IMPROVING ACCOUNTANTS' ABILITY TO IDENTIFY, MANAGE, AND PREVENT FRAUD IN NOT-FOR-PROFIT ORGANIZATIONS

by

Gabrielle Fish

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

Fraud is a growing problem in the not-for-profit (NFP) sector; this problem increases because of the lack of fraud-prevention preparation had by NFP financial professionals. Furthermore, asset misappropriation is the most commonly perpetrated occupational fraud in NFPs. Although approximately 90% of all reported frauds are asset misappropriation, a gap in existing research results in limited data regarding asset misappropriation in NFPs. This study contains an extensive examination of peer-reviewed research regarding fraud topics, with an emphasis on asset misappropriation. The conceptual framework incorporated the Fraud Management Lifecycle Theory, the Fraud Triangle Theory, the Theory of White-Collar Crime, and the Routine Activity Theory. The project followed a qualitative exploratory case study design, interviewing fifteen participants to achieve data saturation. Recruitment included purposive sampling and snowball sampling. After interviews, data was analyzed using open coding, axial coding, and cross-case examination. The data revealed nine major themes, four that answered the main research questions and five that identified discoveries beyond the scope of the study. Each theme proved the need for additional research regarding fraud in the NFP sector, and demonstrating the need for this study.

Key words: not-for-profit, asset misappropriation, fraud, preparation, prevention, detection, management, segregation of duties, fraud-prevention training

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Dedication

I would like to dedicate this dissertation project to my family and my parents; both of whom provided emotional and spiritual support as I navigated this process. The prayers of my entire family were appreciated more than they knew. I would like to thank my amazing husband, David Fish, who stood by me, continually encouraging me, and being willing to listen to all of my ideas. His support, advice, and willingness to take on extra responsibilities as I needed more time to work were instrumental in my success. Furthermore, I would like to thank my daughter Arabelle, as well as the bundle of joy I'll soon meet, for encouraging me daily to be the best role model possible, following the path God called me to, even when it is difficult. Last, but not least, I would like to thank my parents for supporting me every day of my life, and believing in me whole-heartedly, no matter what goal I set out to achieve.

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Section 1: Foundation of the Study

Section 1 contains a thorough explanation of the foundation of the study. Included in this section are the background of the problem, problem statement, purpose statement, conceptual framework, and the significance of the study. The principal investigator identifies the chosen method and design for the study, and addresses the assumptions, limitations, and delimitations of the project. This section concludes with an exhaustive literature review.

Background of the Problem

Studies conducted by The Association of Certified Fraud Examiners (ACFE) and Binder Dijke Otte Global (BDO), a public accounting, tax, and consulting firm, revealed that fraud within the Not-for-Profit (NFP) sector is a significant problem. The ACFE discovered "…that the typical organization loses 5% of its revenues to fraud each year" (Archambeault, Webber, & Greenlee, 2014, pp. 1194-1195). BDO's study revealed NFPs in Australia and New Zealand incurred a loss of $2,916,616 over a two-year period (Kummer, Singh, & Best, 2015). The BDO study surveyed 645 participants, 12% reported fraud in that period; furthermore, not all participants answered every question in the survey. The majority of fraud activity reported came from small organizations with 21-50 employees. These organizations believed the entire amount of current and past fraud loss was not discovered (Kummer et al., 2015). The significant losses NFPs experience each year demand a higher level of research regarding better identification, management, and prevention techniques.

Fraud in not-for-profits. According to Zack and De Armond (2015), fraud is easier to perpetrate in NFP organizations because many NFPs lack resources to implement strong anti-fraud policies, such as effective internal controls. Kummer et al. (2015) further explains that the atmosphere of trust, difficulties in verifying revenue streams, and shortage of qualified employees increases NFP fraud risk.

Asset misappropriation. All fraud causes harm; however, asset misappropriation is the most prevalent within NFPs and impacts revenue as well as reputation (Archambeault et al., 2014). When fraud occurrences in an organization are publicized, it negatively affects public opinion of the entire sector (Santos, Laureano, & Moro, 2019). Asset misappropriation is the stealing or misusing of organizational resources (Kennedy, 2018); a person, or group, perpetrates this fraud against a company (Harris, Petrovits, & Yetman, 2017). Johansson and Carey (2016) reveal that approximately 90% of fraud cases are asset misappropriations.

However, there is limited data on fraud in NFPs as most organizations manage the problem internally to preserve their reputations (Harris et al., 2017). Because NFP fraud research is underdeveloped compared to the for-profit sector, further research is vital to determine ways of reducing fraudulent behavior in NFPs (Archambeault & Webber, 2017). The ACFE identifies three sub-categories of asset misappropriation: theft of cash receipts, fraudulent disbursements of cash, and other schemes (Kennedy, 2018).

Theft of cash receipts. Theft of cash includes skimming and cash larceny (Kennedy, 2018). Skimming involves removing cash from an organization before it enters the accounting system (ACFE, 2017b). Because there is no record of cash received, no audit trail exists, making detection difficult (Marden & Edwards, 2005). Cash larceny is the theft of cash or checks already entered into the accounting system without the employer's consent (ACFE, 2017b).

Fraudulent disbursements of cash. Fraudulent disbursements of cash include check tampering, billing, expense reimbursements, payroll, or cash register disbursements (Kennedy, 2018). Check tampering is intercepting, altering, or forging employers' checks. Billing schemes involve submitting invoices for false or inflated goods/services or invoices for personal or duplicate purchases, and acquiring the payment (Kramer, 2015). Expense reimbursement fraud is common and involves employees falsifying business trip claims resulting in overcompensation of business expenses (ACFE, 2017b). Payroll fraud involves false compensation claims resulting in issued payments by the employer. Finally, cash register disbursement fraud occurs any time someone makes false entries on a cash register to hide the theft of cash (Kennedy, 2018).

Other schemes. Other asset misappropriation schemes include misappropriation of cash-on-hand, and non-cash misappropriations (Kennedy, 2018). The theft of cash-on-hand occurs when anyone steals physical cash, often a petty cash fund, from an organization (Grippo, 2012). Non-cash misappropriations involve stealing inventory assets to use or sell (Simeunović, Grubor, & Ristić, 2016).

Common fraud prevention and detection techniques. The 2018 ACFE report to the nations revealed that asset misappropriation is the most common form of fraud; thirty-two percent occur due to weak internal controls (ACFE, 2018c). Further research indicates that strict internal controls, a corporate culture of intolerance, effective audit teams, stringent segregation of duties, and improved whistle-blowing policies decrease asset misappropriation (Bakri, Mohamed, & Said, 2017; Johansson & Carey, 2016). Miceli and Near (1992), define whistle-blowing as, “The disclosure by an organization’s member [or former member] of illegal, immoral or illegitimate practices under the control of their employers to persons or organizations that might be able to effect action” (p. 15). A study of 1,483 companies discovered that 51% of companies with whistle-blowing policies detected fraud; however, only 33% of those without them were able to detect fraud (ACFE, 2014). Additional studies state finding ways to control the opportunity for fraud is vital; such processes as "use it or lose it" vacation policies, random audits, and task rotation limit the opportunity for any one employee to perpetrate fraud (Jones, 2014).

Problem Statement

The general problem to be addressed is the significant level of fraud in NFP organizations. According to the ACFE organizations lose approximately 5% of revenues each year to fraud (Kummer et al., 2015). Asset misappropriation fraud is the most common fraud NFPs experience (Archambeault et al., 2014; Bradley, 2015; Kennedy, 2018). BDO Global, a public accounting, tax, and consulting firm, conducted a 2 year study and discovered that NFP organizations suffered a loss of $2,916,616 due to fraud (Kummer et al., 2015). After completion of another study in for-profit and not-for-profit entities, the ACFE discovered that fraud causes the average organization to lose 5% of its revenues (Archambeault et al., 2014).

Fraud is often easier to perpetrate in an NFP organization due to the environment of trust and lack of governance practices regarding internal controls (Kummer et al., 2015). Because of the Enron and WorldCom scandals, accounting professionals sought more in-depth forensic accounting education, to better prepare for their profession (Kramer, Seda, & Bobashev, 2017). The harm that fraud causes to NFP entities suggests that improving fraud prevention, detection, and management preparation could significantly reduce losses. The specific problem to be addressed is the significant level of fraud, specifically asset misappropriation, in NFP organizations within South Central Pennsylvania, and the subsequent losses experienced by NFPs each year.

Purpose Statement

The purpose of this qualitative multiple case study is to investigate the experiences of professional accountants in NFP organizations within South Central Pennsylvania who have had experiences with asset misappropriation. This study explores methods that will improve fraud identification, management, and prevention tools and techniques within NFP organizations in South Central Pennsylvania. To determine this information, the principal investigator will seek to answer various research topics by interviewing accountants who work in companies that have experienced asset misappropriation and their managers. The purpose of this study is to understand how accountants believe they were prepared for their experiences through various training tools and identify ways to improve their preparation. This study will also suggest how NFP organizations might better train employees regarding fraud prevention, detection, and management. Finally, this study will be beneficial to other NFP organizations outside South Central Pennsylvania by educating accountants and leaders in improving fraud preparation techniques.

Nature of the Study

This study will use a qualitative multiple case technique. The principal investigator believed the qualitative method was appropriate for studying shared experiences of individuals in the accounting department of NFP organizations. The multiple case study design enables the principal investigator to collect experiential data from NFP accountants and managers. This will identify how NFPs and their accountants can improve their fraud prevention, detection, and management skills. The principal investigator rejected other qualitative designs including narrative, phenomenology, grounded theory, and ethnography because they are not as effective. Finally, the principal investigator excluded the quantitative and mixed method designs as they would not yield the necessary experiential data.

Discussion of method. Qualitative research is best suited for this study because it explores the meaning that individuals attribute to a specific phenomenon (Creswell, 2014). By understanding experiences, numerical solutions are absent, eliminating objectivity and using opinions and personal experiences to develop conclusions (Basias & Pollalis, 2018; Dodgson, 2017). Daher, Carré, Jaramillo, Olivares, and Tomicic (2017) state that qualitative research describes the perspective and views of the participants. The differing views and experiences increase the knowledge of the researcher, enabling them to form meanings and themes that explain the phenomenon (Creswell, 2014).

The principal investigator excluded quantitative methodology because the study is subjective and the data gathered would not be objectively quantifiable. Quantitative research methods include experimental and survey designs (Creswell, 2014; Watson, 2015). Both produce results in a numerical form that facilitate conclusions (Samii, 2016; Watson, 2015). The study will determine ways to improve fraud prevention, detection, and management techniques by reviewing experiences of accountants. A quantitative design would not effectively collect the necessary data.

Finally, the principal investigator rejected mixed method designs for this study because it would not enhance understanding. The mixed methods approach combines qualitative and quantitative data collection and analysis techniques to create a complete picture of a study (Cameron, & Molina-Azorin, 2011; Cameron, Sankaran, & Scales, 2015; Creswell, 2014; Harrison, 2013). Although the mixed method yields a thorough analysis, its techniques would not benefit this research.

Discussion of design. This study will follow a multiple case study design. Case studies explore an experience within its true context to gain a deeper understanding (De Massis & Kotlar, 2014). Multiple case study designs enable the principal investigator to explore similarities and differences among cases (Lashgari, Sutton-Brady, Søilen, & Ulfvengren, 2018, Adams, Jones, Lefmann, & Shepphard, 2014). Studying multiple cases, with varying perspectives, will improve depth and clarity of the investigation (Arghode & Wang, 2016). Vohra (2014) explains that the principal investigator strengthens the results using replication of patterns by first providing a within-case analysis consisting of a detailed description of each case and its themes, then reviewing themes in all cases, known as cross-case analysis (Creswell, 2007; Yin, 2018). The other qualitative designs, including narrative, ethnography, grounded theory, and phenomenology do not meet the needs of this study.

There are three types of case study designs: exploratory, descriptive, and explanatory (Scholz & Tietje, 2002). In a descriptive case study, the principal investigator must follow an existing theory or model to guide data collection. The data that is collected in this form of case study is used to explain a phenomenon that occurs within the set of collected data (Gerring, 2004; Zainal, 2007). The descriptive case study is used to describe a phenomenon in the environment it occurred in (Baxter & Jack, 2008). Because the principal investigator is not using a pre-existing theory to identify how fraud prevention, detection, and management can be improved in NFPs, this design is inappropriate.

The explanatory case study design tests cause-and-effect relationships (Scholz & Tietje, 2002). Researchers use this theory to identify why a phenomenon occurs, first forming a theory then testing it against collected data (Zainal, 2007). The principal investigator is not trying to understand why fraud occurs, but how it can be better prevented, detected, and managed. In the explanatory case study design, each case only falsifies a theory (Zainal, 2007). However, the principal investigator aims to gather additional information beyond the hypothesis to develop best practices for improving the skills of NFP accountants, making the explanatory design inadequate.

This study will follow the exploratory case study design. Exploratory designs are similar to pilot studies; they examine a phenomenon that is not widely addressed in existing research (Fahy, 2013; Hollow, 2014). Using the exploratory design, the researcher asks general questions about the topic that allow for further in-depth questions as the phenomenon is studied (Zainal, 2007). According to Baxter and Jack (2008), exploratory studies "…explore those situations in which the intervention being evaluated has no clear, single set of outcomes" (p. 548). Because fraud prevention, detection, and management techniques are changing and improving, studying them in relation to asset misappropriation in NFP organizations using an exploratory design is ideal.

Narrative. The narrative design studies the lives of individuals, which the principal investigator is not proposing (Creswell, 2014). Narrative research includes autobiographies, biographies, life stories, and personal experiences (Creswell, 2007). The researcher gathers the stories of individuals using in-depth data collection involving: participants telling stories about their lives, recalling memories about events, and conversations had between friends and family (Syed & Nelson, 2015). This design explores how participants navigate life experiences; the study and results scrutinize the individual, rather than the phenomenon (McAlpine, 2016).

Ethnography. The ethnography design is not appropriate for this study because it will not include groups from shared cultural backgrounds (Creswell, 2014; Dodgson, 2017). Ethnographic research reveals the actions that people take and allows the researcher to infer the motives behind them (Jerolmack & Khan, 2014). This design studies individuals who share similar cultural backgrounds including: beliefs, practices, languages, and values (Bass & Milosevic, 2016). The only controllable similarity in this study is the job position of each participant. Because the principal investigator cannot guarantee that the beliefs, behaviors, and values of participants are similar, the ethnographic design would not work.

Grounded theory. Furthermore, the principal investigator does not intend to build theories grounded in data from prior research, making the grounded theory design inappropriate for this project (Creswell, 2014). Grounded theory requires tracing results through previous data and supporting developed theories with prior findings (Goulding, 2017). This study will use prior research as well as new ideas from participants to develop conclusions about improving fraud prevention, detection, and management, making the grounded theory design inappropriate.

Phenomenology. Phenomenology explores the participants' meaning of a topic (Dodgson, 2017). Researchers using phenomenology report how participants viewed their experiences differently (Creswell, 2007). The goal of this research is not to understand why a specific phenomenon has happened to the participants and how it affected them, but how it was able to happen (Creswell, 2014). Additionally, phenomenology does not encourage the principal investigator to impose specific methods on the phenomenon, making it unsuitable for this study (Groenwald, 2004).

Summary of the nature of the study. Using a qualitative multiple case study approach, the principal investigator will explore the understandings of accountants and managers towards occupational fraud to gain various perspectives. Analyzing several cases allows the principal investigator to gain an in-depth understanding of the fraud prevention, detection, and management techniques employed by NFPs. Using the qualitative method, the investigator can explore the life experiences of accountants and managers in NFP organizations to form conclusions about improving processes.

Research Questions

RQ1. What forms of asset misappropriation fraud occur in NFPs within South Central Pennsylvania?

RQ2. What preparations have NFP accountants within the study population had that would equip them for fraud prevention, identification, and management, if any?

RQ3. How quickly is asset misappropriation fraud identified and managed within NFPs in South Central Pennsylvania?

RQ4. Of the properly detected cases within NFPs, what was the outcome?

Answering these questions will aid the researcher in achieving the purposes of the study. Answers will reveal the forms of asset misappropriation fraud occurring in South Central Pennsylvania and how equipped accountants in NFPs are to manage it. Additionally, these questions will analyze how well accountants are prepared for fraud prevention, detection, and management prior to obtaining an accounting position, and how to improve preparation. These questions will find gaps in literature and practice, enabling managers to accurately determine the strengths and weaknesses of their accountants' fraud management capability. Finally, these questions will help develop steps to improve fraud prevention, detection, and management skills in NFP organizations.

Conceptual Framework

The principal investigator integrated the Fraud Management Lifecycle Theory, the Fraud Triangle Theory, the Theory of White-Collar Crime, and the Routine Activity Theory to build a framework for this study. Research suggests that when organizations take steps to protect themselves, they detect fraud sooner and lower fraud risk (Amasiatu & Shah, 2018; Coleman, 1987; Reynald, 2016; Schuchter & Levi, 2016).

The fraud management lifecycle theory – subsection A of appendix A. Wilhelm (2004) proposed the fraud management lifecycle theory in 2004, which balanced fraud management components to minimize financial and societal costs of fraud. The fraud management lifecycle stages include deterrence, prevention, detection, mitigation, analysis, policy, investigation, and prosecution (Adomako, 2017; Amasiatu & Shah, 2018; Ocansey, 2017). Deterrence involves all activities in place that discourage fraudulent behavior, including certainty and severity of punishment (Nagin, Solow, & Lum, 2015). Prevention techniques include actions and activities that prevent fraud perpetration (Amasiatu & Shah, 2018, Wilhelm, 2004). Detection identifies existing fraud, and mitigation limits the extent and amount of fraud losses (Amasiatu & Shah, 2018). The analysis stage determines the factors that led to existing fraud occurrences, despite precautions. Policy gathers information to develop new guidelines reducing future fraud occurrences (Wilhelm, 2004). The final two stages, investigation and prosecution, consider the detected fraud, builds a case against the offender, and determines the appropriate course of action (Amasiatu & Shah, 2018; Wilhelm, 2004).

Wilhelm (2004) believed that when the stages are not cohesive and balanced, companies cannot benefit from fraud detection technologies. However, when business leaders adhere to the stages and provide attention to each, they can mitigate fraud risk (Adomako, 2017; Maisey, 2014; Nabhan & Hindi, 2009). NFP organizations experience fraud because they "…often fail to manage ongoing risks" (Gentenaar & Solomon, 2015, p. 26). This fraud has led to a 5% loss of revenue each year (Archambeault et al., 2014). There is a need for research regarding what NFP organizations do to manage risk and what tools are best to help do so to meet their mission effectively.

The fraud triangle – subsection B of appendix A. Cressey developed the fraud triangle in 1953 to better explain fraud events (Archambeault et al., 2014; Lokanan, 2018; Schuchter & Levi, 2016). The triangle has three components: pressure, opportunity, and motivation (Archambeault et al., 2014; Burke & Sanney, 2018; Morales, Gendron & Guénin-Paracini, 2014). Pressure can come from financial need, a threat to an individual, or pressure to perform (Burke & Sanney, 2018; Schuchter & Levi, 2016). Opportunity occurs when there is a lack of effective controls, such as an ineffective board of directors managing individuals in positions of financial trust, high turnover, or a single person controlling management (Dellaportas, 2013; Roden, Cox & Kim, 2016). Motivation results from the inability to share one's problems with others, leading to the absence of rational judgment (Dellaportas, 2013).

To reduce fraud, NFPs must interrupt the fraud triangle. Improving internal controls and implementing policies that provide protection for whistleblowers can limit opportunity (Archambeault et al., 2014; Macgregor & Stuebs, 2014). NFPs operate under a bond of trust, opening organizations to fraud by creating opportunity (Kummer et al., 2015). These organizations also tend to assume that because of their noble cause, workers would not steal from them. The assumptions and beliefs of NFPs necessitate research that will provide a realistic view of their fraud risk, and management techniques.

The theory of white-collar crime – subsection C of appendix A. The theory of white-collar crime, developed by Sutherland in the 1940s, states that high ranking individuals in respectable occupations can perpetrate crimes (Lokanan, 2015). Researchers believed crime was a problem amongst immigrants and the poor; this theory proved those ideas wrong by analyzing powerful and privileged individuals who were also capable (Coleman, 1987). Sutherland was influential in Cressey's development of the fraud triangle, as he also felt that fraud was a people problem (Lokanan, 2015). The environment of trust that NFPs have makes them unsuspicious of the individuals who can, and do, perpetrate crimes (Kummer et al., 2015). Sutherland believed the core commonality among white-collar crimes was the violation of that trust (Shichor, 2018). Research describing ways NFPs can lower fraud risk will reveal why accountability and healthy skepticism of individuals in positions of financial trust, or of high status is necessary.

The routine activity theory – subsection D of appendix A. Cohen and Felson developed the routine activity theory in 1979, suggesting that for a crime to be perpetrated three components must exist together: a motivated individual, a viable target, and the absence of capable guardians (DeLiema, 2018; Reynald, 2016). The model first helped explain street crimes but is also beneficial in examining financial crimes (DeLiema, 2018). The theory explores how individuals can be at risk for victimization because of their routine activities (de Melo, Pereira, Andresen, & Matias, 2017). Research reveals that an individual's activity patterns change dependent on season, day of the week or hour of the day; those pattern changes alter the risk for victimization (de Melo et al., 2017). This same theory applies to the daily activities of an organization's employees.

The routine activity theory stresses the need for a capable guardian (Skogan, 2015). Churches and small NFP organizations struggle with segregation of duties and finding qualified and consistent help, lowering the probability that a capable guardian exists (Carey, Knechel & Tanewski, 2013; Thornhill, Troy & Domino, 2016). Researching the existing fraud prevention, detection, and management techniques used by NFPs will identify potential gaps in protection against fraud. For example, NFPs are known to have cash revenue that is difficult to verify and easy to steal making them a viable target (Kummer et al., 2015). This study will suggest fraud-prevention techniques to NFP organizations by using the routine activity theory to lower victimization and increase capable guardianship of assets.

Discussion of the relationships between concepts. Each of the theories identifies additional protection against fraud to an organization when implemented properly. The relationship between the concepts can be seen in Figure 1. Although each concept is independent of one another, when combined the effectiveness of preventing, detecting, and managing fraud increases. The use of the white-collar crime theory may serve to increase skepticism of employees and their employers by generating awareness of the potential fraudsters within their organization. Because anyone can perpetrate fraud, NFPs must address the environment of trust that exists and introduce an increased level of accountability. Research suggests that a higher level of accountability improves NFPs' reputations (Becker, 2018).

The fraud triangle and the routine activity theories offer opportunities to determine internal control weaknesses and to detect ongoing fraud. Employers and employees can find ways to reduce internal weaknesses by appointing capable guardians and employing strong internal processes. Finally, employers can implement the fraud management lifecycle to protect against future fraud by identifying existing and past fraudulent behavior and taking action to discourage and prevent fraud. Employers can create an effective culture of fraud prevention by introducing policies that stimulate awareness, including: unannounced audits, task rotations, strict segregation of duties, whistleblower policies, and intensive on-the-job training. Fraud prevention, detection, and management can also deter fraud, educate employees, and mitigate any potential fraud. Ninety-percent of NFP fraud cases are asset misappropriations (Johansson &

Carey, 2016), this reveals the need for research regarding new policies and procedures in NFPs to minimize fraud risk.

