

BUSINESS CRIME WATCH

BAY CITY DEPARTMENT OF PUBLIC SAFETY April 2019 EDITION 4, VOLUME 4



HERE ARE 6 TIPS TO HELP YOU COVER OUR BUSINESS

EMBEZZLEMENT PREVENTION FOR SMALL ORGANIZATIONS

Only two factors are needed for embezzlement to occur: 1) a volunteer or employee with a motive and opportunity to steal; and 2) loose or nonexistent financial controls within the organization. Of course, organizations cannot prevent trusted people with financial motives from thinking about embezzlement. But organizations, even very small ones, can adopt simple financial procedures that discourage would-be embezzlers by removing temptations and increasing the likelihood of detection. An added benefit of adopting effective financial controls is that they protect innocent employees and volunteers by shielding them from false suspicion if funds are found missing. Below are a few simple financial controls any organization can put in place.

ESTABLISH A CULTURE OF TRANSPARENCY

First, in order to minimize the chance of embezzlement, establish a culture of transparency and responsibility. A board of directors has a fiduciary duty to the organization and a responsibility to diligently manage its finances. Therefore, directors should *actively* monitor the organization's books and records. Financial records should be kept current, so that they are ready to be viewed at any time. A red flag should go up if officers or employees will not share the financial records or supporting documentation, refuse to answer questions about financial transactions, or require a significant period of advance notice before allowing the financial records to be viewed.

CREATE AND FOLLOW INTERNAL FINANCIAL POLICIES

Next, an organization should establish written internal financial policies and practice them on a consistent basis. Everyone handling money should be accountable and know exactly what is expected of them. Examples of effective procedures include using numbered tickets for events and raffles, maintaining a current inventory of goods and equipment, keeping supporting documentation for all payments or reimbursements, and giving duplicate receipts from a numbered book to donors or buyers of goods and services (whether requested or not). Remember that embezzlement may include not only the theft of money, but also the theft of goods or services. For this reason, item descriptions in inventory records and in receipts should be sufficiently detailed to allow the item to be identified using these records alone. Receipts pertaining to sales or donations should also include the name or employee number of the member of the organization who conducts the transaction. Further, when someone handling money passes it on to another, it should be counted and both persons should have a signed record of the amount that changed hands.

HAVE MORE THAN ONE PERSON INVOLVED IN FINANCES

For bank accounts, organizations should adopt and maintain a system of checks and balances. At a minimum, a person *other than the person writing checks and making deposits* should regularly receive, review, and reconcile the bank statements and promptly ask questions if any irregularities appear. In addition, if feasible, requiring two signatures for all checks is a valuable standard practice (provided, of course, that checks are *never* pre-signed). When using electronic or computerized recordkeeping systems, each user should have a unique username and password, and the password should be known only to the user.

KNOW WHO CAN ACCESS YOUR DATA

Security means considering where your data lives and what kinds of security protections are in place. Cloud technology allows outsourced bookkeepers to access your data without storing it on their desktops. If you outsource bookkeeping, ask how the provider stores your records and how it controls access to your data. If you maintain paper or hard copy business records, consider storing these records under lock and key; only key holders should be permitted to access the records.

TAKE APPROPRIATE STEPS TO REPORT THEFT AND RECOVER FUNDS

Finally, even with proper safeguards in place, embezzlement may still occur. In such an instance, the board should take appropriate steps to recover diverted funds and report the theft to authorities, and effective safeguards should assist an organization in identifying possible perpetrators and relevant time periods. It may be necessary, or at least helpful, to retain the services of a forensic accountant to identify the amount of the total loss and the time period for the embezzlement. This audit would assist the board and law enforcement. Failing to take action in the event of missing funds or property may amount to a breach of directors' fiduciary obligation to protect and preserve an organization's assets.

This is certainly not an exhaustive list of good financial practices, but adopting procedures appropriate for your organization will help minimize the risk of embezzlement. While it is often inconvenient to follow standard procedures, being consistent in responsible practices will protect your trusted volunteers or employees and give the public a positive view of your organization as a transparent and capable entity.

