is endorsed by Points of Light, the world's largest organization dedicated to volunteer service.

Organizations that also need employment screening services, including drug testing and employment/education verification, can obtain those through Sterling Infosystems, the parent company of Verified Volunteers.

VIS members are entitled to a 20% discount with Verified Volunteers and with Sterling Infosystems. VIS also offers its members discounts from top providers of publications and training programs devoted to nonprofit management, programs for scheduling and tracking volunteer activity, management consulting, interim staffing, promotional products, and more.

To see what is available to you as a benefit of participation in VIS, and how to obtain your discount, please go to <http://www.cimaworld.com/nonprofits/vis-member-discounts/>. If you have any questions or need help, please contact VIS Executive Director [William Henry](#) by email or at 800.222.8920.

## **“Volunteering and Civic Life in America” – Positive trends**

One-fourth of Americans (64.5 million people) volunteer, providing an estimated value of \$175 billion to the organizations they serve, according to the newest [“Volunteering and Civic Life in America”](#) study by the Corporation For National and Community Service.

That number includes 360,000 in the Corporation's Senior Corps (Retired Senior Volunteer Program, Foster Grandparent Program, Senior Companion Program). VIS is privileged to provide insurance for all those volunteers, as we have since those programs were established.

Other findings:

- Teenagers and “Generation X'ers” (born 1965-1981) are volunteering in greater numbers.

- Volunteers are almost twice as likely to donate money as are non-volunteers
- Volunteers have a 27% greater chance of finding a job after being out of work, than do non-volunteers

In the United Kingdom, the National Council For Voluntary Organisations reports that the volunteer rate there rose seven percent from 2012 to 2013. Part of the credit is given to the 2012 London Olympics, which engaged 70,000 volunteers. A survey after the Games found that volunteer rates were up across all regions, not just in the London area, and one in four surveyed said they wished they had been an Olympics volunteer.

### **The health benefits of volunteering**

Studies in 2013 added to existing evidence that volunteering tends to have a salutary effect on one's health. A survey of 3,351 adults by Harris Interactive on behalf of United Health Group found that:

- Volunteers say they feel better – physically, mentally, emotionally – than non-volunteers
- Stress levels are lower among volunteers
- Volunteers feel a deeper connection to communities, and other people, than do non-volunteers
- Volunteers tend to be better informed than the general population, about how to maintain one's health.

And at Carnegie-Mellon, researchers studying 1,100 adults found that those who volunteered were able to control their blood pressure better over a four-year period than were the others participating in the study.

## **VIS® Commitment**

Volunteers Insurance Service is committed to providing its members a complete resource for the nonprofit organization's risk management needs. Our services include:

- Publishing **VIS® Connections** as one of our information resources for members;
- Maintaining for members' use a library of information relating to management of risks in the nonprofit organization;
- Researching available and appropriate insurance relating to volunteer activities;
- Designing and administering insurance programs, and compiling underwriting information;



- Providing consultation on risk management issues at no additional charge to our members, via a toll-free line (800.222.8920 or 800.468.4200);
- Assisting members, on request, with matters relating to insurance.

Insurance and administrative services are provided to VIS® and its members by The CIMA Companies, Inc. and/or one of its affiliated companies.

VIS®'s Articles of Incorporation, Financial Information, and a list of the members of VIS®'s Board of Directors are available to VIS® Members upon request.

## **CIMA licensing information**

The following licensing information is being provided in order to comply with state governmental regulations:

Volunteers Insurance Service Association, Inc. is a risk purchasing group formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901 et seq.)

**Notice to Texas clients:** The insurer for the purchasing group may not be subject to all the insurance laws and regulations of your state. The insurance insolvency guaranty fund may not be available to the purchasing group.

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**Notice to Minnesota clients:** License #009285 and #07544084, The CIMA Companies, Inc.

CIMA, one of its subsidiary companies and/or an authorized individual is licensed in all jurisdictions. Please contact CIMA at 800.468.4200 if you would like information about our licenses.