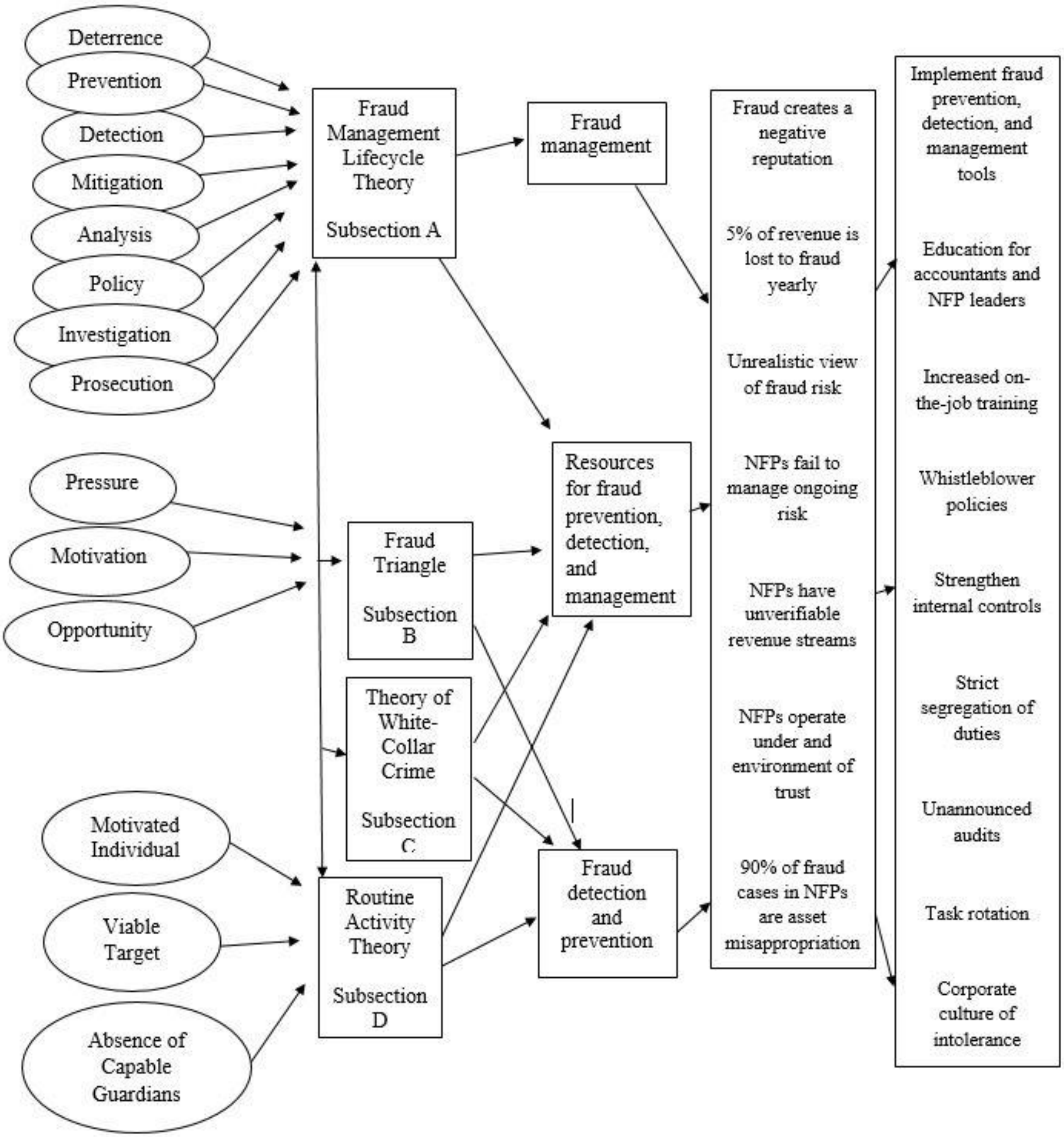

Figure 1. Relationships between concepts. (Format from: Sahloul, 2019).

Summary of the conceptual framework. This study will integrate the theories of the fraud management lifecycle, the fraud triangle, white-collar crime, and routine activity. Utilizing these theories, NFPs can gain a clearer perspective of how to lower fraud risk. Understanding the aspects of each theory enables NFP accountants and leaders to develop tools and techniques to implement in their organizations to lower fraud risk. Individuals must first understand the white-collar crime theory, that anyone can perpetrate fraud. Accountants and leaders can then develop policies, internal controls, and procedures that will improve fraud prevention and detection and enable them to manage fraud effectively. Utilizing the concepts in the fraud management lifecycle, the fraud triangle, and the routine activity theory, NFP organizations can strengthen existing protection against fraud.

Definition of Terms

Asset misappropriation. Asset misappropriation is the theft, embezzlement, or misuse of company assets (Archambeault et al., 2014; Harris, et al., 2017). The different forms include skimming, cash larceny, theft of equipment or inventory, check tampering, and theft of cash-on-hand (Gupta & Gupta, 2015; Kennedy, 2018).

Association of Certified Fraud Examiners (ACFE). ACFE is the largest member-based anti-fraud organization in the world, containing nearly 85,000 members. They provide anti-fraud training and education to reduce business fraud worldwide and help the accounting profession gain confidence with the public (ACFE, 2019a).

Bribery. Bribery is “Accepting or offering something of value in exchange for influence or power” (Waddell, Self, & Sullivan, 2017, ¶ 6).

Check Tampering. Check tampering involves intercepting, altering, or forging employers’ checks (Kramer, 2015).

Conflict of interest. Conflicts of interest occur when an employee or auditor engage in a transaction for an employer, in which they have an undisclosed economic or personal interest that will affect the organization (Reed, Bagley, & Marden, 2012; Wright, Johnson, & Dorr, 2006).

Economic extortion. Economic extortion is similar to bribery, except the suggestion of payment comes from the individual receiving the item(s) of value (Wright et al., 2006). The suggestion of payment can be a threat, or actual harm (Reed et al., 2012).

Financial statement fraud. Financial statement fraud involves the intentional misrepresentation of an organization's financial statements (Albrecht, Holland, Malagueño, Dolan, & Tzafrir, 2015; Self, Fudge, Sullivan, & Harrington, 2016). This fraud involves the incorrect use of accounting principles and publishing of manipulated financial statements that cause a reader to change their opinion or decision about the company (Zhou & Gaurav, 2011). Perpetrators of this fraud are trying to avoid negative repercussions of reporting a company's true financial standing and protect the organization (Albrecht et al., 2015).

Fraud. Fraud occurs when someone willfully misrepresents or conceals a material fact to gain something for themselves, including money or property that does not belong to them (Cepeda, Gerardo, Perez, & Rivera, 2015).

Fraud risk. Fraud risk is the exposure a company encounters due to the capability of an individual to combine all three components of the fraud triangle (ACFE, 2016c).

Internal Controls. Internal controls are a set of policies and procedures put in place by the organization's board, management, and other personnel to ensure objectives are being met with reasonable assurance and limited risk (Zakaria, Nawawi, & Salin, 2016). Additionally, they are measures used to detect errors, fraud, and irregularities, to protect assets, and confirm transactions are correct (Adetiloye, Olokoyo, & Taiwo, 2016).

Kickbacks. Kickbacks occur when an individual gives gifts or money to another person to receive favorable treatment, commonly regarding contract obtainment (Batter, 2015).

Not-for-profit (NFP). An NFP is an organization that cannot distribute its net earnings to anyone who maintains control over it, including members, officers, board members, or trustees (Chelliah, Boersman, & Klettner, 2016).

Professional skepticism. Professional skepticism requires a business person to have a questioning mind and to critically assess evidence regarding audits (Brazel, Jackson, Schaefer, & Stewart, 2016; Grenier, 2017). Professional skepticism helps prevent and detect corrupt management practices (Grenier, 2017).

Segregation of duties. Segregation of duties is the proper allocation of work, disallowing a single person to perpetrate and conceal fraud through their normal duties (Kobelsky, 2014).

Skimming. Skimming is fraud that occurs when a perpetrator takes cash from an organization before it appears on the company's accounting records (Maguire, 2017).

Task rotation. Task rotation involves cross-training employees on multiple jobs and periodically rotating responsibilities (Jones, 2014).

The American Institute of Certified Public Accountants (AICPA). The AICPA is the largest member association that represents the accounting profession and has been serving the public since 1887 (AICPA, 2019). The AICPA sets ethical and auditing standards for private, nonprofit, and governmental agencies. They grade the Certified Public Accounting (CPA) examination and provide specialty credentials to CPAs studying specific topics (AICPA, 2019).

The Sarbanes-Oxley Act (SOX). Congress passed SOX in 2002 as a response to numerous financial scandals in the U.S. (Chiu, Chien, & Lin, 2017; Zhang, 2007). The act aimed to prevent deceptive accounting and management behavior by requiring stricter penalties for misconduct and proper management of conflicts of interest (Chiu et al., 2017; Park, 2016; Zhang, 2007).

Whistle-blowing. Whistle-blowing is an act within business in which an existing or former employee reports illegal, unethical, or illegitimate behavior to someone who can take action and effect change (Henik, 2015; Lee, Pittroff, & Turner, 2018). Through whistle-blowing, employees have a voice to encourage ethical change in an organization (Henik, 2015).

Assumptions, Limitations, Delimitations

The principal investigator began this study with four assumptions and four limitations. The principal investigator explains the assumptions, limitations, and delimitations of the study in this section.

Assumptions. The principal investigator grouped following four assumptions into two categories: assumptions about the participants and assumptions about the findings.

Assumptions about the participants. An assumption held by the principal investigator was the expectation of participants to answer interview questions honestly. Literature reveals that this is not always accurate (Vrij et al., 2017). This is particularly true regarding sensitive information. Participants are hesitant to share more information regarding sensitive issues, such as fraud, if they sense a negative reaction from the interviewer, even if the reaction is unintentional (Pickard, Roster, & Chen, 2016). Additionally, the principal investigator held the assumption that many NFP accountants and leaders within South Central Pennsylvania understand the definition of asset misappropriation fraud. Researchers have determined that 90%

of fraud occurring in NFPs is asset misappropriation (Johansson & Carey, 2016). However, the definition of asset misappropriation is broad, meaning that the participants could hold a different understanding than the principal investigator (Kennedy, 2018).

Mitigating risks associated with participants. To alleviate risk related to dishonest interviews, the principal investigator will attempt to remain unbiased by not providing thoughts or opinions about participants' specific situations. Researchers have also shown that asking unexpected questions leads to honest answers, as the interviewee does not have time to prepare a response (Parkhouse & Ormerod, 2018). The principal investigator asked specific questions to each interviewee to retain uniformity across cases. However, the interviewee did not know the questions beforehand, eliminating the possibility of planning answers. To encourage comprehensive and uninhibited responses, the principal investigator protected all information provided reminded participants that they were free to withdraw from the study for any reason. To mitigate the risk of misunderstanding, the principal investigator began the interviews by explaining the definition of asset misappropriation, as it related to this study. This provided clarity and resulted in responses that were relevant.

Assumptions about the findings. The principal investigator assumed the findings would reveal that the NFPs studied have a lack of fraud prevention, detection, and management tools implemented. Research indicates that NFPs have weaker internal controls and lack individuals with financial expertise (Greenlee, Fischer, Gordon, & Keating, 2007; Kummer et al., 2015). Moreover, Greenlee et al. (2007) explains that NFPs lack the regulatory resources to take appropriate action when fraud exists. Another assumption was that recognizing the lack of fraud prevention, detection, and management tools would help managers and accountants recognize their fraud risk and encourage them to implement tools to reduce risk (Archambeault & Webber, 2017; Panepento, 2008).

Mitigating risks associated with findings. There is risk in assuming that all NFPs have a lack of fraud prevention, detection, and management tools implemented and their employees lack financial expertise. Assuming this, the principal investigator ignores the idea that some NFPs have avoided fraud. To mitigate this, the principal investigator scrutinized peer-reviewed articles about NFP fraud and sought information about how NFPs in South Central Pennsylvania have been able to avoid fraud. Additionally, there is risk in assuming that the research findings would enable managers and accountants to significantly reduce fraud risk. Not all NFP organizations have the resources to implement stronger fraud prevention, detection, and management tools. Conducting the research and reporting findings would not necessarily lead to lower fraud risk in all NFP organizations. The principal investigator conducted extensive research regarding tools that are free to implement as well as those that use company resources to provide a wide array of fraud prevention, detection, and management tools for different sized NFPs.

Limitations. The principal investigator separated the following limitations into two categories: limitations concerning the participants and limitations concerning the principal investigator.

Limitations concerning the participants. The most prominent limitation is the small sample size. De Beuckelaer and Wagner (2012) explain the importance of avoiding generalizations when using a small sample. However, Marshall, Cardon, Poddar, and Fontenot (2013) explain that the adequate number of interviewees for a multiple case study is variable, with the majority of one-author studies containing 11 to 20 interviews. Creswell (2007) believes that a multiple case study should not exceed five or six cases. The principal investigator believes that the achievement of data saturation is possible with a smaller sample size using a multiple case study design.

Additionally, limitations exist because of the sensitivity of the topic. Research identifies fraud as a sensitive topic (Groenitz, 2016). Because of the negative consequences of revealing occurrences of fraud in an organization, there might not be willing participants. Fraud occurring in NFP organizations are more likely to attract attention and cause the reputation of the company to be at risk (O'Brien, 2013). To avoid negative public attention, many NFP organizations manage fraud internally (Harris et al., 2017). Finally, there was a limitation regarding the potential for participants to withhold information. Participants might be uncomfortable sharing certain information that could damage the reputation of a colleague or the company (Mealer & Jones, 2014). To alleviate these limitations, the principal investigator informed all potential participants of their anonymity and of the protection of their information, including interview responses. The principal investigator also conducted interviews at a neutral location with a reserved room to protect privacy.

The final limitation exists because the principal investigator could only contact participants whose NFP organization had contact information available online. The principal investigator had no way of contacting participants whose organizations did not list contact information on websites including Google, Pennsylvania Association Nonprofit Organization (PANO), and NFP websites. Because of this, self-selection was involved in the recruiting process. To alleviate this limitation, the principal investigator included purposive snowball sampling in the recruitment process, encouraging recruited participants to pass the invitation on to other NFP professionals who fit the study criteria.

Limitations concerning the principal investigator. One limitation concerning the principal investigator was the ability for them to recall information accurately during and after each interview. The principal investigator mitigated this with a recording device. During each interview, the principal investigator recorded the conversation and transcribed it later to analyze and compare to other interviews. The use of a recording device also allowed the principal investigator to listen to the interviews again to detect answers that needed clarification. Furthermore, during interviews, the principal investigator repeated any information that was confusing or needed clarification to avoid reporting incorrect information.

Delimitations. The principal investigator studied fraud in NFP organizations within South Central Pennsylvania. The study only examined the prevention, detection, and management of asset misappropriation fraud within the participating organizations. The principal investigator excluded other types of fraud from the study to focus all attention on the most common in NFPs (ACFE, 2018c). The principal investigator delimited the research by ensuring all participants had earned a bachelor's degree, at minimum. This increased the probability that the participants had an educational background in accounting and understood common fraud prevention, detection, and management tools.

Furthermore, the principal investigator did not limit the participant pool to only NFPs with known fraud. By selecting from all NFPs, the principal investigator gained a deeper understanding of effective fraud prevention, detection, and management techniques. The principal investigator included 15 NFPs. The smaller sample size allowed the principal investigator to focus more attention on each case, gaining more data about the effectiveness of the tools and techniques used.

An open-ended questioning technique further delimited the study. The principal investigator determined that using rating scales and/or dichotomous scales would be ineffective in understanding the true experiences of the participants because they would limit their responses. The principal investigator sought to explore the experiences the participants had with asset misappropriation and obtain their opinions, for this reason, open-ended questions were most effective (Weller et al., 2018).

Significance of the Study

This study will further the field of accounting by reducing gaps in literature related to techniques that prevent, detect, and manage fraud. NFP accountants and leaders will benefit from this research by learning effective means of fraud prevention, detection, and management. These tools will enable their organizations to meet their mission and reduce loss.

Reduction of gaps. Unlike the for-profit sector, there is minimal research regarding fraud in the NFP sector due to their preference for managing it internally (Archambeault et al., 2014; Harris et al., 2017). This study adds to existing literature by providing an analysis of various NFP organizations' fraud prevention, detection, and management techniques, and how management uses them to reduce fraud risk and loss. The research will investigate asset misappropriation, an action that makes up approximately 90% of NFP fraud cases (Johansson & Carey, 2016).

Benefits for accountants and leaders. Accountants and leaders in NFPs will benefit from this study's results by education of effective fraud identification, prevention, and management tools. NFP organizations struggle to find qualified, long-term help, as many workers are volunteers (Carey et al., 2013; Thornhill, et al., 2016). This research will enable leaders to better qualify themselves and employees on effective fraud prevention, detection, and management techniques. The study's results will help NFP organizations protect themselves from fraudsters by teaching them to recognize fraud risk, and how to change policies and procedures to lower risks.

Implications for biblical integration. The Bible examines fraud and deceit thoroughly, explaining why it is evil, and the results of perpetrating fraud. The book of Proverbs has a wealth of wisdom related to the topic. In Proverbs 10:2 Solomon says, "Treasures gained by wickedness do not profit, but righteousness delivers from death" (ESV). Later in Proverbs chapter 11, Solomon states, "A false balance is an abomination to the Lord, but a just weight is his delight" (Proverbs 11:1). These verses indicate the consequences of fraud and the benefit of righteous behavior. Studies verify that NFPs that experience fraud are more likely to have negative reputations and potential decreases in donations (Harris et al., 2017; Santos et al., 2019). Through a Biblical lens, it is evident that fraud does not profit but yields destruction for NFP organizations.

The Bible teaches that, “You shall not steal; you shall not deal falsely; you shall not lie to one another” (Lev. 19:11, ESV). Leviticus 6:2 elaborates saying, anyone who deceives their neighbor about things entrusted to them, steals, or cheats a neighbor is sinning (NIV). In Proverbs 1:19, Solomon explains that the path of those who gain profit dishonestly leads to the destruction of their own lives (NIV). Conversely, those who deal justly and gain profit honestly are a delight to the Lord (Proverbs 11:1, ESV). Studying Biblical text demonstrates that business people seeking success need to follow the Lord's ordinances, be honest, trustworthy, and avoid fraud. However, even with the knowledge and laws imparted, fraud was still a problem. It is written in John 12:6 that Judas, a disciple of Jesus and keeper of the money bag, often “helped himself to what was put in it” (NIV).

Finally, the Bible expresses the value of being good stewards. The parable of the three servants is one example of good stewardship (Matthew 25:14-30, NIV). In relation to fraud, good stewardship means protecting the organization using fraud prevention, detection, and management. Keller (2012) describes work as a way to serve others within the community, and that “Your daily work is ultimately an act of worship to the God who called and equipped you to do it…” (p. 80). By learning policies and processes that can protect an organization from fraud, NFP accountants and leaders are worshipping the Lord through good stewardship and serving their community by building a stronger organization.

Relationship to field of study. The topic of fraud relates directly back to the field of accounting. Regardless of significant efforts to reduce fraud, it still exists within NFPs (Bradley, 2015). NFP executives indicate that the implementation of the Sarbanes-Oxley Act of 2002 reduced fraud (Nezhina & Brudney, 2012). However, when comparing yearly reports from the ACFE between the years of 2004 and 2018 the average dollar amount of loss has remained steady, averaging $100,000 each year for NFPs (ACFE, 2004, 2006, 2014, 2016d, 2018c). Furthermore, in 2002, the AICPA issued the Statement on Auditing Standard No. 99 (SAS 99), making auditors responsible for detecting fraud (Buchholz, 2012). This regulation did not solve the problem, because auditors still do not discover most frauds (Bradley, 2015), creating scandal and reputational backlash (Buchholz, 2012; Cole, 2017). The stagnation of fraud detection and prevention indicates the need for in-depth research that will provide suggestions to limit further loss.

Fraud creates problems for NFP organizations including: loss of donor support, loss of trust, and a stained reputation (Archambeault & Webber, 2018). To combat these consequences, many NFP organizations choose not to report fraud and manage it internally (Bromley &

Orchard, 2015). If organizational leaders could be educated about effective fraud prevention, detection, and management techniques, and encourage employees to play a participative role in fraud prevention, they could lower their risk (Bradley, 2015). Internal controls in NFPs are verifiably weak, this study will teach accountants and leaders to improve existing policies and procedures, and lower fraud risk (Archambeault & Webber, 2018). This study was designed to examine asset misappropriation, which causes significant economic damage to organizations (Mustafa & Youssef, 2010). The need to reduce economic impairment in NFP organizations relates directly to the study of accounting.

Summary of the significance of the study. This accounting-based study on fraud in NFP organizations will fill some gaps in literature by providing analysis of tools and techniques NFP accountants and leaders can use to prevent, detect, and manage fraud effectively. Specifically, this research will examine asset misappropriation fraud. The Bible teaches the problems that fraud can cause for organizations and individuals. This research will benefit organizations, as well as accountants and leaders, by using a Biblical viewpoint to teach the best ways to manage fraudulent behavior. NFP leaders and accountants will learn valuable techniques to protect against fraud, allowing them to be good stewards of their assets and further their missions.

A Review of the Professional and Academic Literature

Fraud is a constant and growing problem within NFP organizations (Bradley, 2015). In this literature review, the principal investigator will discuss research regarding; occupational fraud, the prevalence of fraud in NFPs and its effects, theories that help NFPs understand fraud prevention, detection, and management, and common tools and techniques to deter fraud. Each topic contains sub-categories explained in detail. The principal investigator will identify each topic's relevance to the study. Examples of NFP fraud and its effects further explain the problem. Reviewing existing literature and research, the principal investigator will explore gaps that this study will fill. The principal investigator will analyze existing literature to gather data regarding fraud prevention, detection, and management practices. The study results will incorporate existing literature to develop best practices for NFPs to reduce fraud and related risk.

The principal investigator reviewed professional and academic source literature. Of the 183 sources referenced, 147 were published after 2014. However, the principal investigator used older sources if they provided relevant information not discovered elsewhere. To maintain professional standards, sources came from peer-reviewed journals, magazines, and websites of accounting and finance professionals. This literature review will explain the problem the principal investigator is studying and will explain how it relates to previous research and fills gaps in existing literature.

Fraud. Fraud is a criminal or deceptive act intended to provide a benefit to the perpetrator, such as financial gain (Arboleda, Guzman-Luna, & Torres, 2018). Occupational fraud, also called white-collar crime, is fraud perpetrated against an organization by an employee (Moore, 2018; Suh, Nicolaides, & Trafford, 2019). When the fraudster perpetrates occupational fraud, they use their position within the company for personal enrichment (Bradley, 2015).

Fraud has consistently been a problem in for-profit and NFP organizations, resulting in an average of 5% loss of revenues per year (Aris, Arif, Othman, & Zain, 2015; Etheridge, 2015; Lowe, Pope, & Samuels, 2014). Existing literature does not categorize percentage of loss by sector. However, the distinction is important but requires further research. The ACFE discovered, in a study of 2,690 cases of occupational fraud, detection took approximately 16 months (ACFE, 2018c). Because of the repercussions of reporting and publicizing fraud, many organizations prefer to manage it internally (Harris et al., 2017). Some organizations find little benefit in reporting fraud to major authorities if they can manage the issue internally (Bonny, Goode, & Lacey, 2015). Still, other companies determine to manage fraud privately to avoid consequences of public attention, such as reputational damage or loss of future funding (Archambeault et al., 2015).

Scandals at companies including Enron and WorldCom revealed that stricter anti-fraud regulations were needed (Lowe et al., 2015). As a result, The Sarbanes-Oxley Act of 2002 (SOX) and the Statement on Auditing Standard No. 99 (SAS 99) were passed. They imposed stricter requirements on managers and auditors and more severe penalties for fraudulent actions (Jessup & Nance, 2011). Although SOX is typically associated with public and private for-profit entities, there are provisions that relate to NFPs (Saxton & Neely, 2018). Although the SOX requirements for NFPs are more lenient, they can follow mandates specific to public and for-profit companies to improve fraud prevention, detection, and management techniques and protect against such occurrences (Archambeault & Webber, 2018).

Occupational fraud includes three categories: corruption, financial statement fraud, and asset misappropriation (Moore, 2018; Suh et al., 2019; Timofeyev, 2015). Each category contains sub-categories that define specific types of each fraud. Although each fraud is unique, they all share four elements; 1) The perpetrators act in secret, 2) The actions violate the trust of the employer, 3) The purpose of perpetrating the fraud is to gain an undue benefit, and 4) They cost the company assets, revenues, or reserves (Holtfreter, 2005). In the following sections, the principal investigator will expand upon each type and pinpoint the specific frauds that make up the broader categories.

Corruption. The ACFE utilizes a fraud tree (Figure 1) to categorize occupational fraud, the first branch is corruption (ACFE, 2019c). Corruption exists when an employee inappropriately uses their influence in a business dealing to obtain a benefit for themselves that conflicts with their duty to their employer (Greenlee et al., 2007; Harris et al., 2017; Holtfreter, 2005; Kummer et al., 2015; Timofeyev, 2015). The ACFE's 2018 report to the nations indicates 38% of the 2,690 cases of fraud surveyed included forms of corruption. Of these cases, the average duration of the scheme was 22 months (ACFE, 2018c). Because corruption is compatible with other frauds, it often occurs in connection with another form (Moore, 2018). The ACFE supports this, indicating that only 9% of cases exist as corruption only (ACFE, 2018c; ACFE, 2016d; ACFE, 2014).

Tunley, Button, Shepherd, and Blackbourn (2018) state that corruption limits innovation, distorts fair competition, and creates an opportunity for more severe crimes. Research suggests that countries with high levels of corruption have lower levels of growth; however, the results of corruption in businesses are less direct (Cuervo-Cazurra, 2016). Business people rationalize their corrupt actions, creating a false sense of ethical standing (Rabal & Kühlmann, 2009). Managers might convince themselves that corruption, such as bribery, is another form of competitive advantage (Cuervo-Cazurra, 2016). In the NFP sector, corruption is easier to perpetrate due to lack of accountability, particularly regarding small donors. To deter these practices, NFPs can maintain independent voting boards, release the names of board members, and voluntarily publish audit results (LeClair, 2018). Corruption includes: bribery, kickbacks, illegal gratuities, economic extortion, and conflicts of interest (ACFE, 2019c; Hauser, 2018; Wells, 2017).