BAY CITY BUSINESS CRIME UPDATES

03/05- An east side dollar store reported an attempted retail fraud. The clerk confronted a male subject who gave the merchandise back and left the store. The clerk was able to provide 911 dispatch with a good description of the subject, the subject's vehicle description along with license plate number and direction of travel. Responding units located the subject's vehicle down the road parked in the parking lot of an east side pharmacy. A male, matching the description from the dollar store, was exiting the pharmacy. Upon seeing the police, the male attempted to walk back into the store, but was quickly stopped by officers. Officers discovered the male subject had just stolen numerous items from inside the pharmacy. The subject was placed under arrest and lodged for retail fraud.

03/07- A west side convenience store reported a retail fraud. A customer had witness another customer steal a pair of earbuds from the store and later reported it to the clerk.

03/07- Officers responded to a report of an armed robbery at a west side restaurant. The suspect was reported to have brandished a handgun before fleeing on foot with an undetermined amount of cash. Multiple witnesses in the area assisted officers in locating a suspect in an apartment several blocks away. The suspect was also tracked with the assistance of the K-9 officer from the Bay County Sheriff's Department. A 31 year old Bay City resident was taken into custody peacefully and lodged in the Bay County Jail pending review by the Bay County Prosecutor's Office. No one was harmed during the incident. At this time, we have no information linking this suspect or crime with any other recent robberies in the area. The Bay City Department of Public Safety was assisted by the Michigan State Police and the Bay County Sheriff's Department.

03/14- A west side gas station reported a retail fraud that had occurred on 03/10. A female subject distracted the clerk while a male subject stole two bags of tobacco. The suspects' vehicle was described as an older model burgundy Chevy Impala with missing driver's side hubcaps.

03/14- An east side pharmacy reported receiving a counterfeit \$50.00 bill. The manager noticed the bill when going through the deposits. The bill was marked "For Motion Picture Purposes."

03/14- A west side convenience store reported a retail fraud. A male subject stuffed two ready-made sandwiches down his pants and left the store.

03/20- A west side credit union received a counterfeit \$100.00 bill from a customer. The credit union manager believed the customer was unaware the bill was counterfeit.

DON'T BE A VICTIM!



Boards and Committees

- [Zoning Board of Appeals](#)
April 9, 2019, 7:00 PM - 8:30 PM @ Commission Chambers
- [Historic District Commission](#)
April 10, 2019, 7:00 PM - 8:30 PM @ Commission Chambers
- [Planning Commission](#)
April 17, 2019, 7:00 PM - 8:00 PM @ Commission Chambers

City Commission

- [Finance Policy Meeting](#)
April 01, 2019, 6:30 PM - 7:30 PM @ Commission Chambers
April 15, 2019, 6:30 PM - 8:30 PM @ Commission Chambers
- [City Commission Meeting](#)
April 01, 2019, 7:30 PM - 8:30 PM @ Commission Chambers
April 15, 2019, 7:30 PM - 8:30 PM @ Commission Chambers

Community Development Block Grant/CDCs

- [Columbus Avenue Citizens District Council](#)
April 17, 2019, 6:00PM - 7:00PM@Conference Room 306
- [Northwest Citizens District Council](#)
April 17, 2019, 6:00PM – 7:00PM@Lindsay School
- [Midland/Salzburg Citizens District Council](#)
April 18, 2019, 7:00PM – 8:00PM @Bay County Community Center
- [South End Citizens District Council](#)
April 18, 2019, 7:00PM – 8:00PM @ Bay County Child & Senior Center
- [Northeast Citizens District Council](#)
April 24, 2019, 6:00 PM - 7:00 PM @ Conference Room 317

Community Event

Home Repair & Improvement – Attorney General Education Session

- April 29, 2019, 5:30 – 6:30 @ Commission Chambers

