

Eleven Things I Have Learned from Dealing with Embezzlement

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Based on experiences dealing with a major embezzlement in the
Northwestern Minnesota Synod office in 2012

1. Rigorous background checks and reference checks on all prospective employees (or volunteers with financial responsibilities) are essential.
2. No single employee or volunteer should have sole access to the organization's accounting system or financial institutions. (This means more than having two persons signing checks and having strict controls over credit/debit card usage!)
3. Your organization's financial staff person should not simultaneously hold a similar position in any organization with which your organization has financial dealings.
4. Inquire about the financial management practices of every organization that partners with (or receives funds from) your organization. Expect organizations to which your organization gives financial support to send you receipts; compare the dollar amounts on those receipts to the financial records of your organization.
5. Ramp up your expectations of your organization's finance committee. Expect members of the committee to meet regularly so that the organization's financial system and bank statements are regularly examined by "many eyes."
6. Ramp up your expectations of persons who serve on councils, boards or committees with responsibilities for financial oversight. Teach members of such groups how to read and understand financial reports. Encourage them to ask questions. Don't tolerate ignorance.
7. Pay as close attention to off-budget accounts or funds as you pay to budgetary accounts/funds. Regularly review your organization's restricted or designated funds; make sure that expenditures from these funds are in keeping with donor intent and/or with the policies of your organization.
8. Always, always, always conduct an annual audit of all your organization's financial funds and accounts. Even if you don't hire a CPA to do it, appoint knowledgeable volunteers with some financial expertise (who are not currently on the council or board of the organization) to examine the financial records of the organization.
TRUST, BUT VERIFY!
9. Insofar as you are able, maintain a healthy climate within the organization. When things become chaotic in a system or organization, such chaos can provide "cover" for someone who wants to embezzle.
10. Expect staff and volunteers to maintain clean work areas, to keep up on filing of documents, to lock or otherwise secure important documents, etc. Simple messiness can be a hiding ground for embezzlement or other financial misconduct.

11. Consider accessing ELCA Office of the Treasurer and ELCA Office of the Secretary web resources for guidance concerning audit controls and risk management/security matters. Here are several webpages with content that may be useful:

- [ELCA Office of the Secretary: Risk Management, Loss Prevention and Insurance](#)
- [ELCA Office of the Treasurer: Financial resources for Synods](#)
- [ELCA Office of the Treasurer: Financial resources for Congregations](#)