Bribery. Bribery is an exchange between two individuals for some form of privilege or benefit (Dávid-Barrett, 2017). There are two classifications of bribery: commercial bribery and official bribery (ACFE, 2018b). Commercial bribery is offering something of value to another individual to receive a "…transaction opportunity or advantageous transaction condition" (Jiejiao & Dehua, 2015, p. 93). Official bribery involves a public or foreign official (Griffiths, 2016). Until the 1990s, bribery of foreign officials was a common, expected, and accepted practice. However, in 1997 the Council of the Organization for Economic Cooperation and Development met and signed a treaty to deter bribery worldwide (Teichmann, 2018). Despite the actions of the council, the ACFE has seen an increase in bribery risk (ACFE, 2018a). Bribery risk can be reduced by increased financial reporting transparency because it exposes management's stewardship to the public (Khalil, Saffar, & Trableski, 2015).

Kickbacks. Kickbacks are a bribe that the seller of a product gives to entice a buyer to purchase their product or service (Chow, 2014). To deter this fraud, legislators passed two laws. In 1972 the Anti-Kickback Statute passed prohibiting kickbacks from taking place between businesses in the healthcare industry (Crane, Kingsbury, Lovitch, & Roll, 2014). Between 1946 and 2011, the government created, passed, and improved the Anti-Kickback Act, which applied to the broader business community and prohibited kickbacks related to any federal contract (Batter, 2015). Both laws enforce strict penalties on the employees who offer or receive kickbacks (Batter, 2015; Crane et al., 2014). The ACFE suggests looking for warnings (also labeled "red flags") that are typical of kickbacks and protecting the organization against them. Some of these red flags include: significant increases in vendor charges, quickly made payments to specific vendors, increased expense reimbursements prior to gaining a new contract, and vague or suspicious accounts with high balances in the chart of accounts (ACFE, 2019b; Tie, 2010).

Illegal gratuities. Illegal gratuities are a form of commercial corruption similar to bribery; something of value is given, offered, or promised (Winkelman, 2018). The main difference is that to prove bribery, intent must be shown, however, to prove illegal gratuities, the item of value must have been given in return of an act being done (Winkelman, 2018). Hauser (2018) explains that illegal gratuities are a reward for a "…favorable discretionary decision being made" (p. 3). This is another difference from bribery. Rather than the item of value encouraging a favorable outcome, it is a reward given after making a decision (Baader & Krcmar, 2018). Auditors provide suggestions for preventing actions related to illegal gratuities including: preserving whistleblower hotlines and implementing policies prohibiting employees from accepting gifts from vendors or customers (Jeppesen, 2018).

Economic extortion. Any advantage gained by coercion or threat is economic extortion (Hauser, 2018). Economic extortion is a form of commercial corruption (Jeppesen, 2018). Similar to bribery, extortion involves a payment made of something of value; the difference is that the suggestion of payment comes from the individual receiving the benefit (Wright et al., 2006). According to FindLaw (2019) economic extortion is a felony in the United States. Avoiding corruption is vital for organizations to retain positive reputations with the public.

The ACFE (2019a) provides guidance to reduce the risk of economic extortion within organizations, including:

1. Analyze email, social media, and other sources for common ownership.
2. Review employee weekend work activity.

3. Identify employees who download and send company information to individuals outside of the organization.
4. Detect email contacts that are known shell organizations.

By remaining vigilant over employees' actions, employers can lower risk of economic extortion.

Conflicts of interest. Conflicts of interest occur when an employee partakes in a transaction within an organization, in which they have an undisclosed personal or economic interest affecting the company (Reed et al., 2012). Catchick (2014) explains that a conflict of interest exists when an employee can abuse their professional position for personal gain. When an employee, specifically a CPA, recognizes that a conflict exists, the AICPA requires the conflict be revealed to all parties involved and the threat be evaluated (Rood, 2017). A conflict of interest is not automatically corruption (Commonwealth Secretariat, 2008). Alternatively, corruption always involves a conflict of interest. All forms of corruption result in personal gain by exploiting professional position (Timofeyev, 2015).

Conflicts of interest can be limited with appropriate segregation of duties, maintaining whistleblower hotlines, providing strict guidelines for what constitutes a conflict of interest, and preapproval of vendors (Jeppesen, 2018). Rood (2017) suggests employees refer to the acronym ACE: awareness, communication, and exit when managing potential conflicts of interest. First, the employee needs to be aware of any existing or potential conflicts of interest and evaluate the risk involved. Secondly, they need to communicate the risk to others, such as a manager. Using proper communication, the employee with the conflict discloses it to any affected parties, refrains from making or voting on any decisions related to the conflict, and provides documentation regarding the conflict and how the employer can remain objective (Catchick, 2014; Rood, 2017). Finally, if the risk is significant, the employee with the conflict must remove themselves from any related transactions (Rood, 2017). Following the ACE steps, organizations can implement policies that require disclosure of conflicts and risk determination and management.

Financial statement fraud. Financial statement fraud is the intentional misrepresentation of a company's financial statements with the intention of deceiving the statements' users (Albrecht et al., 2015; Nindito, 2018). This fraud is mainly top-down and affects the perpetrator, the organization, and society (Albrecht et al., 2015). Financial statement fraud is the least common occupational fraud but, on average, it results in financial losses approximately seven times higher than asset misappropriation and three times higher than corruption (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). Between the years of 2014 and 2018, approximately 10% of the cases that the ACFE identified involved financial statement fraud. Of the 2,690 cases reported by the ACFE in 2018, the ones related to financial statement fraud resulted in an average loss of $800,000 each and lasted approximately 2 years.

Financial statement fraud is significantly harmful because its effects are widespread. Auditors can be affected by legal ramifications from not detecting financial statement fraud, the company's reputation is negatively impacted when fraud is publicized, and investors can experience losses in the economy and stock market (Huang, Lin, Chiu, & Yen, 2017; Tang, Liu, Yang, & Wei, 2018). Research from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2010) used a sample of 311 companies that experienced financial statement fraud and discovered 28% went bankrupt after the fraud discovery, and 47% were delisted from the stock exchange involuntarily. These consequences make financial statement fraud a major concern for organizations and their existing and potential investors (Tang et al., 2018).

Financial statement fraud occurs for various reasons. The most common motivator is the desire to avoid the consequences of publishing the company's actual financial performance (Albrecht et al., 2015). Huang et al. (2017) explain that pressure and incentive come from various sources: pressure to meet expectations from analysts, compensation bonuses incentives, pressure to obtain external financing, or pressure to conceal poor performance. In past cases of financial statement fraud, the perpetrator was not benefiting personally from the fraud, rather the motivation was to preserve leadership, or company status (Fraud Magazine, 2003).

Although financial statement fraud is time-consuming and expensive to detect, there are ways that organizations can prevent, identify, and manage it effectively (Tang et al., 2018). One way to limit this fraud is to alter employee incentives, making management behavior align with shareholder goals (Albrecht et al., 2015). Furthermore, strengthening internal controls and segregation of duties prevents fraud perpetrated by a single employee and decreases risk (Munteanu, Copcinschi, Luschi, & Lăceanu, 2017). According to the ACFE (2019a) financial statement fraud includes: fictitious revenues, timing differences, improper asset valuation, incorrect liabilities, and unsuitable disclosures.

Fictitious revenues. Fictitious revenue schemes result from increasing the revenue of a company by creating journal entries of revenue for undelivered goods and/or services (Zack, 2013). Perpetrators record this revenue in one of three ways: recording sales without connecting it to a specific customer, recording sales to a fake customer, or recording fake sales to a real customer (Zack, 2013). Another fictitious revenue scheme is channel stuffing. Channel stuffing falsely increases revenue and earnings by shipping more product than a customer can sell (Donegan, Ganon, & Johnson, 2017; Schoen, Hughes, & Kowalsky, 2017). This practice can interrupt the timing of cash flows, damage customer relationships, and has legal ramifications

(Donegan, et al., 2017). Cases of fictitious revenue discovered at companies such as Enron and Satyam Computer Services increase the need for segregation of duties and internal controls that limit such risk (Haswell & Evans, 2018; Zack, 2013).

A common sign of fictitiously recorded revenue is the existence of significantly overdue accounts receivable (ACFE, 2016a). From an internal or external auditor's perspective, significant and late receivables, no traceable documentation for sales, a sudden increase in sales with all other company operations staying constant, or poor cash flows status are red flags to monitor (Fraud Fighting, 2017b). Prevention of financial statement fraud helps organizations remain reputable. The ACFE (2019a) offers five techniques for companies to implement to lower their risk:

1. Compare incentives monthly to pinpoint any unusual spikes.
2. Locate revenue recognized at the end of a period including reversed or partially reversed revenue and identify the cause.
3. Scrutinize monthly gross margin and investigate any outliers.
4. Review sales to customers missing company information.
5. Analyze employee emails, looking for trigger words such as "incentive/pressure, opportunity, and rationalization" (¶ 6).

Organizations can enhance their fraud prevention, detection, and management tools by implementing techniques and supporting increased internal controls and appropriate segregation of duties.

Timing differences. Timing differences involve the recording of revenues early and/or expenses and liabilities late (Wells, 2001). This recording difference results in the shifting of revenues or expenses to alter the reported earnings (ACFE, 2016a). The most common motivation for perpetrating financial statement fraud using a timing difference is to make a specific period appear better than it was (Zack, 2013). Making a period appear stronger allows the perpetrator to meet requirements needed to receive loans or revenue goals related to compensation bonuses (Wells, 2001).

Monitoring and limiting risk of financial statement fraud involving timing differences to the extent possible is vital. McGee and Byington (2015) offer a few suggestions, including:

1. Analyzing rapid growth or profitability compared to other organizations in the same industry.
2. Monitoring the number of days sales remains in receivables, especially items with unusual growth.
3. Investigating unusual declines in the number of days purchases are in accounts payable.

Making employees and leaders aware of red flags for timing difference schemes decreases potential risk (McGee & Byington, 2015). Dedicating time to locate indicators will limit long-term loss by recognizing fraud and reducing the associated expense.

Improper asset valuation. According to the ACFE (2019c), improper asset valuation is the incorrect valuation of a company's asset(s). The most common assets to be miss-valued include inventory, accounts receivable, and fixed assets (Hasan, Omar, Rahman, & Hossain, 2016). Improper asset valuation mainly to inspire a potential buyer during acquisition, or to obtain loans from financial institutions (Fraud Fighting, 2017c). Skaife and Wangerin (2012) discovered that improper asset valuation was the second most common reason target organizations in an acquisition failed to make the deal, resulting in reissued financial statements.

Perpetrators can value assets improperly using different methods. The easiest method is to report assets that the company does not own (Zack, 2013). During audits, requesting the documentation for the asset in question may identify this fraud; all owned assets require documentation proving their ownership; missing documents are a red flag. Other ways to value assets incorrectly include misclassifying inventory, implementing the inventory flow model improperly, using the wrong labor and overhead rates, manipulating vendor invoices to increase per-unit costs, or failing to document an impairment loss on inventory (Zack, 2013). Perpetrators manipulate accounts receivable by creating fake accounts receivables or failing to recognize uncollectable accounts (Fraud Fighting, 2017c).

Incorrect valuation of assets is a problem, but there are ways to detect related risk. McGee and Byington (2015) state that employees and management should investigate the following red flags:

1. Unusual gross margin growth in comparison to other companies in the industry.
2. Revenue, assets, expenses, and liabilities established using estimates.
3. Excessive growth in the number of days sales are in receivables, or purchases are in inventory.
4. Changes in depreciation and fixed assets relationship.
5. Purchasing new assets if others in the industry are reducing assets.
6. Increased obsolete inventory and allowance for bad debts.

If employees and managers heed these warning signs, there greater likelihood of detecting fraud and lowering risk. By implementing anonymous reporting channels, such as whistle-blowing policies, organizations lower fraud risk further, enabling employees to report fraud without fear of negative consequences (Kaplan, Pany, Samuels, & Zhang, 2012).

Incorrect liabilities. The ACFE's (2019b) fraud tree (Figure 1) indicates that incorrect liabilities include the overstatement and/or concealment of liabilities and expenses. Liabilities and expenses are overstated to lower the amount of profit recorded, allowing avoidance of making payments to shareholders and paying less tax on taxable profits (Fraud Fighting, 2017e). Understating, or concealing, liabilities is simpler because omitted transactions are more difficult to detect than falsely recorded ones (Hegazy & Kassem, 2010). The three methods for concealing liabilities or expenses are omissions, capitalized expenses, and failure to disclose warranty costs and liabilities. Liabilities are understated to allow an organization to obtain a loan or meet a debt covenant (Wei, Chen, & Wirth, 2017). Recording decreased liabilities affects the debt-to-equity ratio determined by dividing total liabilities by total equity (ACFE, 2017a). Higher ratios make obtaining loans more difficult; if liabilities are understated, the company will have a lower ratio, increasing the opportunity of receiving a loan.

According to McGee and Byington (2015), there are warning signs that can signal concealment of liabilities, including:

1. Negative cash flow when earnings are increasing.
2. Unusual growth in gross margin.
3. Decreasing accounts payable when other companies in the industry are making vendor payments longer.
4. Excessive involvement of nonfinancial managers in accounting principal selections.
5. Establishing revenues, assets, expenses, and liabilities based on estimates.

Concealed liabilities and expenses understate an organization's indebtedness (Dimitrijevic, 2015). This manipulates the reader of financial statements; manipulation affects the granting of loans, deceives suppliers, attracts new investors, and stabilizes and/or alters the company's share prices.

Unsuitable disclosures. Unsuitable or improper disclosures (Figure 1) involve the inappropriate disclosure of information related to subsequent events, related-party transactions, changes in accounting principles, or contingent liabilities if it is material in nature (Bond Beebe, 2016). Management must accurately disclose material changes and provide any additional information that affects shareholders (Fraud Fighting, 2017d). Because some disclosures involve subjective figures or complex accounting changes, management can find ways to omit or alter information to make it more favorable. One significant disclosure to shareholders is related party transactions; using this, management identifies how the party connects to the company and how to manage the transaction to avoid fraud (Fraud Fighting, 2017d). Boyle, Boyle, and Carpenter (2014) explained that from 2003-2005 over 25% of the civil enforcement actions taken by the SEC involved improper disclosure fraud. However, in 2013, the percentage of improper disclosure actions decreased to 11% due to the SEC's introduction of the accounting quality model that detects and prevents financial statement fraud.

Although there has been a decrease in improper disclosure cases reviewed by the SEC, it is still crucial that organizations watch for indicators of potential fraud. Common signals that companies should investigate for improper disclosures include:

1. Domination of management by a single person or small group with no controls.
2. Ineffective audit committees.
3. Ineffective implementation and enforcement of ethical standards and management values.
4. Rapid Increase in profitability compared to others in the industry.

5. Increased complex or unusual transactions at the end of a period.
6. Increased unusual related-party transactions.
7. Overly complex organizational structures.
8. History of violation of regulatory laws.
9. Management attempting to justify incorrect accounting based on materiality.
10. Limited information access for the auditor (McGee & Byington, 2015).

Heeding warning signs for incorrect disclosures can lower fraud risk and establish a reputation of honesty with investors.

Asset misappropriation. Asset misappropriation is the fraud tree's third branch (Figure 1). Asset misappropriation is the theft or misuse of company assets (Le & Tran, 2018). According to the ACFE's report to the nations, 89% of the 2,690 cases studied involved asset misappropriation, costing companies an average of $114,000 annually (ACFE, 2018c). These statistics demonstrate that asset misappropriation is the most common, but least costly, occupational fraud. Because of the different types of asset misappropriation, duration varies, ranging from 12 months for register disbursements to 24 months for payroll schemes (ACFE, 2018c).

Schemes involving asset misappropriation typically begin with minor thefts and increase over time as the perpetrator gains confidence (Albrecht, Kranacher, & Albrecht, 2008). Approximately two-thirds of asset misappropriation cases involve one perpetrator, however, research from the ACFE reveals that losses can be four times higher when collusion exists. Employees become involved in asset misappropriation schemes for different reasons: pressure from financial struggles, a negative attitude, or relationship with the company, temptation from poor internal controls and easily accessible assets, or the belief that they deserve what they steal

(LaVine, 2018). The environment of trust and lack of internal controls makes organizations such as NFPs especially susceptible to asset misappropriation (Harris et al., 2017).

Although asset misappropriation is the most common occupational fraud, there are signs indicating if it is occurring. The varying forms of asset misappropriation each have different warning signs to heed (Kassem, 2014). However, investigating journal entries, source documents, receipts, payee information, and invoices are vital (ACFE, 2016a). Receiving invoices from vendors with consecutive invoice numbers suggesting the organization is the vendor's only customer is a red flag for a billing scheme (Kramer, 2015). Because asset misappropriation enables the perpetrator to gain financial benefits more quickly than other forms of fraud it is important to be conscious of any unusual changes in employee behavior and/or lifestyle (Albrecht et al., 2008). However, this responsibility is not just an auditor's or a manager's, research has proven that tips are the most common form of detection (Kramer, 2015).

Because of the general nature of the definition, the ACFE separates asset misappropriation into nine sub-categories that make up three main categories (Kennedy, 2018). The three categories are theft of cash receipts, fraudulent disbursements of cash, and other schemes. Each of the categories is delineated further to discuss the specific forms of asset misappropriation: skimming, cash larceny, billing schemes, expense reimbursement schemes, check tampering, payroll schemes, cash register disbursements, misappropriation of cash-on-hand, and non-cash misappropriations.

Theft of cash receipts. Theft of cash receipts is the fraud tree's first branch under asset misappropriation (Figure 1). It involves stealing customer payments and other receipts (Forensic Accounting Services, LLC, 2008). The basic definition of theft of cash receipts is, stealing cash (Wells, 2007). Unlike other forms of fraud, theft of cash receipts does not require the perpetrator to create false documents or forge signatures (Wells, 2017). The two most common forms of theft of cash receipts are skimming and cash larceny.

Skimming involves taking cash from an organization before recording it in the accounting system (ACFE, 2017c). Because of ease of execution, skimming is a common occupational fraud, occurring in 11% of cases (ACFE, 2018c). Skimming can take 18-24 months to detect and causes companies approximately $50,000 in loss annually (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). This form of theft of cash receipts can involve sales and accounts receivables (ACFE, 2016b). The simplest form is skimming of sales, which involves a customer sending payment and the employee taking the payment without recording it on the books. Skimming receivables is more complex as the record of sale exists; taking the payment leaves the account overdue forcing the perpetrator to alter account balances or lap payments to hide the stolen funds. Because skimming can occur whenever funds enter the company, anyone who manages payments has the ability to skim (Wells, 2017). Skimming is difficult to trace from audit trails because the payment never enters the accounting system (ACFE, 2017c).

Though skimming is easy to perpetrate, there are ways that organizations can prevent victimization. Video monitoring spaces where employees manage cash, appropriately segregating duties, and performing inventory counts compared to current records, minimizes opportunity for fraudsters (ACFE, 2016b; Kramer, 2015). Prevention methods do not identify all fraud, making detection techniques equally as important. Companies can detect skimming by: investigating complaints from customers about payments not being posted to accounts, performing physical inventory counts, comparing the dates of payments to their posting dates to search for lapping, investigating uncollectable accounts with high balances, and reviewing employee bank accounts for similar names to the company's (ACFE, 2016b; ACFE,2019a).

The second form of theft of cash receipts is cash larceny, the stealing of cash receipts from an entity after recording it in the accounting system (Byington & McGee, 2012). Although cash larceny is a problem for businesses to be cognizant, it has proven to "…occur twice as often in small businesses" (Verschoor, 2014, p. 11). The ACFE report to the nations shows between 2014 and 2018 that cash larceny is becoming more prevalent (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). In 2014, 8.9% of the 1,483 cases studied involved cash larceny (ACFE, 2014). However, in 2018, 11% of the 2,690 cases involved this fraud (ACFE, 2018c). Cash larceny lasts approximately 18-24 months and costs the organization an average of $75,000 per year.

The two main forms of cash larceny are theft of cash from the register, and cash larceny from deposits (ACFE, 2016b). Theft of cash from the register, which involves opening the register and taking cash, is the simplest form (ACFE, 2016b). Cash larceny from deposits occurs when an employee takes cash or checks from an organization's deposits before depositing them into the bank (Byington & McGee, 201a). Companies can take precautions to lower risk and detect cash larceny more quickly by analyzing deposit slip books, using surveillance, investigating unusual deposits in transit, and following up on questions and complaints from customers about payments not being posted (ACFE, 2017b). Business practices including strict segregation of duties, performing regular bank reconciliations, stamping checks as "For Deposit Only," and storing the bank deposits in a secure location will help prevent cash larceny (Byington & McGee, 2012).

Fraudulent disbursements of cash. Another branch of the fraud tree is fraudulent disbursements of cash (Figure 1). This form of asset misappropriation is the most common (ACFE, 2017b; Wells, 2017). A study conducted by Andon, Free, and Scard (2015) revealed that 132 of the 192 cases of fraud studied involved fraudulent disbursements of cash. The ACFE separates fraudulent disbursements of cash into five sub-categories: billing schemes, payroll schemes, expense reimbursement schemes, check and payment tampering, and register disbursements (ACFE, 2018c).

Billing schemes cause an employer to issue payments by submitting false, inflated, or duplicated invoices, or invoices for personal purchases (Kramer, 2015). A study by Sow, Basiruddin, Rasid, and Husin (2018) discovered that billing schemes are the most prevalent fraud in small businesses. According to the 2018 ACFE report to the nations, billing schemes are involved in 20% of fraud cases and cost organizations approximately $100,000 per year (ACFE, 2018c). The ACFE reports proved that billing schemes go undetected for approximately two years (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). Billing schemes are easily perpetrated by an employee who has access to billing and accounting functions (Anand, Dacin, & Murphy, 2015).

One common billing scheme involves shell companies, a fake company used to bill the victim for goods or services never received (Lowe et al., 2015). Employees could also create a fictitious organization that acts as an intermediary between a legitimate company and the victim company earning profits on payments to the real vendor (Lehman & Weidenmier, 2005). When perpetrated it often leaves a trail of signs that auditors can follow. Common warning signs include vendors' name matching employee's initials, vendor addresses matching employee's address, vendor data missing, high-volume activity for new vendors, invoices that are lacking fold marks, or invoices being numbered consecutively (ACFE, 2017b; Kramer, 2015; Lehman & Weidenmier, 2005). Investigating warning signs, and conducting unannounced reviews of vendor websites, vendor activity, duplicate purchase orders, sequential invoices, refunds distributed, and analytical reviews can help detect fraud and lower risk (ACFE, 2017b; ACFE, 2019b).

A payroll scheme exists when someone initiates a false compensation claim, resulting in the employer issuing payment (Alleyne & Elson, 2013). According to the 2018 ACFE report to the nations, payroll schemes were involved in 7% of the 2,690 fraud cases examined, and cost organizations approximately $63,000 annually (ACFE, 2018c). This fraud can take two to two and a half years to detect and occurs 2.6 times as frequently in businesses with less than 100 employees than those with more.

The two forms of payroll schemes utilized include inflated claims for compensation by falsification of data and the theft of paychecks made out to a former or false employee (Daigle, Morris, & McSwain, 2017; Maguire, 2017). Although individuals involved in payroll fraud are more likely to act alone by falsifying timecard data, it is common for an employee with payroll responsibilities to be involved (ACFE, 2014; Maguire, 2017). Conducting periodic reviews of payroll records can help detect and prevent payroll schemes. Signs to look for include payroll checks with no deductions and checks made out to employees who no longer work for the organization.

Conducting reviews comparing payroll checks to human resources' employee records can ensure that fake or former employees are not receiving payments (Maguire, 2017). Furthermore, employers should establish proper segregation of duties; never allowing payroll staff to generate their own paychecks (Kappel, 2018). Segregation of payroll tasks is vital; the same person should not hire employees, process payroll, and manage payroll accounting. Additionally, employers can conduct internal audits, create a separate bank account for payroll funds, and routinely ensure proper payment of taxes to lower payroll scheme risk.

Expense reimbursement schemes are the third branch of the fraud tree (Figure 1) and involve employees submitting false or inflated claims for reimbursement of business expenses

(Delaney, Coe, Coussens, & Reddington, 2015). The ACFE report to the nations indicates that expense reimbursement schemes are included in 13% to 14% of fraud cases and can cost organizations $30,000 - $40,000 annually (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). The ACFE also indicates that expense reimbursement schemes have an average duration of two years. This form of asset misappropriation occurs approximately twice as frequently in organizations with less than 100 employees than those with more than 100 employees. Expense reimbursement schemes occur most commonly in the religious, charitable, social services, and professional services industries (ACFE, 2018c).

Expense reimbursement schemes include: mischaracterized expenses, overstated expenses, fake expenses, or duplicate expenses (ACFE, 2017b). Because the claimed expenses often occur when the employee is not with someone who can verify them, detecting expense reimbursement fraud is difficult (McGee & Byington, 2008). However, there are ways to prevent and detect these schemes effectively. Maguire (2017) suggests comparing employees' historical expense trends and comparing employees with similar travel requirements to detect excessive reimbursement claims. Other detection techniques include comparing travel dates with dates on receipts, obtaining random confirmations from clients for business meal expenses, and having the expenses reviewed by a manager outside of the employee's department (McGee & Byington, 2008). Prevention of expense reimbursement schemes is ideal; to effectively prevent this fraud, research suggests setting up an accounting system that identifies duplicate payments, not allowing cash advances, being consistent with travel policies, informing employees that periodic audits of expenses will be conducted, and requiring receipt documentation for expenses claimed (Maguire, 2017; McGee & Byington, 2008; Wells, 2017).

The fourth branch of asset misappropriation is check or payment tampering (Figure 1). Check or payment tampering involves taking company checks and making them payable to oneself (Fraud Fighting, 2017a). The 2018 ACFE report to the nations revealed that check and payment tampering was the costliest form of asset misappropriation, costing approximately $150,000 per year (ACFE, 2018c). This fraud was involved in 12% of the 2,690 cases studied, and took two years to detect. Check and payment tampering occurred 2.75 times more frequently in businesses with less than 100 employees than those with more than 100 and was most commonly present in the professional services industry. The most common ways to perpetrate this fraud include forged maker, forged endorsements, altered payees, and authorized endorsement schemes (Fraud Fighting, 2017a; McGee & Byington, 2013).

Check and payment tampering are unique because the perpetrator does not have to create false documentation to steal funds, they simply obtain company checks and forge them (McGee & Byington, 2013). However, the perpetrator can be anyone within the organization with access to unsecured checks (Marden & Kaenzig, 2013). Detecting this fraud can be problematic because the perpetrator is often the same individual who conducts bank reconciliations, allowing them to alter information and cover their tracks (McGee & Byington, 2013). To prevent check or payment tampering, segregation of duties should exist that prevent one employee from issuing checks and reconciling bank statements. Other forms of detection include; finding missing, duplicate, or out of sequence checks and investigating checks that were paid but do not match the check issued (Debenham, 2016).

In the ACFE fraud tree, register disbursement schemes are the last branch under fraudulent disbursements (Figure 1). This fraud is the least common form of asset misappropriation, occurring in only 2%-3% of fraud cases (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). Register disbursements cost organizations approximately $20,000-$30,000 annually and take approximately one year to detect. This form of theft commonly occurs in the sales department of retail organizations (ACFE, 2018c).

Register disbursements include false refunds and false voids (ACFE, 2010; ACFE, 2017b). A false refund occurs when the perpetrator enters a transaction on the register indicating a return but keeps the issued funds for themselves. A false void occurs when the employee at the register keeps a receipt from a customer and processes a voided sale keeping the money for themselves (ACFE, 2019e). Employers can detect register disbursement fraud by comparing the number of voided sales by the sales clerk and investigating any outliers, reviewing refunds greater than the sales price of an item, and investigating voids or refunds under the review limit (ACFE, 2017b; ACFE, 2019b). Prevention techniques include: preserving security of access codes to registers, conducting random cash counts of register drawers, maintaining supervision within the register locations, requiring and reviewing documentation for voids and refunds, and implementing segregation of duties regarding preparing a register count and ensuring it agrees to register totals (ACFE, 2010; Wells, 2017).

Other schemes. Theft of cash-on-hand and theft of inventory and non-cash assets are the final two fraud tree branches (Figure 1). Theft of cash-on-hand occurs when physical cash that is kept at the business including cash secured in a vault, or petty cash, is stolen (ACFE, 2017b; Kennedy, 2018). The ACFE reveals that theft of cash-on-hand is the least costly fraud, resulting in an average loss of $20,000 per year (ACFE, 2018c). This form of asset misappropriation fraud exists in approximately 11%-15% of fraud cases and takes between one and one and a half years to discover (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). The arts, entertainment, and recreation industry experiences theft of cash-on-hand most often, commonly in the customer services department (ACFE, 2018c).

The cash register is the likeliest place for theft of cash to occur; employees can steal the cash at any point during a transaction (Fraud Fighting, 2017f). This fraud differs from skimming because there is a transaction recorded. Employers can detect theft of cash by counting the till every time an employee leaves for the day and reconciling cash-on-hand with the balances shown in the accounting system (ACFE, 2019b). Implementing policies that deter employees from stealing, such as counting the till between users or using cameras to monitor the spaces where cash is can prevent this fraud.

Non-cash misappropriations are the final branch of the ACFE's fraud tree (Figure 1). This is the theft of physical items of value, or the misuse of non-cash assets such as equipment (Albrecht et al., 2008). Non-cash fraud occurs in approximately 21% of cases, costs organizations $98,000 annually, and takes approximately 18 months to identify (ACFE, 2018c). Unlike all other forms of asset misappropriation, non-cash theft occurs more often in companies with over 100 employees than those with less. Theft of non-cash assets occurs most frequently in the purchasing department of retail organizations.

The two forms of non-cash misappropriations are misuse of non-cash assets and theft of non-cash assets (ACFE, 2019b). Misuse of non-cash assets includes using company computers, cars, and office supplies for personal use (ACFE, 2017b). Theft of non-cash assets involves taking inventory or scrap and selling it later for personal financial gain. Misuse is equally as harmful as theft of non-cash assets because using business assets for personal reasons causes deterioration that decreases its value and minimizes its productivity levels (ACFE, 2017b).

Although non-cash misappropriation is common, there are a significant number of ways to detect and prevent it. Effective detection tools include:

1. Performing physical inventory counts to compare recorded amounts to actuals.
2. Identify and investigate increases in bad debt expenses.
3. Investigate any unexplained entries in perpetual inventory records.
4. Look for signs of altered invoices.
5. Perform historical analysis of inventory levels to detect shrinkage.
6. Compare stock turnover.
7. Compare ratios and trends in inventory to identify significant changes between periods (ACFE, 2017b; ACFE, 2019b; Ashcroft, 2011; Maguire, 2017).

In conjunction with detection techniques, employers can utilize prevention tools to lower fraud risk related to non-cash misappropriation. Performing unplanned inventory counts, implementing strong segregation of duties and physical controls, and establishing a high moral environment can help prevent misappropriation of non-cash assets (Ashcroft, 2011; Daigle et al., 2017; Maguire, 2017). These techniques encourage employees to have high ethical standards and deter theft and misuse by showing employees that management is closely monitoring non-cash assets

Prevalence of fraud in NFPs and its effects. Fraud in NFP organizations is a growing problem (Bradley, 2015). According to the ACFE (2018c), 9% of the 2,690 fraud victims were NFPs, and fraud cost those organizations approximately $75,000 annually. Depending on the type of NFP, the average loss can vary; religious NFPs suffered revenue losses of $90,000 per year. The true number of NFP fraud cases that exists is higher than what the ACFE studied; many NFPs prefer to manage fraud internally to avoid the costs related to publicly disclosing scandals (Harris et al., 2017). Although the losses incurred by reported NFP fraud was less than what for-profit organizations lost, the cost associated with NFP fraud is more than just financial. The ACFE does not try to quantify the dollar amount associated with indirect loss such as effects on reputation (Archambeault & Webber, 2018).

This review focuses on asset misappropriation as it is the most common form of fraud in NFP organizations (Archambeault & Webber, 2018; Harris et al., 2017; McDonnell & Rutherford, 2017). The lack of internal controls, environment of trust, difficulty in verifying cash revenue streams, reliance on volunteers, and lack of resources makes NFPs particularly susceptible to asset misappropriation (McDonnell & Rutherford, 2018). Although asset misappropriation is a less costly form of fraud identified in NFPs, there is a significant lack of research in this sector (Harris et al., 2017). In the following sections, the principal investigator will discuss specific forms of asset misappropriation fraud within NFP organizations and the effects that this fraud has on revenue and reputation.

Examples of NFP asset misappropriation fraud. NFPs are not exempt from fraud; they are often more susceptible because of their lack of controls, the difficulty of verifying cash revenue, and an environment of trust (Kummer, et al., 2015). Examples of asset misappropriation in NFPs are numerous, some causing more financial harm than others do, but each one leads to distrust and high costs for the victim organization. Some examples of NFP asset misappropriation include:

- The Leonardo DiCaprio Foundation was created to bring attention to environmental issues and fund solutions (Varner, 2016). In 2016, authorities discovered that the charity was part of an embezzlement scheme receiving $3 billion from the Malaysian state fund that was supposed to be promoting economic development in the country (Park, 2016).

- In 2016 the chief executive officer (CEO) and chief operating officer (COO) of The Wounded Warrior Project was charged with spending lavish amounts of charitable funds on conferences and business travel (Fox News, 2016). The 2014 tax statements identified $26 million spent on business travel and conferences, a substantial increase in spending from the $1.7 million in 2010. As a result, the organization fired the two men and has begun improving financial responsibility (Varner, 2016).
- The executive director of the Finnish American Home Association (FAHA) embezzled $139,000 from the NFP organization using check tampering (Callahan, 2018).
- The treasurer of the Tri-Boro Youth Soccer Club was guilty of stealing $120,000 from the NFP (Pennington, 2016). Mr. Farley was skimming funds that parents paid in cash and checks for their children to be in the league.
- Amy Young, the director of family support at LifeLinks in Chelmsford Massachusetts, was guilty of stealing over $135,000 in taxpayer money meant for disabled children (Rasmussen, 2019). She had been using company funds to pay for gym memberships, doctor and dentist bills, electronic equipment, and home contractors. Discovery of her fraud occurred when she had the NFP write a check to a bowling alley, claiming she had a Family Support Parents Night Out, but was paying for her sorority reunion party (Rasmussen, 2019).

These examples are a few of the asset misappropriation cases within NFP organizations. Though publicizing fraud occurs, many cases are not, organizations manage them internally as a means of avoiding scandal (Harris et al., 2017). Each of the fraudulent cases above had financial and reputational repercussions. Though some are able to overcome the scandal, others are not. Research suggests that over one-fourth of NFPs that have a publicized case of fraud do not survive more than three years beyond publication (Archambeault & Webber, 2018). Learning to properly detect, prevent, and manage fraud will help NFPs survive longer and achieve their missions more effectively.

Effects on revenue. Fraud has detrimental consequences for NFP organizations. A major consequence is the loss of revenue. An analysis of fraud cases between January 2016 and October 2017 revealed that organizations lose 5% of their revenue to fraud annually (Moritz, 2018). The ACFE report to the nations studied 2,690 cases of fraud and discovered that 9% of them involved NFP companies, they lost approximately $75,000 annually (ACFE, 2018c). Although the number of recorded frauds is lower for NFPs and the amount of financial loss is significantly less, the loss they experience is often more damaging due to their minimal resources (ACFE, 2018c; Archambeault et al., 2015). When the public heard about fraud within United Way, their fundraising dropped from $90 million to $19 million over the next three years (Lee, 2016). Because NFPs rely primarily on donations as a source of revenue, losing significant support imposes mission meeting difficulties (Archambeault & Webber, 2018). When fraud occurs in an organization, revenue decreases in two ways; by the amount stolen and by the amount that is lost in future revenue, such as donations. The dual effect on revenue is a major cause for NFPs to take action against fraud.

Effects on reputation. The effects that NFP fraud has on revenue are significant, but the effects on an NFP's reputation may be more so. With the growing levels of fraud, potential donors are more cautious with their funds and are researching NFPs before donating (Archambeault et al., 2015). Charity rating sites such as Charity Watch and Charity Navigator, enable donors to separate the ethical from the unethical. Although each site uses different metrics to measure morality, Charity Watch specifically identifies material asset misappropriation so its users will know how donations are spent. Because NFP organizations rely on donations, many organizations chose not to report fraud to law enforcement for fear of bad publicity (Maguire, 2016). The example of United Way suggests that a stained reputation can affect existing resources as well as future revenue due to donor perception (Lee, 2016).

When fraud exists in an NFP organization, one consequence may be diminished ability to attract new personnel and volunteers (Santos, et al., 2019). At the Wounded Warrior Project an Army Staff returning from Iraq admired the work the organization did and accepted a job. Two years later he quit because he discovered purposeful mismanagement of donation revenue (Fox News, 2016). This organization spent significant sums of money on lavish conferences and catered parties. After determining the misappropriation, the company fired those in charge of the spending and new leaders began to rebuild the NFP's reputation. Ernst & Young (2019) discovered that in 2017, 82% of respondents would look for a new job if they discovered the company for which they worked was involved in fraudulent activities. Furthermore, 93% of individuals stated that compliance culture and ethical behavior was an important factor in taking a job, or not. Two out of five individuals would also be willing to take a pay cut to work for ethical organizations (Ernst & Young, 2019).

Theories on fraud prevention, detection, and management. Theories in qualitative research are an approach to answering a specific inquiry (Bradbury-Jones Taylor, & Herber, 2014). Because the characteristics of fraud are often missed before it occurs, theories help explain how it occurs and how to protect against it (Vousinas, 2019). Fraud theorists seek to identify the major factors that make up fraudulent activity, so businesses can recognize suspicious behavior or activity, preventing fraud. The fraud triangle is one of the most well-known and widely accepted theories to explain fraud (Sorunke, 2016). Although the fraud triangle is popular, there are other theories used to explain how and why fraud occurs. In the following sections, the principal investigator discusses the fraud triangle, the fraud management lifecycle theory, and the routine activity theory. Each theory contributes specific ideas and explanations to the topic of occupational fraud and, when used together, provide a deeper understanding that can help employers protect their businesses.

The fraud triangle. Donald Cressey developed the fraud triangle in 1953 (Lokanan, 2015). The theory postulates that fraudulent activity occurs in the presence of three factors, pressure, opportunity, and rationalization (Huang et al., 2017; Huber, 2017; Morales et al., 2014). Cressey studied 250 criminals over a five-month period to determine what led to fraud perpetration (Abdullahi & Mansor, 2018). This theory increases understanding of all occupational fraud; however, research indicates that the root causes of asset misappropriation are the elements of the fraud triangle (Bakri et al., 2017). Pressure includes the circumstances of the perpetrator, which causes stress and leads to fraudulent behaviors (Mangala & Kumari, 2015). Opportunity is the ability to perpetrate fraud without punishment (Johansson & Carey, 2016). This element exists in poor workplace conditions such as weak internal controls that employees exploit (Mui & Mailley, 2015). Rationalization occurs when the perpetrator lowers their ethical values and justifies fraudulent behaviors (Brown, Hays, & Stuebs, 2016).

An example best explains the elements of the fraud triangle. In 2012, Rita Crundwell, the comptroller and treasurer of Dixon, Illinois was arrested for embezzling town funds (Udeh, 2013). During the following year, investigators discovered the extent of her fraud; Rita had embezzled money from Dixon, IL for 22 years, her theft totaled over $53 million (Carozza, 2018; Janssen, 2017). This embezzlement case resulted in the largest municipal monetary loss, nation-wide, in U.S. history (Daigle et al., 2017). Citizens, employees, and fraud investigators have questioned how she was able to perpetrate her crime for that amount of time (Carozza, 2018).

Because Rita was the comptroller and the treasurer, she performed the majority of the town's financial duties including: maintaining custody of checks, signing checks, keeping invoice and bank records, performing reconciliations, and picking up the mail (Udeh, 2013). This severe lack of segregation of duties enabled Crundwell to control every aspect of her crime. The element of opportunity was strengthened with the lack of due diligence by auditors and bank personnel (Hancox, 2014). Bank confirmations identifying an unauthorized account, invoices with no Illinois Department of Transportation logo, invoices with typos and even dollar amounts, and no verification of assets purchased were a few recognizable red flags the auditors should have heeded. Furthermore, the bank should have investigated the checks cashed by Rita that listed the recipient as "Treasurer" for hundreds of thousands of dollars (Apostolou, Apostolou, & Thibadoux, 2015). Because Rita knew the controls within the city government were weak, the auditors were not doing their jobs adequately, and the banks were not following standard protocol, she was able to continue the fraud.

Examples of pressure to perpetrate fraud include: greed, maintaining an extravagant lifestyle, personal debt or expenses, and financial problems (Abdullahi & Mansor, 2018). The pressure for Crundwell's fraud was the desire to live beyond her means. Crundwell used the stolen funds to finance her lifestyle, including multiple homes and vehicles, multiple horse-farming operations for her championship horses, and extravagant jewelry (Daigle et al., 2017). Rita's co-workers and horse-show acquaintances never knew how she funded her lifestyle; some believed her family was wealthy, others heard rumors that she inherited money from a deceased boyfriend (Pope, 2017). Rita never said how she attained her wealth until the police caught her. With the embezzlement increasing year to year, it was clear she was doing so to fund her increasingly extravagant lifestyle.

The final element, rationalization, is more difficult to understand as Rita never gave an interview explaining how she justified her fraud (Janssen, 2017). However, research suggests that fraudsters commonly rationalize their actions by saying, "I was going to repay the money," "I was underpaid and deserved the money," or "I had to provide for my family" (Abdullahi & Mansor, 2018, p. 531). Because Rita was funding her own lifestyle and exhibited no intention of repaying the funds over the 22-year period, onlookers might assume her rationalization came from receiving a low salary. Jobs in the municipal government offer minimal pay and are often thankless (Pope, 2017). Many individuals working in Dixon's government had second jobs to make a decent living. However, Rita had significant responsibility and did not believe she received adequate compensation, creating a rationalization for theft.

Although the fraud triangle has been useful in understanding how and why occupational fraud occurs, theorists expanded it to mitigate the limitations it presents (Lokanan, 2015). The fraud triangle fails to explain how companies can be accomplices to illegal acts through endorsement or concealment of fraud (Cooper, Dacin, & Palmer, 2013). Lokanan (2015) explains that although rules exist to deter fraudulent behavior, managers sometimes pressure employees to meet goals by any means necessary, overlooking suspicious behavior. To add depth to the triangle, researchers Wolfe and Hermanson added a fourth element, capability, and renamed the theory the fraud diamond in 2004 (Huber, 2017).

The fraud diamond. The fraud diamond expands the fraud triangle by adding a fourth element, capability (Bakri et al., 2017). Capability exists in different aspects; the professional position of the perpetrator, intelligence to recognize and exploit an opportunity, confidence, coercion skills, ability to sustain lies, and ability to manage the stress of perpetrating fraud over time (Mui & Mailley, 2015). Capability closes the gap between opportunity and execution (Mangala & Kumari, 2015). Wolfe and Hermanson (2004) believe that without capability, fraud would not occur. This belief proves the fraud triangle inadequate to fully explain how and why occupational fraud occurs.

Using Rita Crundwell, and expanding into the fraud diamond, capability existed in multiple facets. Rita's position as comptroller and treasurer of the town allowed her to closely manage all financial aspects of the town (Pope, 2017). Co-workers noted that Rita was the person to talk to when financial questions arose; if something was confusing on paper, she could explain it in a way that made sense. Manipulating accounts and convincing others it was legitimate was a significant form of capability.

Another facet of Crundwell's capability was confidence. Most embezzlers do not use vacation time; any time away from the office risks revealing the crime because they cannot cover their tracks (Kramer, 2009). However, Rita Crundwell frequently took vacation time to attend horse shows (Daigle et al., 2017). In 2011, she took her usual four weeks of paid vacation, and an extra 12 weeks of unpaid vacation (Apostolou et al., 2015). Her confidence in retaining control away from the office for weeks at a time was unique.

Finally, her ability to manage the stress of fraudulent activities over the 22-year period was a capability that helped her succeed. Throughout the time she was perpetrating her fraud, rumors spread about the source of her wealth, but she always acted as if it came from legitimate sources (Udeh, 2013). Her ability to maintain the lies and manage stress related to the thefts contributed to her embezzlement.

The fraud management lifecycle theory. Wilhelm developed the fraud management lifecycle theory in 2004 (Amasiatu & Shah, 2018). The theory has eight components: deterrence, prevention, detection, mitigation, analysis, policy, investigation, and prosecution. Instead of explaining why fraud occurs, this theory seeks to prevent fraud by improving existing activities and managing detected fraud more effectively (Nabhan & Hindi, 2009). The theory can analyze any type of occupational fraud; however, this project examines asset misappropriation. The first two stages of the lifecycle are similar. Deterrence is the inhibiting or prevention of activity by fear of consequences (Wilhelm, 2004). Prevention is to hinder a person from acting. Both components integrate successfully by maintaining high-security levels and introducing verification processes making perpetration more difficult.

The next three components involve managing existing fraud. The first is detection, the actions involved in discovering fraud (Amasiatu & Shah, 2018). The next is mitigation, which involves all steps taken to limit the amount of loss related to the existing fraud by disallowing the fraud to proceed any further. Mitigation techniques range from a verification of credit cards to lengthy employee investigations (Wilhelm, 2004). Implementing mitigation techniques quickly minimizes loss. The third step is analysis, the study of how the fraud occurred, including situational and personal factors.

The final three steps suggest actions to take after fraud detection; the three steps are policy, investigation, and prosecution (Ocansey, 2017). Policy explores how fraud was able to occur given existing policies, and what changes will strengthen them to reduce future fraud occurrences (Amasiatu & Shah, 2018). Investigation relates directly to the detection phase; when fraud or suspicious activity occurs, the investigator must support any claim with sufficient evidence. A connection with law enforcement is vital during this phase as they offer resources that will discover the truth effectively (Wilhelm, 2004). The final component is prosecution or issuing legal punishment to the perpetrator. Conducting this step of the process is crucial for an organization to uphold its reputation against fraud and create higher levels of deterrence for future crimes (Wilhelm, 2004).

The routine activity theory. Cohen and Felson (1979) developed the routine activity theory in 1979. Rather than examining the criminal, this theory concentrates on the victim and what situations, or aspects of their routine make fraud possible (de Melo et al., 2017). The theory posits that fraud occurs because of normal daily routines (Corcoran, Zahnow, & Higgs, 2016). Crime rates increased in the U.S. between 1947 and 1974, many theorists examined the perpetrator and believed the increase was due to the rise in people willing and able to perpetrate crimes. However, Cohen and Felson (1979) believed the rise in crime was due to the victims' altered routines. Routines changed when women entered the workforce; with nobody staying home during the day, homes were more likely targets for crime. The theory suggests that fraud risk is highest when there is a motivated offender, a suitable target, and the lack of a capable guardian (Mui & Mailley, 2015).

NFP asset misappropriation cases includes each component of this theory. Because NFPs employ unpaid volunteer workers, there are various potentially motivated offenders increasing misappropriation risk (Groble & Brudney, 2016). The environment of trust and lack of internal controls makes many NFPs viable targets for fraud (Harris et al., 2017). Finally, according to McKeever and Gaddy (2016), the NFP sector is the smallest sector regarding employee count, hiring approximately seven times fewer employees than a for-profit entity. Fewer employees make segregation of duties more difficult and decreases capable guardianship.

In 2007, the Catholic Diocese of Richmond Virginia charged a Catholic priest with embezzlement (Pollock & Papiernik, 2017). The priest suffered from chronic illnesses and was struggling financially to support a secret family that he had before becoming a priest in the U.S., making him a motivated offender. After he became a pastor in the Diocese in 1993, he received a letter authorizing him to manage all financial issues of the parishes (Pollock & Papiernik, 2017). With this authorization, he opened an undisclosed bank account under the parish's name and began wiring money to his personal bank account. The lack of segregation of financial duties made the Diocese a suitable target for the priest. Finally, he managed incoming mail and making deposits of charitable giving. Because nobody confirmed the deposits made, the Diocese did not have a capable guardian that could be trusted to act ethically. The existence of a motivated offender, a suitable target, and lack of capable guardian increased the Catholic Diocese's fraud risk.

Popular tools and techniques available to combat fraud. A variety of tools and techniques can help NFP organizations lower their fraud risk. However, a 2014 leadership survey conducted by Marks Paneth indicated only 20% of NFP leaders have a risk assessment process in place, and 43% believe the cost of facilitating such processes is a major challenge

(McNee, 2015). Risk assessment and the implementation of internal controls help prevent and detect fraud quicker. Some forms of fraud detection, prevention, and management can be costly, however, there are inexpensive ways to lower risk that are effective.

Risk assessment. Risk assessment reviews the changes in environment that impede a business from meeting its objectives (Trompeter, Carpenter, Desai, Jones, & Riley, 2013). Assessing risk is an auditing requirement; SAS No. 99 requires auditors to determine weaknesses enabling fraud to occur at each client. Organizations conducting a risk assessment should identify a plan for detecting fraud, estimate the significance and likelihood of fraud, and determine actions to manage it (Al-Thuneibat, Al-Rehaily, & Basodan, 2015). Because business conditions change constantly, risk assessment is necessary to detect threats (Kong, Lartey, Bah, & Biswas, 2018). Research suggests that assessing risk and implementing risk management practices reduces unpredictability of financial performance (Al-Thuneibat et al., 2015).

Bik and Hooghiemstra (2018) indicated that fraud risk assessment relies on professional judgment. However, judgments alone are not enough to prevent fraud, supplementing internal controls is vital (Kong et al., 2018). Internal controls are an outcome of a thorough assessment used to minimize existing risks (Mohd-Nassir, Mohd-Sanusi, & Ghani, 2016). Internal auditors can perform risk assessments, but bias could exist based on their relation to management (Wang & Fargher, 2015). Hiring an auditing firm to perform an assessment can reveal weaknesses that internal auditors might overlook.

Control environment. The control environment is the basis for internal control design (Rubino, Vitolla, & Garzoni, 2017). According to Noland and Metrejean (2013), the control environment reflects top management's attitudes based on actions and policies. The COSO framework lists the control environment as the first, and most important, component for evaluating internal controls (Trompeter et al., 2013). It includes elements such as integrity, ethics, management's attitude (also termed "tone at the top"), organizational structure, delegation of authority, management philosophy, and professionalism of employees.

According to Sow, Basiruddin, Mohammed, and Rasid (2018), management's interaction with internal controls determines their ability to prevent fraud. Kong et al. (2018) believe the control environment is the organization's foundation for forming all control elements and reflects the corporate culture. The control environment should make evident the tolerance and ethical commitment of the company to help management make strategic change decisions and manage risk. This factor directly affects the mindset of employees and the strength of internal controls (Le & Tran, 2018). If the control environment is strong, employee morale is improved, and opportunity for asset misappropriation decreases. A study by Le and Tran (2018) indicated that control environment was the strongest opposition to fraud. Although a strong control environment is important, it needs support from strict internal controls to prevent and detect fraud.

Internal controls. Internal controls are processes enacted by management and the board of directors to reasonably assure goal achievement, reporting, and compliance (Suh et al., 2019). They mitigate risk but do not detect fraud (Burchett & Morrow, 2017). Controls set a standard for how to present data. Detection occurs when someone notices a deviation from standards. Although well-designed internal controls cannot eliminate all occupational fraud, they deter fraudsters by reducing opportunity. According to the ACFE (2018c), internal control weakness is the cause for half of frauds surveyed. The 2018 report reveals that auditing internal controls reduced fraud duration and loss by 50% (ACFE, 2018c). Furthermore, asset misappropriation fraud occurred most when there was a lack of internal controls. Examples of internal controls are: segregation of duties, task rotation, whistleblower policies, effective audit teams, and vacation policies (Hollow, 2014; Kong et al., 2018).

Whistleblower policies. Whistleblowing is the disclosure of illegal, immoral, or unethical acts by members of an organization to individuals who can affect change (Scheetz & Wilson, 2019). According to the ACFE, whistleblowing is the most effective form of fraud detection, with tips revealing approximately 40% of fraud (ACFE, 2018c; Gao, Greenberg, & Wong-On-Wing, 2015). NFP studies indicate that organizations retaliate against whistleblowers (McDonnell & Rutherford, 2018). A study conducted by Rothschild (2013), in the NFP sector, discovered that internal whistleblowers endured retaliation including: loss of job or forced retirement, negative performance evaluations, being monitoring more closely, blacklisted from receiving other jobs in their field, and criticism and avoidance by co-workers. If the whistleblower used external means of reporting, retaliation increased 10-15%. Employees are disinclined to report fraud if known consequences exist. The ACFE recommends implementing anonymous hotlines to encourage employees to blow the whistle (Johansson & Carey, 2016). Research suggests anonymity encourages fraud reporting because perceived personal cost decreases.

Psychological research theorizes that type of fraud effects whistleblower reporting (Scheetz & Wilson, 2019). Social psychology explains that theft causes a personal gain, leading the whistleblower to attribute more responsibility to the fraudster. Financial statement fraud benefits the organization, leading the whistleblower to evaluate contextual factors, often leading to lower reporting because they attribute less responsibility to the fraudster. This theory is consistent with conclusions from prior literature that whistleblowers are likelier to report asset misappropriation than financial statement fraud (Scheetz & Wilson, 2019). McDonnell and

Rutherford (2018) states that whistleblowers in NFPs observe misconduct multiple times before reporting. Threat of retaliation decreases the speed at which whistleblowing occurs. However, NFPs with a whistleblower policy are 2.093 times likelier to detect fraud than those without (Kummer et al., 2015). Despite the benefits, only 11.47% of NFPs utilize whistleblower policies. Implementing such policies would reduce and detect asset misappropriation in NFPs faster.

Segregation of duties. Segregation of duties is the separation of business practices to reduce fraud (Singh & Best, 2016). A case of skimming involved a cashier at a small medical clinic; the cashier was responsible for managing and depositing cash (Kramer, 2015). The organization violated the principle of segregation of duties because the functions of managing cash and cash records enabled the fraudster to perpetrate and cover their crime. Research suggests that asset misappropriation fraud targets organizations with weak segregation of duties (Akkeren & Buckby, 2017).

Size can limit an organization's ability to implement effective segregation of duties (Maguire, 2014). Small and medium-sized NFPs often lack the number of employees needed to segregate duties adequately (McSwain, Wukich, & McSwain, 2015). Because segregation of duties is a preventative internal control, implementation should occur if job duties can create improper behavior or collusion, making fraud likely (Liu, Wright, & Wu, 2014). To overcome the lack of employees, Maguire (2014) suggests requesting the help of a board member to perform tasks including reconciliations or receiving the bank statement to properly segregate duties.

Audit teams. Effective audit teams are vital for internal control development and fraud detection and prevention (Chang, Chen, Cheng, & Chi, 2019). The ACFE (2018c) indicates that internal audit teams discover approximately 15% of fraud, and external audit teams discover approximately 4%. Being an active detection method, internal audits are likelier to uncover fraud. The responsibilities of internal auditors are to "Examine, evaluate, and monitor the adequacy and effectiveness of internal control" (Chang et al., 2019, p. 1). Research verifies that the size of internal control audit teams, number of certifications, work experience, and levels of education effect internal controls and number of deficiencies reported. NFPs experience restraints for internal audit teams because of smaller, less qualified workforces (Vitan & Mihălţan, 2015). A study by Domanski (2016) of 235 Polish NFPs discovered that 75.7% have an internal audit procedure, and 64.3% think it is effective in preventing and detecting fraud. Implementing internal audit procedures in NFPs in the U.S. could lower fraud risk.

Task rotation. Task rotation, also called job rotation, is the cross-training of employees on various tasks and sporadic rotation of responsibilities (Jones, 2014). Job rotation is a lateral change, never altering employee salary or hierarchical levels (Kampkötter, Harbring, & Sliwka, 2016). Rotation is a prevention and detection method (Mirinaviciene, 2014). Fraud risk increases when employees stay in a position for an extended length of time (Jones, 2014). When employees change tasks, they provide a new perspective and can likely detect issues previously overlooked (Jones, 2014).

Employees build close relationships with customers and vendors, creating opportunity (Prabowo, 2014). Employee rotation lowers theft possibilities by changing the employees' duties and access to cash (Maguire, 2017). Alternating employees' jobs prevents manipulation of system weaknesses and concealment of fraud (Nawawi & Salin, 2018a). Small organizations with limited employees, such as NFPs, struggle implementing task/job rotation (Andon et al., 2015). However, finding ways to do so can reduce fraud by approximately 23% (ACFE, 2018c).

According to the ACFE, less than 20% of companies with under 100 employees utilize task rotation. Research indicates that task rotation can save approximately $30,000 annually, which is significant for NFPs with limited funds.

Vacation policies. Vacation policies enable employers to require employees take time off throughout the year, or implement policies disabling employees from using vacation days outside the year earned (Jones, 2014). Employees refusing to use vacation time is a red flag (Reurink, 2018). Many embezzlers do not take vacations because maintaining fraud requires constant attention (Kramer, 2015). Vacation policies cannot prevent fraud alone, if nobody manages the responsibilities when the employee is away, the fraud will continue (Maguire, 2017). However, time off disrupts the fraudsters' routine and the employees managing the responsibilities often discover the fraud (Prins & Bhuse, 2018). According to the ACFE (2018c), implementing mandatory vacation policies reduces fraud by approximately 23%. Only 19% of the 2,690 cases reviewed had a vacation policy in place; those without vacation controls suffered an average loss of $30,000 more annually (ACFE, 2018c). The FDIC recommends forced vacation policies for banks but are effective in all sectors of business (Prins & Bhuse, 2018).

Potential themes and perceptions. The existing literature regarding occupational fraud and NFPs contains four themes and/or perceptions. The themes and perceptions are: fraud is a growing problem, asset misappropriation is the most common occupational fraud, NFPs are more susceptible to fraud, and anti-fraud techniques lower risk. The principal investigator found these themes consistent with assumptions made before reviewing literature and expects them to remain true during data collection.

Increases in fraud was a theme in the existing literature. The ACFE estimates that the average organization loses 5% of its revenue from fraud (Kummer et al., 2015). Bradley (2015) states that NFP fraud is continually increasing. The NFP sector is losing approximately $40 billion annually to occupational fraud. Moore (2018) believes that growth of occupational fraud around the world affects all members of society by financial and job loss. In one study, employers cut wages in two of their three plants and discovered that employee theft increased in the affected plants (Shepherd & Button, 2018). Research reveals that fraud costs businesses billions of dollars annually and displays no signs of decreasing (Nawawi & Salin, 2018b). According to the ACFE, from 2016 to 2018, the total amount of fraud loss increased from $6.3 billion to $7 billion (ACFE, 2014, ACFE, 2018c).

Research states that asset misappropriation is consistently the most common occupational fraud perpetrated (Bakri, 2017; Hunt, 2014; Moore, 2018). The ACFE (2018c) indicates that 89% of the 2,690 cases studied included asset misappropriation, increasing from 83% of the 2,410 cases from 2014 (ACFE, 2014). In the NFP sector, asset misappropriation accounts for approximately 95% of fraud (Harris et al., 2017). Although asset misappropriation is less costly, any amount of loss is significantly damaging for NFPs with limited resources (Archambeault et al., 2015).

A common theme in the research was that NFPs are more susceptible to fraud. Archambeault et al. (2015), explain that NFPs often have weak controls, enabling asset misappropriation to be undetected. NFPs are vulnerable to fraud because of the trusting environment, weak internal controls, reliance on volunteers, inexperienced workers, and difficulty verifying cash revenue (Kummer et al., 2015). Risk increases in NFPs because they utilize volunteers instead of paid staff members (Akingbola, 2013; Groble & Brudney, 2016). NFPs often have a limited number of employees, making segregation of duties difficult

(Maguire, 2014). The ACFE (2018c) also reveals that fraud victims are most often organizations with less than 100 employees, and they suffer the greatest financial loss.

Research has revealed that anti-fraud techniques are effective risk reducers (Kummer et al., 2015). The ACFE (2014; 2018c) analyzed 18 anti-fraud controls and discovered that implementation lowered fraud and shortened duration. The report to the nations revealed losses occurred in organizations without anti-fraud controls were $15,000 - $140,000 higher than their counterparts that implemented the controls; they discovered that it was more common for companies with over 100 employees to have the techniques implemented (ACFE, 2018c). Anti-fraud controls result in a 54% reduction in fraud loss (Maguire, 2017). However, it is more difficult for smaller organizations with fewer resources to maintain sophisticated anti-fraud controls (Cezair, 2009). The lack of anti-fraud controls puts smaller organizations at greater risk, resulting in debilitating losses if fraud occurs (Moore, 2018). However, studies suggest that the implementation of anti-fraud controls is not enough to prevent fraud, employers must preserve and operate them properly for them to be effective (Suh et al., 2019).

Summary of the literature review. Reviewing existing literature on occupational fraud, the principal investigator identified a need for asset misappropriation research in NFP organizations. Occupational fraud effects “Nearly every organization” (Suh et al., 2019, p. 80), NFPs are not exempt from the phenomenon (Bradley, 2015). Categories of occupational fraud include: corruption, financial statement fraud, and asset misappropriation (Timofeyev, 2015). According to the ACFE, companies suffer a 5% loss of revenues due to fraud annually (ACFE, 2014). Though it costs the least, asset misappropriation is the most common occupational fraud, occurring in 89% of cases and costing a median loss of $114,000 per year (ACFE, 2014). Harris et al. (2017), explains that there is a significant lack of research conducted regarding asset misappropriation in NFPs.

This review revealed that fraud is a problem in NFPs. Embezzlement in municipal organizations, skimming in youth athletic leagues, and check tampering in organizations for the disabled are all examples (Pennington, 2016; Rasmussen, 2019; Udeh, 2013). Studying various theories about fraud has aided in preventing, detecting, and managing occurrences more effectively (Vousinas, 2019). The principal investigator determined that each theory is not adequate to explain fraud in its entirety. However, theory alliance, or the combination of theories, helps employers gain a more complete picture of what leads to fraud and how to protect against it (Otu & Nnam, 2018).

Finally, the literature supported the idea that anti-fraud tools and techniques lower fraud risk. The ACFE (2018c) proved that anti-fraud controls lowered risk and enabled fraud detection sooner. The studies conducted comparing organizations that had controls to those that did not reveal the presence of controls lowered fraud in every instance. Studies indicate that NFPs have fewer controls implemented, yielding higher fraud risk (Kummer et al., 2015). Kummer et al. (2015) explain that fraud control policies, whistle-blower policies, and risk assessment are the most effective tools; these techniques are also the simplest and least expensive to implement, making them ideal for small businesses. Literature supports the need for implementation of anti-fraud controls. Various tools exist, and each business will find techniques that work if it actively seeks to prevent, detect, and manage fraud appropriately.

Transition and Summary of Section 1

This qualitative multiple case study explores the experiences that NFP accountants have had with asset misappropriation fraud in the workplace as well as whether or not they believe they were adequately prepared to manage such situations. This study addresses the lack of fraud prevention, detection, and management techniques that NFPs utilize. It fills gaps in literature and research by reviewing techniques the NFPs utilize and providing insight into fraud prevention, detection, and management best practices. Using the fraud triangle, the fraud management lifecycle, the white-collar crime theory, and the routine activity theory, the principal investigator will gain understanding regarding fraud in NFPs and identify potential improvements. The principal investigator will address assumptions and delimitations that are specific to this project, and mitigate risks associated with them to obtain valid and reliable results.

Reviewing literature revealed that fraud in NFP organizations is an ever-growing problem (Bradley, 2015). The primary investigator seeks to enhance understanding of experiences accountants have had with asset misappropriation. Utilizing existing research, and knowledge of the accountants, the principal investigator will develop best practices to implement to lower risk. Because of the lack of research regarding fraud in NFPs, this study will fill gaps in literature that will help develop a better understanding of its effects and how to lower it (Harris et al., 2017). Section 2 will explain in detail topics including: the role of the researcher, participants, research method and design, population and sampling, data collection, data analysis, and the reliability and validity of the study.

Section 2: The Project

Section 2 identifies the tasks involved in conducting the study. The principal investigator discusses the role of the researcher, participants, research method and design, population sampling technique and data collection, organization, and analysis techniques. Furthermore, the principal investigator discusses the reliability and validity of the study. In this section, the principal investigator explains how the study will be conducted, and what will be done to maintain reliable and valid results after data collection and analysis.

Specific Problem

The specific problem addressed in this research is the significant level of fraud, specifically asset misappropriation, in NFP organizations within South Central Pennsylvania, and the subsequent losses experienced by NFPs each year. The average organization loses 5% of their revenue to fraud each year (Kummer et al., 2015). In NFP organizations, the most common fraud perpetrated is asset misappropriation, which makes up 90% of reported NFP fraud cases (Bradley, 2015; Johansson & Carey, 2016; Kennedy, 2018). The principal investigator will gain understanding about the experiences NFP accountants have had with asset misappropriation using in-depth interviews, to improve existing practices and lower fraud.

Coding and Themes

Using coding, the principal investigator will discover themes and perceptions that exist between different cases of asset misappropriation. These themes will fill gaps in existing literature regarding asset misappropriation in NFPs (Harris et al., 2017). Using information and experiences provided by interviewees, the principal investigator will create best practices that NFPs of all sizes can utilize to lower fraud risk and limit asset misappropriation occurrences.

Purpose Statement

The purpose of this qualitative multiple case study is to investigate the experiences of professional accountants in NFP organizations within South Central Pennsylvania who have had experiences with asset misappropriation. This study explores methods that will improve fraud identification, management, and prevention tools and techniques within NFP organizations in South Central Pennsylvania. To determine this information, the principal investigator will seek to answer various research topics by interviewing accountants who work in companies that have experienced asset misappropriation and their managers.

The purpose of this study is to understand how accountants believe they were prepared for their experiences using various training tools and identify ways to improve their preparation. This study will also suggest how NFP organizations might better train employees regarding fraud prevention, detection, and management. Finally, this study will be beneficial to other NFP organizations outside South Central Pennsylvania by educating accountants and leaders in improving fraud preparation techniques.

Role of the Researcher

The role of the principal investigator in this qualitative multiple case study was to identify potential participants, contact them, explain the purpose of the study, and coordinate interview times for willing participants. Furthermore, the principal investigator was responsible for interviewing participants, gathering data, and analyzing the results. In qualitative research, the principal investigator is involved in all aspects of the study (Sanjari, Bahramnezhad, Fomani, Shoghi, & Cheraghi, 2014). Qualitative principal investigators must accomplish various tasks: identify and communicate with participants, select the appropriate sample, collect, record, and secure data, and mitigate ethical concerns (Azzaro, 2018).

Interview questions were developed by the principal investigator to produce answers to designated research questions, which would help create an understanding of the problem studied. The purpose of the study was to identify potential improvements to accountants' fraud detection, prevention, and management skills. To do this, the principal investigator asked interview questions to identify the participant's existing experience with fraud and its detection, prevention, and management. Furthermore, the principal investigator asked participants opinion-based questions regarding how their preparation could be improved. The principal investigator collected the data and analyzed it across each case to identify commonalities and differences that will improve NFP accountants' skills.

The principal investigator identified potential participants using web searches and NFP websites including Charity Navigator to find qualifying organizations in South Central Pennsylvania. Using the NFP websites, the principal investigator gathered contact information and emailed potential participants a letter stating the purpose of the study and asking for their participation. After recruiting 15 NFP accountants willing to participate, the principal investigator conducted interviews. Interviews were held in private, reserved rooms at locations near the participants' work or home to eliminate inconvenience for the participants (Alase, 2017). The interviews were limited to 45-60 minutes per participant and were tape recorded; the principal investigator also took note regarding the participants' reactions to questions. To avoid researcher bias, the principal investigator allowed time for clarification of unclear or confusing statements by asking the participants questions in different ways or repeating the responses back (Sahloul, 2019).

Participants

Using websites including Charity Navigator, the principal investigator identified qualified potential participants. Participants were eligible to participate if they worked in an accounting or finance position of an NFP organization in South Central Pennsylvania and earned a Bachelor's degree or higher. After identifying qualified NFPs, the principal investigator used Google, NFP websites, and the Pennsylvania Association Nonprofit Organization (PANO) to gather email contact information. The principal investigator sent a professional email to each potential participant outlining the purpose of the study, what would be required of them, and an informed consent form.

Establishing a working relationship, or rapport, with participants is the goal of field research (Taylor, Bogdan, & DeVault, 2016). Developing rapport involves creating a feeling of empathy for participants, encouraging and enabling them to be honest about experiences, and being a trustworthy person. However, developing those relationships in research is a slow process (Taylor et al., 2016). Humility and empathy help build rapport. Confirming that the principal investigator will not disclose information or negatively evaluate is another way to strengthen the relationship. In this study, the principal investigator developed a working relationship by encouraging participants to ask questions about the study; interview locations and times convenient for the participants improved rapport. Accommodating participants' schedules and access encourages stronger relationships (Taylor et al., 2016). Furthermore, the principal investigator maintained professionality, and informed participants that they were willingly participating and could remove themselves from the study if they so desired.

Protecting participants' privacy is vital to research. Due to the sensitivity of occupational fraud, and the harm it causes if publicized, the principal investigator took steps to protect the identity and information of each participant. The principal investigator recognized the importance of obtaining consent, maintaining confidentiality and privacy, and implementing appropriate reviews (Azzaro, 2018). To obtain appropriate reviews, the principal investigator obtained IRB approval from their institution, which ensures that the research conducted protects the subjects and follows appropriate federal regulations (Liberty University, 2019).

When potential participants were contacted, they were sent a consent form that explained how they are to be protected, their rights, scope, and span of the study, and personal information security. To maintain confidentiality and secure participant information, coded identification was used to differentiate participants. All data relating to participant identity, company name, and title was left out of the final results (Sahloul, 2019). Additionally, all electronic data was stored on the principal investigator’s password protected laptop, and all physical data, including recordings, was stored in a locked location, as suggested by Wolf et al. (2015). Finally, after the minimum required three years has passed, all data related to the study will be destroyed (DHHS, 2019).

Research Method and Design

A qualitative research method was used for this study. Because the goal of the project was to develop a conclusion based on opinions and experiences, the qualitative method was appropriate (Azzaro, 2018). Quantitative research methods seek statistical data to draw conclusions; this study focused on experiential data, making quantitative methods inappropriate (Larson-Hall & Plonsky, 2015). The principal investigator identified qualitative as the most appropriate research method for collecting, reviewing, and analyzing the opinions and experiences of accountants who have managed asset misappropriation fraud within a NFP workplace in South Central Pennsylvania. Research revealed a lack of literature related to asset misappropriation within the NFP sector; this study filled those gaps (Harris et al., 2017).

Furthermore, this project was a multiple case study design, allowing the principal investigator to gather experiences of various accountants for comparison and analysis. Each NFP was a case; the principal investigator compared and contrasted each case for themes using a within-case and across-case analysis technique (Di Mauro, Fratocchi, Orzes, & Sartor, 2018).

Discussion of method. This project used qualitative research methods. Qualitative research explores the meanings attributed to phenomenon by participants (Creswell, 2014). This method analyzes opinions and views of the participants to form conclusions (Daher et al., 2017). In this study, the principal investigator examined the asset misappropriation experiences of NFP accountants to conclude how to improve fraud prevention, detection, and management preparation. Because of the effects of fraud on NFP organizations, using qualitative methods to gather the perceived preparedness to manage fraud and opinions about improving prevention, detection, and management of such occurrences in the workplace was appropriate.

Prior research indicates that qualitative methods are conducive to gathering the perceptions and experiences of fraud from participants (Akkeren & Buckby, 2017). Because the qualitative method does not focus on statistics, it was ideal for gaining subjective information (Morse, 2015). The qualitative method enabled the researcher to use subjectivity and interpersonal skills throughout the process (Sahloul, 2019). After data was gathered, the principal investigator reviewed the information for themes by identifying commonalities and differences. By considering participant opinions and perceptions, the principal investigator developed an understanding of the lived experiences of the NFP accountants and how to improve their preparation for fraud prevention, detection, and management.

Discussion of design. The principal investigator used a multiple case study design. Using this design, the principal investigator could analyze multiple cases to show various perspectives on the same phenomenon (Sahloul, 2019; Yin, 2009); examining multiple insights created a robust study. This design method enabled the principal investigator to gather various experiences about NFP asset misappropriation and the level of preparedness accountants have for preventing, detecting, and managing it effectively. Studying multiple cases helped the principal investigator identify what tools and techniques were most beneficial for NFPs to help lower their fraud risk and better prepare their accountants. NFP organizations outside of South Central Pennsylvania can use the conclusions to identify improvements and techniques that would be useful for their needs.

There are different types of multiple case studies: exploratory, descriptive, and explanatory (Scholz & Tietje, 2002). Descriptive case studies use an existing theory or model to guide data collection, because the principal investigator was not using a reference theory or model, this type of case study was inappropriate (Scholz & Tietje, 2002). Furthermore, the explanatory case study tests cause-and-effect relationships (Scholz & Tietje, 2002). Because each case can only falsify a proposed theory, and not provide additional information beyond the hypothesis, this design was inappropriate (Zainal, 2007). This study followed the exploratory design. Exploratory case studies are similar to pilot studies because they examine a phenomenon not widely addressed in existing research, and then develop new hypotheses (Fahy, 2013; Hollow, 2014; Scholz & Tietje, 2002). Because asset misappropriation fraud in NFPs is not widely studied, and there is a lack of literature regarding it, this study sought to develop best practice theories to fill gaps in existing research using the exploratory design (Harris et al., 2017). The principal investigator gathered experiences and opinions from participants, analyzed the data, and developed theories that would further the knowledge of fraud prevention, detection, and management in the NFP sector.

Summary of research method and design. The principal investigator used a qualitative research method to gather experiences and opinions of participants related to fraud prevention, detection, and management. Furthermore, the principal investigator used an exploratory multiple case study design, with each NFP accountant being a case. Qualitative methods allowed the principal investigator to explore life experiences and perceptions of the participants through subjectivity. By eliminating statistics, the principal investigator could compare and contrast the opinions of participants to compile best practices for fraud prevention, detection, and management. Finally, by studying multiple cases of NFP fraud, the principal investigator identified generalizations about effective tools and techniques, potentially making the results beneficial for all NFPs, including those beyond the study population.

Population and Sampling

Identifying the population of the study was the first step in gathering useful information. The population consists of all individuals who meet specified criteria (Asiamah, Mensah, & Oteng-Abayie, 2017). Although population specification is required for qualitative and quantitative methods, in a qualitative study the population is required to describe experiences with the studied phenomenon. After establishing the parameters for the study population, the principal investigator obtained a comprehensive sample to achieve saturation (Malterud, Siersma, & Guassora, 2016).

Saturation is the criteria researchers use to determine when sampling stops (Saunders et al., 2018). Data saturation occurs when no new information, themes, or ideas emerge by completing more interviews (Boddy, 2016). Small studies achieve saturation quicker than larger ones; no method determines data saturation for all studies (Fusch & Ness, 2015). The size of a study is dependent on the "Magnitude of the expected effect size" (Hackshaw, 2008, p. 1141). However, Hackshaw (2008) explains that a sample size of 20 is considered small for research studies. Reaching data saturation is not determined by obtaining the right sized sample, but attaining the proper depth of data. However, if researchers fail to achieve data saturation it negatively affects the quality of the research, specifically decreasing validity. Marshall et al. (2013) identify a sample of 11 to 20 interview participants as an adequate number to reach saturation. Based on this existing research, the principal investigator determined saturation could be achieved using 15 cases; this estimate was subject to change during the interview process.

Unlike random sampling in quantitative research, qualitative researchers practice purposeful sampling, enabling them to find information-rich participants (Griffith, Morris, & Thakar, 2016). The following sections will explain the population identification and sampling techniques used by the principal investigator.

Discussion of population. The principal investigator's population included only accountants working in an NFP in South Central Pennsylvania. Many NFP organizations hire bookkeepers instead of accountants to reduce payroll or consulting expenses; however, researching the difference between asset misappropriation in NFP companies with accountants versus bookkeepers is a consideration for future research. Using the Nonprofit Resource Network (2008), the principal investigator was able to find that 1,551 NFP organizations were in operation in South Central Pennsylvania. However, this source did not appear to have been updated since 2008, making it unclear how many of the identified organizations were still operating. To gain a more complete list of NFPs within the study location, the principal investigator contacted the executive director of Pennsylvania Association of Nonprofit

Organizations (PANO) (PANO, 2019). Furthermore, the principal investigator contacted GuideStar, an organization that offers a complete list of NFPs nationwide (GuideStar, 2019). The contact at GuideStar suggested an IRS website that provided a list of all NFPs in the nation. Using this information, the principal investigator discovered that within the state of Pennsylvania, there were 75,529 NFP organizations (GuideStar, 2019; IRS, 2019). However, when that search focused on South Central Pennsylvania, the population decreased to include 11,303 organizations (IRS, 2019).

Discussion of sampling. Although there is no set rule for the number of participants to have in a study, many researchers offer suggestions (Alase, 2017). Creswell (2014) explains that the number of participants in a sample should depend on the type of design used. He states, for a qualitative case study, only four or five cases need be included (Creswell, 2014). However, other researchers including Marshall et al. (2013) believe the number of participants should be between 15 and 25 to reach saturation. Further research suggests that data saturation would become "Evident at six in-depth interviews and definitely evident at 12 in-depth interviews" (Boddy, 2016, p. 429). Based on this research, the principal investigator determined that data saturation could be met by studying 15 cases. This estimate was made subject to additional consideration and adjustment during the interview process.

Purposive sampling includes non-random sampling techniques to ensure thorough coverage of the population (Robinson, 2014). Snowball sampling, the technique used by the principal investigator, is a purposive sampling technique. The principal investigator used the snowball method by seeking out potential participants by recommendations from other participants. This method is used most often when there is a lower possibility of participants responding to advertisements or communications from an unknown individual because of the stigma regarding the topic (Robinson, 2014). The topic of fraud has negative connotations, and many individuals are hesitant to provide information if they are concerned about potential consequences from doing so (Groenitz, 2016).

Each participant in the study had to meet three minimum requirements: work for a NFP, work in an accounting or finance position, and have earned a bachelor's degree in accounting or related field. Each time a participant was interviewed, the same process was replicated, allowing the principal investigator to realize when saturation occurred and no new themes or insights were provided (Sahloul, 2019). To obtain the qualified participants, the principal investigator gathered contact information about each potential participant and sent an email explaining the project and asking for their participation. Snowball sampling enabled the principal investigator to gather new participants to reach data saturation (Alase, 2017; Trotter, 2012).

Summary of population and sampling. To gather the necessary data to identify the population of the study, the principal investigator used websites including PANO, GuideStar, and the IRS. Using these sites, the principal investigator discovered that 75,529 NFP organizations exist in Pennsylvania. By filtering processes, the principal investigator was able to concentrate the subject population to 11,303 organizations within South Central Pennsylvania. The proposed subject population was an estimate containing all potential participants for the study (Asiamah et al., 2017). Using purposive snowball sampling techniques, the principle investigator identified 15 appropriate participants who could provide information-rich interviews.

To qualify as appropriate test subjects, participants were required to meet three requirements: work in an accounting or finance position, work for an NFP, and have earned a bachelor's degree in accounting or a related field. Potential participants were contacted by email, and encouraged to send the invitation to individuals they believed would meet the participant criteria. This process, known as snowball sampling, enabled the principal investigator to gain useful information from participants, despite the negative connotation related to the study topic (Robinson, 2014).

Data Collection

Data collection involves five tasks: gaining permissions, conducting a sampling strategy, determining a means of recording data, storing data, and anticipating ethical issues (Creswell, 2013). Before data was collected, the principal investigator obtained the necessary permissions to work with human participants from Liberty University's Internal Review Board (IRB). After receiving approvals and conducting purposive sampling, the principal investigator began face-to-face interviews with each participant. Interviews are among the most commonly used data collection techniques in qualitative research; they enable the principal investigator to understand a phenomenon from the point of view of the participant (Moser & Korstjens, 2018).

The following sections will identify the data collection instruments, the techniques used to gather data, and how the principal investigator organized the data obtained. Furthermore, the principal investigator will discuss how the data was secured throughout the course of the project.

Instruments. Tools used for data collection in qualitative research include: questionnaires, interviews, observations, and reading documents (Annum, 2017). However, in qualitative research, the researcher is the key data collection instrument (Creswell, 2014; Xu & Storr, 2012). As the main data collector, the principal investigator conducted semi-structured, face-to-face interviews with 15 participants. Before conducting the interviews, the principal investigator developed an interview guide (Appendix C), and conducted a field test of research questions. Creating an interview guide enabled the researcher to develop a structure for how the interview would proceed; the guide contained set questions that would direct the conversation towards the research topic (Kallio, Pietilä, Johnson, & Kangasniemi, 2016). The field test allowed the principal investigator to gather relevant feedback regarding research questions, including guidance to improve wording of questions for clarity.

Researcher. In qualitative studies, the researcher is the data collector (Twining, Heller, Nussbaum, & Tsai, 2017). Instead of taking statistical measurements, the principal investigator asks questions and interprets data given by participants (Antwi, & Hamza, 2015). As the data collector, the principal investigator conducted interviews of participants. Because data quality relies upon the appropriateness of the collection method, the principal investigator determined that in-person interviews would provide the highest quality data (Twining et al., 2017). Interviews capture the narratives of participants more effectively than questionnaires, and allow the principal investigator to better understand each individual’s experiences (Alshenqeeti, 2014). Each interview was audio-recorded by the principal investigator and transcribed into Microsoft Word documents for analysis.

Open-ended questions. This study used open-ended questions to encourage participants to provide information-rich responses not limited by rating and/or dichotomous scales (Weller et al., 2018). Open-ended questions eliminate the opportunity for the question to guide the participant towards a specific response (Sahloul, 2019). Instead, they encourage thorough answers, allowing for clarification and elaboration of thoughts. Çakir and Cengiz (2016) demonstrated that closed-ended questions encourage short, restricted responses, and open-ended questions promote complex and meaningful answers. Because the principal investigator sought in-depth, meaningful information, open-ended questioning was appropriate.

There were three categories of questions asked in each interview. The first set of questions focused on the participant's professional and educational background. Although these questions do not help to answer any of the specified research questions, they help the reader of the study to understand the participants' levels of professional and educational experience and proved that each participant fits the study requirements. The second set of questions delved into the fraud prevention, detection, and management preparation of the study participants. Through research question two, the principal investigator seeks to identify how well the population is equipped for fraud occurrences.

The third set of questions relates back to research questions one, three, and four. All of these questions relate to asset misappropriation in NFPs within South Central Pennsylvania, the forms of it, how it is managed, and what the results are. Asking the participants about specific instances in their organizations will answer each of these research questions. In the final set of questions, the principal investigators asked the participants to offer their opinions and perceptions about improving future fraud prevention, detection, and management preparation techniques.

Interview guide. After further research regarding interview processes for qualitative research, the principal investigator created an interview guide (See Appendix C), a set of standardized questions to ask each participant (Wright, 2017). An interview guide highlights the main ideas in the study, and is frequently used in semi-structured interviews to guide the conversation (Faber, Wind, & Frings-Dresen, 2016; Kallio et al., 2016). According to Pedersen, Delmar, Falkmer, and Grønkjaer (2015), an interview guide creates consistency across multiple interviews, and links the research problem, research questions, and existing literature. The guide should contain questions related directly to the research topic, as well as casual questions aimed at creating a comfortable environment for the interviewee.

The first set of questions in the interview guide relate to the participants' collegiate and professional background. Asking questions such as "What type of bachelor's degree did you earn?" and "What is your role at the organization?" help the researcher identify how well the participant fits the requirements of the study, and explores how much knowledge they have regarding the financial aspects of an organization. In the second set of questions, the principal investigator addresses fraud prevention, detection, and management preparation. Asking what type of training the participant has regarding fraud, and whether or not they have been trained at their workplace creates a standard against which their fraud prevention, detection, and management skills can be measured. These questions helped answer research question 2. Additionally, asking the participants if they believe they are adequately prepared to prevent, detect, and manage fraud helped the principal investigator understand any gaps in the participants' preparation.

In the third set of questions, the principal investigator sought to gain knowledge of the experiences the participants have had with asset misappropriation in the workplace. The principal investigator asked whether the organization had experienced asset misappropriation, what type it was, how it was detected and managed, its duration, and what changes were made to procedures to prevent it in the future. These questions answer the remaining three research questions posed by the principal investigator. Understanding the participants' experiences allows the principal investigator to identify the types of asset misappropriation existing in NFPs in South Central Pennsylvania, the duration of the fraud, and how it was managed. Furthermore, the principal investigator asked those participants who have not experienced fraud in their workplace to identify organizational preventative measures. This enabled the principal investigator to compare the procedures with existing literature and identify ways other NFPs could improve their processes.

The last set of questions the principal investigator asked included: "What do you believe could be done to reduce asset misappropriation in your organization?" and "How do you believe you could be better prepared to manage asset misappropriation if it occurred in the future?" Although these questions do not pertain to a specific research question, they are vital in gaining the full perceptions of the participants. These questions allowed the principal investigator to compile a list of best practices for NFPs to use to prevent future asset misappropriation. By detecting gaps in preparation, the principal investigator could review literature to identify how those gaps could be closed.

The interview guide ended with the principal investigator asking if the participant had any other questions, or if there were any other questions not asked that are relevant to the study. These enabled the principal investigator to improve the interviews as time progressed. Finally, the principal investigator offered contact information, should the participant have any questions or concerns, and obtained their contact information so answers could be clarified later, if necessary.

Field test. A field test was conducted before interviews began to ensure the research questions and interview questions were clear and properly worded. Field tests involve the testing of questions before they are presented to study participants to eliminate confusion and weaknesses (McCarthy, Ott, Ridolfo, McGovern, Sirkis, & Moore, 2018). The principal investigator sought the participation of three accounting experts: an NFP accounting practitioner, an accounting professor, and the principal investigator's dissertation chair. Although these individuals were not participants in the study, they offered valuable feedback on the research questions allowing for improved clarity and understanding. The feedback given strengthened the questions, improved terminology, and allowed for less confusion from participants during face-to-face interviews.

Data collection techniques. The principal investigator focused on two forms of data collection: document reviews and interviews. In the early stages of the project, the principal investigator reviewed existing literature related to the topic of asset misappropriation, occurrences in NFPs, and tools and techniques used to prevent, detect, and manage such fraud. This data was used to develop the main research questions, as well as the in-depth interview questions. Furthermore, after interviews were completed, the principal investigator used this data to triangulate information provided by the participants and confirm themes and findings.

The main data collection technique used was semi-structured, in-depth interviews. Irvine, Drew, and Sainsbury (2013) suggest that telephone interviews create more uncertainty from the participant and result in less information richness provided. Because of this, the principal investigator identified face-to-face interviews as the ideal data collection technique. Fifteen participants were chosen, each from a different NFP; each one was considered a case. Because replication is important in qualitative case study research, the principal investigator used an interview guide (See Appendix C) during each interview to ensure the same questions were asked of each participant (Sahloul, 2019; Vohra, 2014). Asking the same questions enabled the principal investigator to gather similar data to compare and contrast during data analysis.

After receiving approval from Liberty University's IRB, the principal investigator began contacting accountants from NFPs in South Central Pennsylvania. The principal investigator obtained a list of all NFPs in the specified location from the IRS, and sought contact information for the organizations via Google and the Pennsylvania Nonprofit Organization Association. Each participant received an email containing information about the study and how to participate. Snowball sampling enable the principal investigator to gain a variety of potential participants. Participants were selected based on whether they met the requirements of the study, and their ability to provide rich information.

Interviews were limited to approximately 45-60 minutes each, and were scheduled at a location convenient for the participant in a private room to ensure privacy and security of information. Each interview was audio-recorded for later playback and transcription. The principal investigator transcribed each recording within two days of the interview, and told the participants they would contact them if questions arose.

Data organization techniques. Data was organized by the principal investigator from the beginning of the study. The main technique used to organize data was a database. A database is a common tool used for storing and processing data in research, it often uses a table format to relate information across different categories (Sestoft, 2011). The principal investigator used three categories in the database: (1) interview narratives, (2) interview notes, and (3) transcription notes.

Interview narratives. The principal investigator developed interview narratives for each of the fifteen participants. The narratives were created by the transcription of the audio-recorded face-to-face interviews. After an interview was completed, the principal investigator transcribed, verbatim, the conversation within two days.

Interview notes. During each interview, the principal investigator took notes about the participants' facial expressions or reactions to questions. Listening to the recording of an interview allows the principal investigator to identify the tone of responses, however, body language is also vital to observe. Researchers often take field notes to supplement audio-recordings, allowing them to maintain notes on the impressions of the participants (Sutton & Austin, 2015). Body language allows the researcher to identify how the participant feels about specific questions or topics; it also provides additional non-verbal information (Bampton & Cowton, 2002; Opdenakker, 2006). To obtain more detail, the principal investigator took notes regarding body language to analysis compared to the narratives.

Transcription notes. Furthermore, notes were taken during the transcription phase of the interviews to identify and organize emergent themes. Because of the length of each transcription, it was more convenient for the principal investigator to take notes during the transcribing process. Rather than having to rely on memory of each interview, note taking during transcription allowed the principal investigator to be more accurate in developing themes and perceptions. As themes emerged, the principal investigator created a new column, making a note about the page and paragraph number of the interview narrative that addressed it using coded identifiers to indicate the specific transcription document.

Privacy and data security. During the data collection process, specific steps were taken to ensure privacy and anonymity of each participant, as well as secure all data provided to the principal investigator. Participant privacy was vital to receiving honest answers to the interview questions and securing data ensured privacy and anonymity. The principal investigator utilized a two-step verification system to secure all data files and kept sensitive information, including the list of participants with their coded identifiers separate from the other data.

Privacy. Specific measures were taken by the principal investigator to maintain the privacy of the participants. The principal investigator conducted interviews in private reserved rooms in convenient locations and obtained informed consent from each participant before recording the interviews with an audio-recorder. After each interview, the principal investigator transcribed the conversation using a coded identifier for the participant to ensure anonymity. Finally, all data on the audio-recording device, and transcriptions were kept in a secure location.

After a participant was chosen, the principal investigator communicated with them to identify the location they would like to meet for the interview. After the location was chosen, the principal investigator called the location and reserved a private room for the interviews. This step ensured the conversation would not be overheard, and gave the participant a sense of privacy and security. Furthermore, the principal investigator explained to participants how they would remain anonymous to everyone but the principal investigator. In the transcription phase, the principal investigator made a master list of the participants and their coded identifier, which was secured in a locked safe separate from all related data. Although there is minimal risk involved in partaking in the study, privacy and anonymity encourage participants to answer questions truthfully (Mühlenfeld, 2004).

Before and after the interviews, the principal investigator explained that the data provided, and the audio-recordings are stored in a secure location only available to the principal investigator. Furthermore, the participants were informed that no data provided would be shared with anyone unless explicit consent was received from them first. Finally, the principal investigator explained to the participants that they were not forced to partake in the study, and they could choose to back out at any time, for any reason. If the participant chose to disengage, the principal investigator explained that all data provided by them would be immediately destroyed.

Data security. The data collected was stored using secure passwords. According to Lancet (2013), a secure password must be at least eight characters containing numbers, symbols, and a combination of upper and lowercase letters. Furthermore, the password should never include easily deduced personal information. Using these guidelines, the principal investigator developed passwords that would not be easily guessed for their personal laptop, the Microsoft Word files containing sensitive information, and an external USB hard drive. With this strategy, the principal investigator had two copies of each document stored in separate locations, and maintained a two-step verification system to access all data. The two-step verification system required a password to access the principal investigator's laptop, as well as a separate password to access all individual data files.

Additionally, the laptop and the external USB hard drive were securely stored at the principal investigator's residence in a locked location, to which only the principal investigator had a key. Finally, following IRB protocol, all documentation regarding the study will be maintained for the mandatory three years, after which time it will be destroyed.

Summary of data collection. The principal investigator used two main data collection instruments: interviews, and a field test. The principal investigator conducted interviews with each of the fifteen participants and transcribed the interviews to code into emergent themes and perceptions. The field test was used before the interviews to improve clarity of the interview questions. As data was collected, it was organized into three categories: interview narratives, interview notes, and transcription notes. All categories were cross-referenced to develop a connection between the different sources of information. Furthermore, participants' privacy and anonymity were maintained and the data collected was secured using specific steps. Participants' privacy was maintained by using private rooms for interviews, their anonymity was maintained by using a coded identification technique in the transcriptions and other personal data, and the data was secured using a two-step verification system on the principal investigator's computer and external USB hard drive.

Data Analysis

The process of analyzing data requires categorizing text and image data and reorganizing it (Creswell, 2014). Creswell (2014) categorizes the process of data analysis into six steps: (1) prepare the data for analysis, (2) read through all of the data, (3) code all of the data, (4) create themes, (5) determine the most appropriate form of presentation of the themes, and (6) interpret the data. The principal investigator used this six-step method as a primary data analysis approach.

After following each step for all of the collected data, the principal investigator proceeded to compare the data across cases. Sahloul (2019) explains that cross-case analysis identifies casual links between cases in a multiple case study. Cross-case analysis helped identify common themes between participant responses (Bower, Dalgarno, Kennedy, Lee, & Kenney, 2015). The principal investigator used cross-case analysis to determine links between the prevalence of asset misappropriation in NFPs and the fraud prevention, detection, and management preparations of the accountants at the organizations. Furthermore, cross-case analysis enabled the principal investigator to identify common weaknesses in the NFPs' existing fraud prevention, detection, and management systems.

Step one – prepare the data. Preparing the data involved transcribing all audio-recorded interviews into Microsoft Word format. The principal investigator followed Sahloul's (2019) member checking procedure by providing each participant with their respective transcription to confirm or correct responses. Member-checking is a common technique used in qualitative research to improve quality using verification and validation of the participant's responses (Birt, Scott, Cavers, Campbell, & Walter, 2016). After the participants confirmed or clarified transcription content, the principal investigator added notes and saved the checked Word files for subsequent coding.

Step two – read the data. Memory cannot be relied upon; to eliminate errors caused by memory, careful review of the transcription enabled the principal investigator to refresh the ideas addressed by each participant (Stuckey, 2014). Furthermore, reading the transcriptions helped the principal investigator to identify commonalties and differences between the participants' experiences before coding. Reviewing all prepared data also enabled the principal investigator to compare the transcription with interview notes taken during data collection to get a deeper understanding of each case. Finally, the principal investigator added notes to the documents as they were reviewed, eliminating the need to rely on memory during coding.

Step three – code the data. Coding is a popular data analysis method in qualitative research; it identifies themes and connects them to the data (Parameswaran, Ozawa-Kirk, & Latendresse, 2019). In this project, the principal investigator used open and axial coding. Open coding is the primary method used to identify themes within data (Williams & Moser, 2019). After completing open coding with each interview, the principal investigator began axial coding. Axial coding reorganizes the themes that emerged in open coding to create categories (William & Moser, 2019). To accomplish both forms of coding, the principal investigator used Microsoft Excel®.

Step four – develop themes. Themes were used as the major findings presented at the end of the study. According to Creswell (2014), the principal investigator should use the data to develop five to seven themes. Using this guidance, the principal investigator identified four major themes to answer the research questions, and five themes regarding discoveries beyond the scope of the study. Each theme was listed in a table; principal investigator made notes supporting the themes using specific quotations and ideas from the interviews. Additionally, the principal investigator reviewed each interview in relation to the themes and identified connections between cases. Finally, the principal investigator identified how the different themes connected.

Step five – data presentation method. The data collected and analyzed by the principal investigator were narratives. Prior research explains that discussing the emergent themes in a paragraph format, including specific quotes to clarify ideas presented is ideal (Anderson, 2010). However, the principal investigator also decided to create a visual, identifying the themes and sub-themes. The table allowed readers to examine the data collected, and how the principal investigator organized the information to form the themes. The table identified each theme and sub-theme as well as the participants that supported them.

Step six – interpretation of the findings. The principal investigator reviewed the interviews for key words and phrases to identify commonalities between the participants' experiences. Furthermore, the principal investigator created charts to detect similarities between the participants' preparation before experiencing fraud, and how well they believed they were prepared. Comparing the different preparation techniques aided the principal investigator in identifying gaps in existing training tools. Additionally, the principal investigator created a chart to explain how the participants believed preparation could be improved. The ideas of participants were compared to one another as well as to existing literature to identify which ideas had merit.

Coding process. The principal investigator followed a two-step coding process. The first step in this process was open coding, followed by axial coding. Open coding is a process used to identify key concepts or ideas within a set of collected data (Alhassan, Sammon, &

Daly, 2018). The principal investigator detected emergent themes in the data that related specifically to the participants' experiences with asset misappropriation and fraud preparation. Using a Microsoft Excel spreadsheet, the principal investigator captured each primary theme and assigned it a number. The principal investigator created the theme in an Excel table and added the theme to the tab for the participant with the quote from which it emerged.

After completing this step, the principal investigator began axial coding. Rather than identifying emergent themes, axial coding reorganizes and refines themes identified in the open coding process (Williams & Moser, 2019). During this phase, the principal investigator reviewed all of the primary codes, or themes, that had emerged from the data and identified connections between them. Identifying similarities allowed the principal investigator to find a descriptive phrase that would connect similar ideas. One of the steps in Tesch's coding process involves creating a descriptive wording for topics that can be turned into categories as a means of grouping topics together and reducing the total number of themes (Creswell, 2014). The principal investigator followed this guidance to create categories that identified major themes of the project.

The principal investigator created the Excel spreadsheet to view more data simultaneously and maintain all data in a clean and orderly fashion. Furthermore, the Excel spreadsheet allowed for effective coding of primary themes, which benefited the principal investigator during the axial coding phase.

Summary of data analysis. The principal investigator followed Creswell's (2014) six-step process for data analysis: (1) prepare the data for analysis, (2) read through all of the data, (3) code all of the data, (4) create themes, (5) determine the most appropriate form of presentation for the themes, and (6) interpret the data. This process involved transcribing the interviews from the audio-recordings and reviewing the transcriptions using a two-step coding process. After all interviews were transcribed, the principal investigator read them using an open coding method. Open coding helped the principal investigator to develop emergent themes based on key concepts and ideas (Alhassan et al., 2018). Second, axial coding was conducted; this involved reviewing the concepts and ideas from open coding and creating categories based on connections between the emergent themes (Williams & Moser, 2019).

The principal investigator used Microsoft Excel® to accomplish the coding. Microsoft Excel® was used to organize the data in a central location that could be easily viewed. Using Excel® allowed more data to be examined simultaneously, and helped the principal investigator during the axial coding phase. Being able to examine more data improved the principal investigator's ability to make connections between ideas and form categories more effectively.

Reliability and Validity

Reliability and validity are two constructs by which instruments and results are measured to ensure the quality, or rigor, of research (Dikko, 2016; Hayashi, Abib, & Hoppen, 2019; Noble & Smith, 2015). There are different techniques used to test for reliability and validity within research. According to Noble and Smith (2015) qualitative research is often criticized for lacking rigor because it lacks transparency in its investigative procedures, and its results are based on opinion that are subject to researcher bias. However, research proves that consistency, triangulation, and saturation, help maintain reliability and validity in qualitative studies (Cypress, 2017); in this study, the principal investigator ensured each of these components were met to achieve rigor throughout the research process.

Reliability. Reliability is the evaluation of consistency within a study, identifying the stability of the results by assessing whether it could be replicated over time (Hayashi et al., 2019). Morse (2015) describes reliability as the ability to repeat a study and obtain the same results. Because qualitative research is based on human participants and behaviors, reliability can be difficult to measure; there is possibility of measurements and observations being repeated incorrectly, or participants answering questions different ways if asked a second time (Cypress, 2017). However, a margin of acceptable variability exists in the reliability of qualitative research due to reliance on human behavior (Leung, 2015). Although reliability is more difficult to measure in qualitative studies, the main idea used to increase it is consistency, or replication (Morse, 2015).

Consistency. Consistency involves a clear description of the research process enabling other researchers to replicate the study (Noble & Smith, 2015). Because it is more difficult to prove, researchers identify consistency as a crucial aspect of reliability in qualitative studies (Hayashi et al., 2019; Leung, 2015; Noble & Smith, 2015) Noble and Smith (2015) believe that consistency should involve the documentation of "Challenges and issues assisted in maintaining cohesion between the study's aim, design and methods" (p. 35). Documenting each part of the research process, including the obstacles, increases the level of replication. The principal investigator began the study by documenting the expected steps to be taken to collect, analyze, and present data. As the research proceeded, notes were kept that identified necessary changes and challenges, as well as how they were overcome. Keeping documentation of these steps will enable future researchers to accurately repeat the study.

In this study, the principal investigator maintained consistency by following an interview guide (Appendix C), conducting each interview the same way, and asking the same questions to each participant. Furthermore, the principal investigator used a specific recruitment email that was sent to each potential participant (Appendix D), ensuring each individual received the same information. Additionally, the principal investigator followed the same schedule regarding transcription and member checking for each case. To enable future researchers to identify the process and replicate the study with different populations, the principal investigator thoroughly documented the research process. Documentation of processes yields further stability to the study (Sahloul, 2019).

Validity. Validity is the idea that research is justifiable, meaningful, logical, and well founded (Cypress, 2017). Furthermore, Noble and Smith (2015) measure validity based on how well findings reflect the data. Validity is a required research rigor in both qualitative and quantitative research; however, it is simpler to prove in quantitative research because of statistical findings in the studies (Whittemore, Chase, & Mandle, 2001). Qualitative research maintains diverse research methods and techniques, making validity difficult to identify using a set criterion (Hayashi et al., 2019). Although assessing validity in qualitative research is a topic of concern, researchers have identified ways to improve validity assessment for such studies. Some of the techniques used to prove validity in qualitative research include triangulation, credibility, and data saturation (Cypress, 2017; Green, 2015; Hayashi et al., 2019; Onwuegbuzie & Leech, 2007; Whittemore et al., 2001).

Triangulation. Triangulation is a research method that uses multiple data sources, theories, or methods to ensure the data, analysis, and results of a study are as accurate as possible (Abdalla, Oliveira, Azevedo, & Gonzalez, 2017; Fusch & Ness, 2015; Moon, 2019). This technique reduces biases and coincidental associations, improving the confidence of data interpretations (Onwuegbuzie & Leech, 2007). Triangulation assumes that the more sources examined, the more likely a researcher is to obtain an accurate representation of the phenomenon. Using triangulation, the principal investigator collected data from 15 different sources as well as existing literature regarding the study topic. Collecting data from different participants enabled the principal investigator to obtain a deeper understanding of the phenomenon in questions (Hayashi et al., 2019). Furthermore, comparing the collected data to existing research and theories created the opportunity for a deeper interpretation of results (Green, 2015).

Credibility. Credibility in qualitative studies exists when the participants' experiences are explained accurately and truthfully (Cypress, 2017). According to Hayashi et al. (2019), the value of research depends on the ability to prove credibility. Qualitative research is considered credible if readers who have experienced the phenomenon recognize the described experiences (Cope, 2014). Transparency in each stage of the research process is vital to creating credibility. In this study, the principal investigator built credibility using member-checking and protection of the participants.

Member checking. Member checking is technique used in qualitative research to establish validity; it is a process allowing participants to correct, expand upon, and check the accuracy of data collected from them to minimize misinterpretation (Birt et al., 2016; Brear, 2019; Candela, 2019; Lub, 2015). During member checks participants are asked to read and provide comments on the transcription of their interview (Brear, 2019). The principal investigator transcribed each interview within two days of meeting with the participants. The transcription was sent to the participant by email, and they were asked to confirm or contest the accuracy of the information provided; furthermore, they were encouraged to correct or expand upon any ideas they felt needed more information. Performing member checks ensured that the participants' meaning and perspectives were accurate and not accidentally altered by the principal investigator's personal biases (Birt et al., 2016).

Participant protection. Participation protection involved both privacy and security of information. Credibility requires that the data collected and presented truthfully represents the experience of the participants (Whittemore et al., 2001). If participants believe they will remain anonymous, and that their information will be secured, the likelihood of them answering questions honestly, and providing rich information increases (Mühlenfeld, 2004). In this study, the principal investigator used different methods to ensure the privacy and protection of the participants.

Interviews were held in private rooms at locations convenient to the participant. The private room was used to guarantee the interviews were not overheard; this was a method the principal investigator utilized to maintain privacy and encourage information-rich responses. Furthermore, the principal investigator received informed consent from the participants to partake in the study and allow audio recording of the interviews. The consent documents informed the participants of their anonymity and protection.

Additionally, the principal investigator increased credibility by building rapport with the participants and assuring them that their information would be secured. Research suggests that building rapport helps interview participants to be more comfortable with the researcher; gaining the trust of the participants enables the researcher to collect accurate and credible data (Alase, 2017). Simply having good communication skills is not enough to build rapport, participants have to believe the researcher is trustworthy before they are likely to share their experiences in detail. All data was stored in a password-protected laptop and each interview was transcribed using password-protected Word documents; the principal investigator was the only one with knowledge of the passwords. To promote honest answers the principal investigator also maintained coded identifiers ensuring anonymity of the participants in the research results.

Participants were informed of how their data would be secured and that they would not be identifiable by any information published in the results. The privacy and protection processes encouraged participants to provide rich information that allowed the principal investigator to obtain credible results.

Data saturation. Data saturation is a technique used in qualitative research to build validity; researchers achieve data saturation through their sample size, continuing to sample until no new data emerges (Boddy, 2016; Hayashi et al., 2019). Creswell (2014) believes data saturation can be achieved in qualitative case studies by examining four or five cases. However, other research indicates that saturation cannot be achieved until fifteen participants have been interviewed (Marshall et al., 2013). Considering both suggestions, the principal investigator believed data saturation could be reached after studying fifteen cases. Each case consisted of one participating accountant from each NFP organization.

The principal investigator practiced purposive snowball sampling to obtain qualified participants who could provide information-rich interviews. Because the depth of data collected is more important than the quantity, the principal investigator continued to gather information until data saturation occurred (Sahloul, 2019). To ensure saturation was reached, the principal investigator replicated the interview process with each new participant until no new ideas, perceptions, or themes emerged.

Summary of reliability and validity. Reliability and validity are two components of research rigor that add value to a study (Dikko, 2016). Reliability is measured based on the stability of the results; repeatability is an important component of reliability (Morse, 2015). To ensure reliability in this study, the principal investigator maintained consistency throughout data collection. The principal investigator documented each step of the research process, and utilized an interview guide to guarantee each participant was asked the same questions. The interview guide (Appendix C) and description of data collection steps allow potential future researchers to accurately perform the study in different locations and maintain reliability.

Validity is the idea that research is justifiable, meaningful, logical, and well founded (Cypress, 2017). To prove validity, the principal investigator used triangulation, credibility, and data saturation. Triangulation occurs when the researcher uses two or more sources to ensure accuracy of data (Fusch & Ness, 2015; Moon, 2019). In this study, the principal investigator collected data from 15 participants and existing research on the topic of asset misappropriation in NFP organizations. Cross-examining data collected between cases as well as with existing research confirmed results and theories.

Furthermore, the principal investigator used credibility to increase validity. Credibility exists when the data presented accurately depicts the experiences of the participants (Cypress, 2017). The principal investigator used member checking and participant protection processes to build credibility. Member checking occurs when data collected is returned to the participants for confirmation or correction (Brear, 2019; Candela, 2019). In this study the transcription of each interview was returned to the individual participant; they were asked to review it for accuracy. The principal investigator encouraged each participant to correct any mistakes, and expand upon ideas if they felt more information was needed.

To enhance credibility, the principal investigator implemented participant protection processes, ensuring each individual of their anonymity and privacy. The interviews were held in private rooms, which encouraged the participants to answer questions honestly. Additionally, all information collected was stored on a password-protected computer; each Word document was further protected with a separate password. Although the study proved a minimal risk, offering protection to participants improved the richness of data (Mühlenfeld, 2004).

Finally, to increase validity, the principal investigator ensured data saturation was met. To achieve data saturation information is collected from new participants until no new themes or ideas emerge (Boddy, 2016). The principal investigator followed guidelines from different researchers to obtain a sample size of 15 participants, with the possibility of expanding if new information continued to be collected. To gather information-rich participants the principal investigator conducted purposive snowball sampling.

Transition and Summary of Section 2

Section 2 outlined the details of the project. The principal investigator reiterated the purpose of the study, identifying the need for examination of existing fraud prevention, detection, and management techniques. Furthermore, the principal investigator identified the role of the researcher within the study, and the participants to be included in the study. To be considered for the study each potential participant had to be working in an accounting or financial position at a NFP organization and have earned a bachelor’s degree at minimum in accounting or other related field.

The principal investigator identified the population of the study and conducted a combination of purposive and snowball sampling to identify and select qualified participants. After selecting participants, the principal investigator collected data using interviews and document review processes. The principal investigator was the main data collection tool and was responsible for organizing and analyzing the data. Open and axial coding were used to identify themes within the data.

Finally, the principal investigator identified reliability and validity measures to improve the quality of the study. Using consistency, triangulation, credibility, and data saturation the principal investigator improved the reliability and validity of the project. These techniques allowed the study to be replicated using different study locations by detailing the steps of the projects.

Section 3 will examine the application of the study results to professional practice. Furthermore, it will identify how the results might affect change in the professional sector. In section 3, the principal investigator will review the data and identify anticipated themes as well as actual themes and findings identified within the data. Additionally, the principal will identify applications to professional practice, make recommendations for future action, and finally indicate recommendations for further study to expand the study.

Section 3: Application to Professional Practice and Implications for Change

Section 3 contains the overview of the study and the principal investigator's anticipated themes and perceptions before the study began. Furthermore, the principal investigator discusses the findings of the study and the major themes identified during analysis. Section 3 also contains a discussion of the applications to professional practice and recommendations from the principal investigator of action to be taken and future research theories to be explored. The section is concluded with the reflections of the principal investigator and a summary of the study.

Overview of the Study

Fraud is a problem within NFPs. According to Arshad, Asyiqin, Razali, and Bakar (2015) fraud in NFP companies has increased. The approximate loss associated with NFP fraud increased from $90,000 in 2010, to $108,000 in 2014. Further research proves that asset misappropriation loss in 2018 was approximately $114,000 per case (Denman, 2019). The ACFE discovered that the average organization loses approximately 5 percent of their revenue to fraud each year (Jones, 2014). NFP's limited resources makes losing any amount of revenue to fraud devastating (Applegate, 2019; Case, 2008).

NFP organizations are more susceptible to fraudulent activity because of the "…complexity of accounting…", the trusting environment, and the shortage of financially knowledgeable employees (Applegate, 2019; Jones, 2014, p. 14). Research proves that the most common fraud committed in NFPs is asset misappropriation, specifically theft of cash (Appelbaum, Kozlowski, Vasarhelyi, & White, 2016; Case, 2008). A study conducted by the ACFE (2018) shows that 89% of frauds reported, are classified as asset misappropriation (Denman, 2019). Because of the financial and reputational loss associated with fraud, it is vital that NFPs lower their fraud risk (Carver, Klein, Gistinger, 2015; Case, 2008).

By reviewing existing research, the principal investigator identified a gap in literature regarding fraud in NFPs (Archambeault et al., 2014). Additionally, minimal information exists aiding NFPs in lowering fraud risk and improving the skills of their accounting staff. To achieve the purpose of this study, the principal investigator identified four research questions. The first question sought to identify the forms of asset misappropriation occurring within the study population. The second research question identified the types of preparation NFP accounting staff receives regarding fraud prevention, detection, and management. The third research question was designed to indicate the duration of fraud in the study location before being detected and managed. The final question enabled the principal investigator to identify how NFPs handle detected fraud.

The principal investigator followed a qualitative exploratory case study design. Qualitative research methods enabled the researcher to gather information related to the meaning individuals attribute to the phenomenon (Creswell, 2014). The principal investigator sought to understand the experiences of those in accounting and finance positions within NFPs regarding asset misappropriation, making the qualitative design appropriate. Furthermore, an exploratory case study design was utilized to gather multiple viewpoints on the same phenomenon. Exploratory studies, similar to pilot studies, explore a topic that is not widely addressed in existing research (Fahy, 2013). By interviewing multiple participants, with varying experiences, the principal investigator was able to gain a more complete picture of the phenomenon.

To complete the study, the principal investigator gained the necessary approvals from Liberty University's IRB, and visited the websites of over 160 NFPs from the available population, obtained from the IRS database. After gathering contact information, the principal investigator emailed and called potential participants. After receiving responses, the principal investigator recorded whether participants were unqualified, meaning that they either did not work at a NFP in South Central Pennsylvania as an accounting or finance staff or did not earn a Bachelor's degree in accounting or a related field, were uninterested in participating, or were willing to participate. Next, the principal investigator scheduled a date, time, and location for each interview and assigned the participant a 2-letter coded identifier. The recruitment process lasted from August 8, 2019 to September 23, 2019.

Of the potential participants, 24% were unqualified, 13% were qualified but unwilling to help, and 53% never responded to the recruitment emails. Of the 15 participants that accepted and scheduled interviews, only 1 was gained using snowball sampling. Huang, Fernandez, Rhoden, and Joseph (2019) prove that email recruitment results in low response rates. In their study, Huang et al. (2019) discovered that email recruitment resulted in a 1% response rate.

Throughout the recruitment process, the principal investigator was finding similar results, which led to telephone recruitment.

When participants accepted the invitation, they were immediately scheduled for interviews. The principal investigator conducted 8 of the 15 interviews after work hours, allowing time to recruit new participants during the day. Each interview was similarly structured: the principal investigator welcomed the participants, explained the study's purpose, and reiterated the confidentiality and security information before beginning the interview. An interview guide was used, ensuring the same questions were asked of each participant. After the formal questions were answered, the principal investigator allowed time for participants to suggest any additional questions or add any information they believed would benefit the study. The principal investigator concluded each interview by explaining the timeframe for transcription and member-checking, and thanking each individual for participating.

After completing each interview, the principal investigator transcribed the recordings within 2 days and sent them to the respective participant for member-checking. No coding was completed until the member-checked transcripts were returned, to ensure accuracy. The principal investigator created a Microsoft Excel file that had a tab for each participant, allowing the organization of themes and data. As new themes were identified, a new number was assigned to it. The numbering system saved time by eliminating multiple themes that were similar but phrased differently. Transcriptions were coded using the database of existing themes and the addition of new themes. Using open coding, data saturation was reached when no new themes emerged from the transcribed interviews (Boddy, 2016).

The next step involved axial coding, or the reorganization of themes identified in open coding to create broader categories (William & Moser, 2019). The categories were organized around the four ideas presented in the conceptual framework; the fraud management lifecycle theory, the fraud triangle theory, the theory of white-collar crime, and the routine activity theory. Furthermore, the major themes were categorized according to which of the four research questions they answered.

The data gathered supported the research that fraud is a problem in majority of NFP organizations, with 66% of the interviewed participants having experienced asset misappropriation . Furthermore, the data corroborated the statement made by Kummer et al., 2015), that majority of NFP fraud occurs in small organizations. However, the data collected contradicted the idea that limited staff and resources results in more instances of fraud. Thirty-three percent of the participants interviewed had not experienced asset misappropriation, of which the accounting staff were aware, and 5 of the 6 organizations discussed had two or fewer accounting/finance employees.

Anticipated Themes/Perceptions

Before beginning data collection, the principal investigator had expected to hear specific themes during the interviews. These themes and perceptions were derived from real-life experience, and the extensive amount of research and articles reviewed during the literature review phase. For example, the principal investigator expected to hear that organizations with fewer employees and resources struggle to implement adequate internal controls to avoid fraud.

Additionally, there was an anticipation that larger organizations would be more willing to participate in the study than small. This perception was based on the expectation that larger organizations have more staff members, allowing the time to meet for an interview. Conversely, the principal investigator anticipated that most small NFPs would not have accounting or finance staff that fit the qualifications of the study.

The principal investigator anticipated a theme of inadequate fraud-prevention training, resulting in the unpreparedness to identify and manage fraud quickly. Many small NFPs do not have spare resources (Applegate, 2019). With limited resources, the principal investigator anticipated that few NFPs would offer fraud-prevention training to their employees. Without having adequate fraud-prevention training, the principal investigator expected many participants to be unprepared for fraud prevention, detection, and management.

Similarly, the principal investigator anticipated that the majority of participants would not have professional certifications. With small budgets, NFPs cannot afford to pay the same high salaries that CPAs receive working in the for-profit or auditing industries. This led to the anticipation that NFP accounting and finance staff would not have had fraud-prevention training beyond what was provided during their collegiate career.

Another anticipated theme was that fraud is an ever-growing problem and the majority of NFPs have experienced it. Existing research proves that fraud is increasing each year (ACFE, 2014; ACFE, 2018c; Bradley, 2015, Nawawi & Salin, 2018b). Based on data presented in existing studies, the principal investigator anticipated a similar theme to emerge.

Finally, the principal investigator anticipated hearing that implementation of anti-fraud controls decreases fraudulent activities in NFPs. Research indicated that, when more anti-fraud controls are in place, fraud was lowered and duration of detected fraud was shorter (ACFE 2014; 2018). The principal investigator anticipated participants who had experienced asset misappropriation to have taken steps to prevent it in the future. Additionally, the principal investigator anticipated those NFPs with more controls to have fewer cases of fraud.

Presentation of the Findings

The principal investigator required each participant to meet three criteria: work for a NFP in South Central PA, work in an accounting or finance position at that NFP, and have earned a Bachelor's degree in accounting or a related field. Because of the academic requirement, many within the population were not qualified to participate. Of those who responded to the recruitment email or phone call, 50% stated that they were not qualified. The requirements significantly limited the number of eligible participants.

After selecting participants, they were issued a 2-letter coded identifier. This identifier ensured confidentiality by removing their name from the study. Furthermore, all identifying information was also eliminated. The principal investigator assigned the following 2-letter identifiers to the participants: LC, PX, KT, AQ, SE, BV, CN, WG, GK, RG, FP, HZ, JF, IY, and OA.

The demographic information gathered by the principal investigator included: age, gender, ethnicity, year and location of graduation, highest level of schooling, professional certifications, and role at the NFP. Based on the data collected, the following observations were made about the study population (see Figures 2, 3, & 4):

- Females made up only 40% of the participant sample, and 60% of participants were males (there were 15 participants).
- Ninety three percent of the participants were Caucasian/Anglo-Saxon. Only 1 participant identified with a different ethnicity (Asian/Pacific Islander).
- Only two of the participants obtained schooling beyond a Bachelor's degree; they did not complete a Master's degree.
- Forty-seven percent of the participants were aged in their 50s.

- Participants' ages ranged from 29 to 69, even though the study was open to anyone over the age of 18 who fit the study criteria.
- Seventy three percent of participants had a professional certification, although 3 of the participants' certifications were no longer active. The certifications held included: CPA, CFE, Nursing Home Administrator, and Personal Care Administrator.
- All participants earned their Bachelor's degree before 2012.
- Eighty percent of the participants received a degree from a college or university in Pennsylvania. The remaining participants attended schools in Indiana, Delaware, and Virginia.

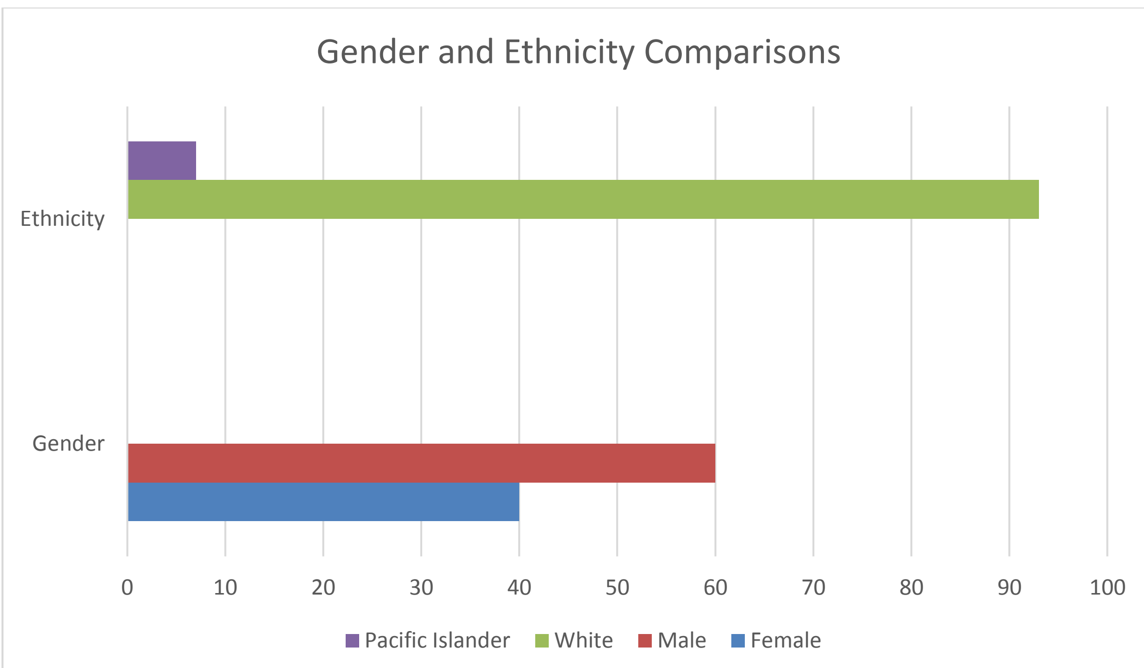

Figure 2. Gender and Ethnicity of Participants

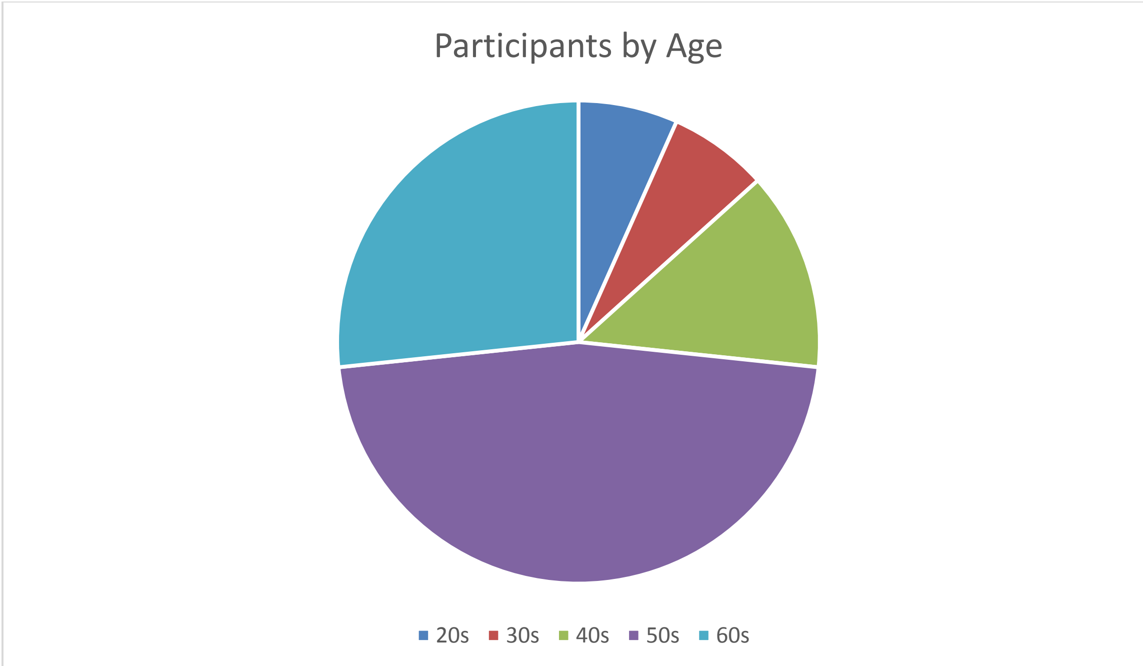

Figure 3. Age of Participants

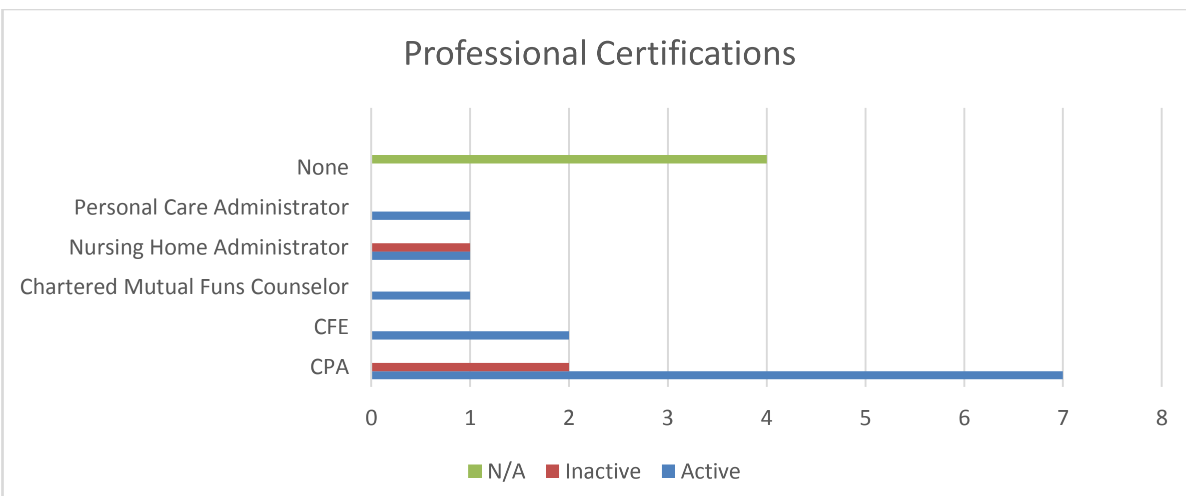

Figure 4. Professional Certifications of Participants

During the open coding process, the principal investigator reviewed transcripts with an open-mind, allowing for identification of all potential themes. After open coding was completed, 35 themes had emerged. During the axial coding process, the principal investigator organized the themes by which research question was being answered. During this phase, the minor themes were grouped together to form nine major themes. One major theme was identified for each of the research questions. The remaining 5 themes related to discoveries beyond the scope of the dissertation proposal and are addressed in Appendix G.

Additionally, within each major theme there existed minor themes. Regarding the theme for research question one, there were four minor themes. Regarding the theme for research question two, there were four minor themes. Regarding the theme for research question three, there were four minor themes. Finally, regarding the theme for research question four, there were five minor themes. Table 1 identifies the four major themes according to the research question being answered. Furthermore, Table 2 presents the minor themes according to each of the four major themes.

Table 1.

Major Theme According to Research Question

	Research Question	Major Theme
RQ1	What forms of asset misappropriation fraud occur in NFPs within South Central Pennsylvania?	Theft is common in NFPs
RQ2	What preparations have NFP accountants within the study population had that would equip them for fraud prevention, identification, and management, if any?	Various forms of fraud-prevention training will better prepare staff for preventing, detecting, and managing fraud
RQ3	How quickly is asset misappropriation fraud identified and managed within NFPs in South Central Pennsylvania?	Various factors affect detection time
RQ4	Of the properly detected cases within NFPs, what was the outcome?	Action should be taken after a fraud occurs to prevent it from happening again

Table 2.

Minor Themes According to Major Theme

Major Theme	Minor Theme
Theft is common in NFPs	*Cash/Credit Cards are easy to misappropriate*
	Volunteers feel entitled
	A lot of fraud occurs against the mentally disabled
	When cash is not involved in the business there is less opportunity for fraud
Various forms of fraud-prevention training will better prepare staff for preventing, detecting, and managing fraud	*Adequate fraud prevention/detection training is important*
	Continuing Professional Education (CPE) Courses/Webinars are incredibly beneficial
	Who should receive fraud-prevention training?
	Building a community to learn from is helpful
Various factors affect detection time	*Many External Schemes make finding information difficult*
	Individual perpetrators are most common
	The size of the misappropriation affects detection time
	It is vital to be aware of red flags
Action should be taken after a fraud occurs to prevent it from happening again	*Using outside resources to manage fraud is helpful*
	Making changes internally is vital
	Budgeting and comparing budgets
	Surveillance helps deter fraud
	Take action when possible

Theme 1. The first research question was, “What forms of asset misappropriation occur in NFPs within South Central Pennsylvania?” The data collected yielded one major theme: “Theft is common in NFPs.” After reviewing all of the transcriptions, the following breakdown of asset misappropriation type was discovered:

Table 3.

Asset Misappropriation Type by Participant

Type of Asset Misappropriation	Number of Participants Who Experienced It
Check Tampering	1
Expense Reimbursement Claims	2
Theft of Cash	5
Billing Schemes	2

Theft of Non-Cash Assets	4
No Asset Misappropriation	5

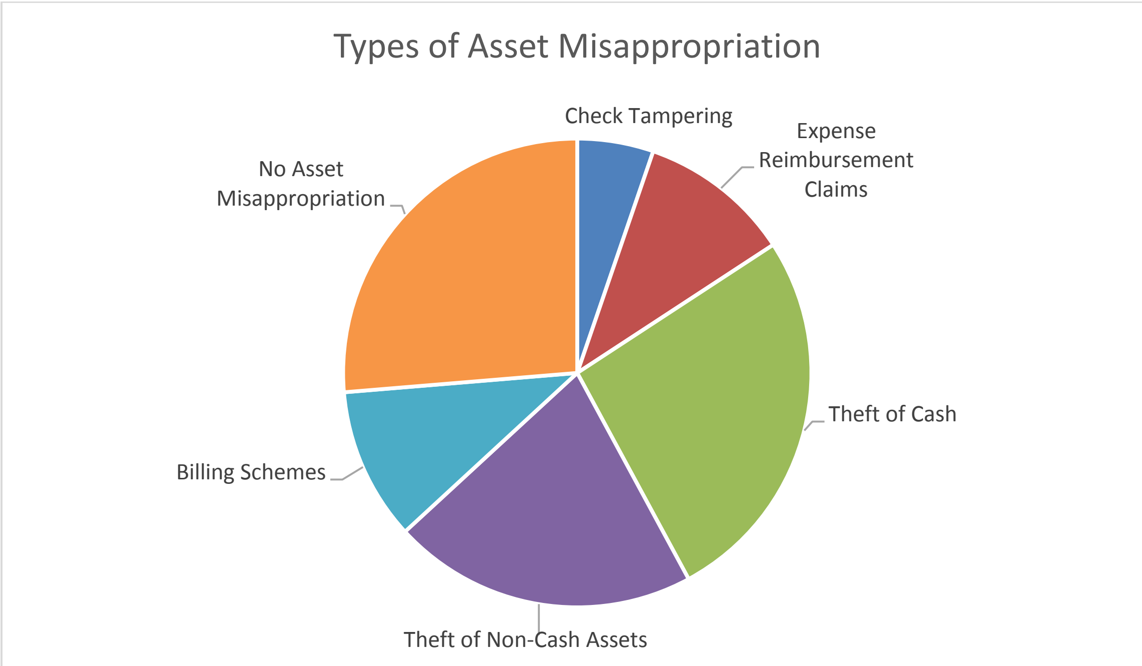

Figure 5. Breakdown of Asset Misappropriation Type

Some interviewees had experienced multiple types of asset misappropriation within their respective organizations, or at previous NFPs; others had never experienced asset misappropriation in their NFP careers. Based on collected data, theft of cash was the most commonly perpetrated form of asset misappropriation within the study location. The results contradict current data presented by the ACFE that theft of cash occurs in approximately 11-15 percent of cases (ACFE, 2014; ACFE, 2016d; ACFE, 2018c). In the cases described, 36% were classified as theft of cash. Additionally, participants who had not experienced theft of cash also indicated that, within the NFP sector, it is the easiest to commit. For example, participant JF noted that, in their company, it is common for individuals to walk in and present a cash donation to a staff member, especially during the holidays. He stated that, although generous donations are welcomed, “From a fraud standpoint, it’s a little bit of an opportunity.” For this reason, it is vital that NFPs improve awareness of fraud risk, and how it can be prevented, detected, and managed. This major theme was delineated by four minor themes.

Minor theme 1. The first minor theme was that cash and credit cards are easy to misappropriate. Participant KT works at a NFP that helps intellectually disabled individuals maintain a normal lifestyle. This involves maintaining multiple homes in which the individuals live. These homes contain staff members who are responsible for helping the residents with budgeting and grocery shopping. Participant KT indicated that they have:

> People that are making $14-$15 an hour but they're going out to buy groceries, they are managing the money of people with intellectual disabilities. So you have plenty of little instances where, if I go to the grocery store and buy $100 of groceries how many dollars make it into the house?

Because of the NFP's nature, the majority of their asset misappropriations occur in small amounts of $100 or less, rather than larger thefts, making detection difficult. Similarly, participant JF stated that receiving cash donations opens organizations up to theft. In order to prevent this type of asset misappropriation, participant JF believes that:

> All of those people need that foundational training. Not just to reinforce behavior and stuff like that, we do a lot of things with just trying to promote stewardship within our workforce, and how to manage our resources as effectively as possible. And part of that is also how we protect these assets.

The minor theme "Cash and credit cards are easy to misappropriate" indicates a need to implement strong controls surrounding cash receipts and disbursements. Of the 15 participants interviewed, 6 (40%) mentioned having a dual signature policy in place, and 4 (27%) indicated having any type of check register or dual counting for incoming cash and checks. These low percentages support the problem that accounting and finance staff at NFPs need improved training regarding fraud prevention, detection, and management.

Minor theme 2. The second minor theme was: "Volunteers feel entitled." Participant IY explained that when volunteers help at a NFP for many years, "Some of them think they own the place." At the organization for which participant IY works, food was stolen from a warehouse by a volunteer. In order to prevent this in the future, surveillance cameras were installed. Similarly, participant JF indicated that many of the people coming into their organization are volunteer groups, and, "It's hard to sneak out with food and stuff like that. But we have to make sure that, from a control standpoint that we have adequate controls in place."

This minor theme supports the idea that, although volunteers are beneficial to NFP organizations, they are also an increased risk factor (Groble & Brudney, 2016; McDonnell & Rutherford, 2018). Participant SE stated that their organization is small, consisting of 6 board members, and they utilize volunteers to help. However, they do not leave the decision-making capabilities in the hands of those volunteers. This study identifies circumstances in which volunteers might misappropriate assets, and how to mitigate associated risk.

Minor theme 3. The third minor theme that emerged was, "A lot of fraud occurs against the mentally disabled." Three of the participants work for organizations that help those with mental or physical disabilities, and all three of the participants (100%) noted seeing fraud occur against those they served. Participant KT explained that, when staff members are working with residents who are intellectually disabled, they might take advantage of their lack of financial knowledge and steal small amounts over time. Similarly, participant SE discussed how the population they work with are poor, and receive Social Security Income for "disability and mental health" reasons. Unfortunately, she stated that they often hear people who are "helping" these individuals say, “I’m going to hold your card for you…so nothing happens to it, for safe keeping.” She then explained that the individuals “Were thinking that the person was really helping them, they give them their pin numbers and they go and take their money.” Finally, participant RG stated that the elderly residents they serve have accused employees of stealing personal property. Although sometimes, “The person’s medications were fueling some paranoia,” there were times were cameras had to be placed to identify the thefts.

Although this theme does not relate directly to all organizations, NFPs operate to assist those in the community. When assisting people, it is vital to identify their mental state, and alter the staff and volunteers accordingly, to protect the company, as well as those being served. This theme proves a need for improved fraud prevention, detection, and management, specifically in organizations that service those unable to protect themselves adequately.

Minor theme 4. The final minor theme identified for research question one was: “When cash is not involved in the business, there is less opportunity for fraud.” The data collected proved that theft of cash is the most common form of asset misappropriation in the study location. Participant BV stated that, at their organization, they had “Numerous checks taken” from their mail. In the example of participant KT, cash was stolen directly from residents over long periods of time. Furthermore, regarding the issue of working with cash, participant OA said, “Cash is always an issue.” Participant WG said that at their organization, “There's no cash, it is very difficult to have fraud here.” He further explained that he believes at NFPs, “Cash controls are probably the main thing where they might be lacking.” Furthermore, participant SE mentioned that their organization rarely accepts cash donations, and that “Not accepting cash is a really good thing” because when a company accepts cash, “It opens up that office for theft.”

Another example of theft of cash was from participant GK; the organization had a snack bar with a small cashbox for purchases not made by credit card, and the money from the cashbox was stolen twice. She explained that the company does not "Have a lot of cash that comes in and out, a lot of things are just charged to people's accounts." From that view point, their fraud risk was minor. However, improvements can still be made to lower that risk. Participant LC noted that their organization does not get much cash, but it is all kept in a dual control safe as an extra safeguard. Finally, participant AQ stated that "The biggest risk would be large amounts of cash leaving the organization."

This minor theme further proves the problem the principal investigator addressed. Asset misappropriation is a problem amongst NFP organizations, and cash needs to be protected with strong controls (Archambeault et al., 2014). However, many organizations prefer to receive cash donations, rather than goods (Ülkü, Bell, & Wilson, 2015). Preparing accounting and finance staff to prevent, detect, and manage potential related fraud is vital.

Theme 2. The second theme that emerged answered research question two: "What preparations have NFP accountants, within the study population, had that would equip them for fraud prevention, identification, and management, if any?" The second major theme was: "Various forms of fraud-prevention training will better prepare staff for preventing, detecting, and managing fraud." The following information was discovered, from the data, regarding the types of fraud preparation that the participants had received:

Table 4.

Types of Fraud Preparation Received by Participants

Type of Preparation	Number of Participants who Received It
CPE Courses	11
Collegiate Auditing Course	10
Training from Prior Organizations	5

Reading Articles in the Journal of Accountancy	1
Collegiate Business Ethics Course	1
AICPA/CFE Fraud Course	2
Conferences/Presentations from Groups Outside the Organization	2
Training at the Organization	3
No Training Received	2

Although some of the participants had received more than one form of fraud-prevention training, two stated they had received no fraud prevention, detection, and management training. This theme supported the problem that NFP accounting and finance staff need improved fraud prevention, detection, and management training.

Furthermore, the principal investigator asked questions regarding what types of topics have been beneficial to learn over the course of their careers. The participants indicated the following topics as being vital to proper fraud prevention, detection, and management:

Table 5.

Fraud Preparation Topics

Topics Participants Indicated as Beneficial to Successful Fraud Prevention, Detection, and Management Preparation
Professional Skepticism
Case Studies
Real-life Experience
Auditing Courses
Attitude of Employees
Cyber Crime
Tone at the Top
Supervisor Oversight

Eleven participants (73%) indicated the importance of learning and implementing professional skepticism. Participant AQ works for a religious organization and he mentioned, “Even people who are Christians does not mean that they’re not tempted to commit fraud.” Similarly, participant IY explained that although many of the employees are Christians, “That doesn’t always mean anything," Christians might still commit fraud. Furthermore, participant CN believed that, "Lack of healthy skepticism creates an environment where fraud or misappropriation would be otherwise more likely to occur." He went on further to state that "A healthy skepticism would go a long way." Participant SE stated that, "You have to take the time…you can look at somebody and think they're the most trustworthy person ever." However, that does not mean you should not review their work and complete proper audit checks to ensure accuracy and honesty. Participant JF summarized the need for professional skepticism well, stating that "Every organization has to take seriously the fact that anybody can be that next perpetrator." In reviewing the transcriptions, professional skepticism was the topic that came up the most regarding proper fraud prevention, detection, and management preparation.

The other topics that participants indicated as being vital include learning from case studies and real-life experience, and putting the lessons from them into practice. One participant indicated that he makes his interns review specific cases of fraud and discusses them with them. He believes that people leaving college and entering the workforce do not have a healthy professional skepticism; showing them real-life examples of fraud helps them understand what can take place in an organization. Other participants believed that the best experience, unfortunately, came from having identified and managed fraud themselves. Although the principal investigator's goal is to lower fraud risk, using experiences and examples has proven beneficial in helping professionals understand the risks and weaknesses in organizations similar to theirs. Understanding the mistakes of other organizations, can benefit NFPs by enabling them to improve weaknesses other companies overlooked.

The various topics addressed by participants proves the importance of utilizing different training techniques to improve the ability of accountants to prevent, detect, and manage fraud.

Individuals learn differently, and not all forms of training provide the same level of education. Seeking out different forms of education and training will help accountants learn about more topics, and better prepare themselves in the long-run. Within this theme there were four minor themes that emerged.

Minor theme 1. The first minor theme identified was: “Adequate fraud prevention and detection training is important.” Nine participants (60%) mentioned the importance of adequate fraud-prevention training. Participant PX stated that “More training is always good.” Additionally, participant KT noted that they are, “Always looking for good education and…fraud detection is always important for us.”

Conversely, participant GK revealed that she had no fraud-prevention training. She stated that, “Training of staff could be better,” and that the organization does not have a standard regarding fraud-prevention training. She stated that further training would be necessary for her, and other staff, to manage fraud adequately. This minor theme indicates the need for adequate fraud-prevention training for individuals in accounting and finance roles. Although many participants felt prepared to manage fraud if it were to occur, some felt that they were unprepared due to lack of training and education. By informing individuals of available training and education, their ability and confidence regarding fraud prevention, detection, and management will enable them to lower their organization’s risk.

Minor theme 2. The second minor theme that emerged was that, CPE courses and webinars are beneficial training tools. From a convenience standpoint, participant FP said, “I think webinars are good because you can do them at your desk. Generally, they are free or low cost depending on who’s offering them.” Additionally, participant LC indicated that webinars and CPEs are approximately 2 hours, and they teach a lot of information that is transactional for professionals. Participant JF also stated that there are CPEs and webinars that directly address problems that NFPs encounter. Although there are few regarding fraud in NFPs, “A lot of those nonprofit focused sessions are really around designing controls for organizations that can’t properly segregate all those processes.”

Four participants had never taken CPEs or webinars. Of these individuals, 75% showed an interest in obtaining information regarding finding CPEs and webinars to benefit their fraud preparation. One participant explained that their organization has a specific online library with webinars on a variety of applicable topics. However, she stated that the system offers no webinars on the topic of fraud prevention, detection, or management, and that learning those topics would be beneficial to her and others. This minor theme enabled the researcher to further support the idea that CPEs and webinars teaching fraud preparation are beneficial for the working professional. Research proves that these self-directed forms of learning are increasing, and offer individuals more convenience, efficiency, and flexibility in their learning (Curran et al., 2019). Utilizing these tools will help accountants in NFPs better prepare themselves for potential fraud occurrences.

Minor theme 3. The third minor theme, “Who should receive fraud training?” was addressed by 100% of participants, as it was a specific question in the interview guide. When asked, 53% believed that everyone in the organization would benefit from some level of fraud-prevention training. The remaining 47% of participants believed that leadership and accounting staff should be the main recipients of fraud-prevention training; with emphasis on anyone who had access to checks, transactions, or financial data. However, the majority of participants believed it did not matter what your role was; fraud is a company-wide issue. Participant KT stated that he had, “Seen fraud perpetrated at all levels of the organization, or tolerance of it even at various levels of the organization." Participant CN noted that, "Fraud detection and prevention is everybody's responsibility." Additionally, participant RG believed that fraud-prevention training should explain, "Not only how to detect it, but what constitutes it. What the consequences could be."

This minor theme supports the problem that accountants need improved fraud prevention, detection, and management training. Only 3 participants (20%) stated that their organization offered them fraud-prevention training since being hired. Although most participants had received training of some kind, it was not common that the organization specifically provided the opportunities for them to learn those topics. Addressing the question of who should receive training made the participants think critically about their organizations and identify which roles involve the most fraud risk, and whether or not employees need fraud-prevention training. Additionally, by showing participants the various forms of fraud-prevention training and preparation available, they might choose to improve their education on fraud topics and better prepare themselves for potential occurrences.

Minor theme 4. The last minor theme was only discussed by two participants (13%); "Building a community to learn from is helpful." Participant SE explained that there are NFP groups and professional organizations that help provide information to other NFP professionals about pertinent topics. She also indicated the importance of speaking with people, who had experienced fraud and undergone the process of detection and management. Participant LC stated that attending conferences is beneficial to fraud preparation and education. He stated that the State Accounting Association and the Pennsylvania Institute of Certified Public Accountants (PICPA) offer fraud-prevention training to accounting professionals. Joining a community, whether NFP focused or not, can improve professionals' knowledge on various topics. Learning about the groups and professional organizations that are established for NFPs, can improve the training that individuals in financial positions receive, and give them a contact to ask questions if something arises that they do not know how to manage adequately.

Theme 3. Theme three, "Detection takes various forms," answered the third research question: "How quickly is asset misappropriation fraud identified and managed within NFPs in South Central Pennsylvania?" After interviewing the participants, the following breakdown of fraud duration was indicated from those that experienced asset misappropriation:

Table 6.

Detection Time by Participant

Participant	Length of time before detection
AQ	1 day
BV	1 month
CN	Months to years
GK	1-2 days
IY	Unsure
JF	1 day
KT	Unsure for most cases, but longer than desired
OA	Unsure
RG	1 month
WG	1 day

Based on the data, 40% of participants who experienced fraud detected it within one to two days, 30% were unsure of the duration before it was detected, and 30% stated that the fraud lasted a month or more. These statistics prove the need for improving the ability of those in accounting and finance positions to prevent, detect, and manage fraud. Additionally, the participants explained the various ways the frauds were detected. The principal investigator identified the following statistics based on detection data from the fourteen cases of asset misappropriation described by the ten participants who had experienced such occurrences:

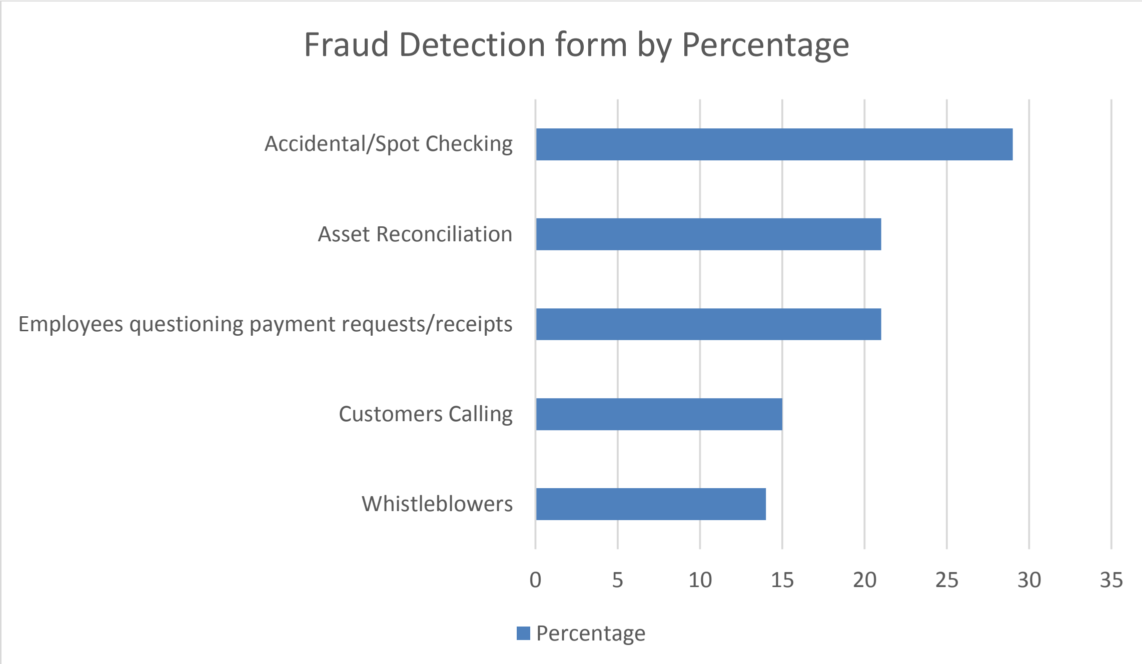

Figure 6. Fraud Detection form by Percentage

The statistics are contrary to what the ACFE presented regarding initial fraud detection. According to the ACFE, tips, or whistleblowing, is the most common form of detection, occurring 40% of the time. However, this study indicates that whistleblowing occurs less frequently in NFPs (ACFE, 2018c). Furthermore, the ACFE identifies management reviews and accidental detection occurring approximately 7-13% of the time. The principal investigator discovered that reviews and accidental detection occurred in approximately 29% of cases. The results, although contrary to what the ACFE discovered, prove that fraud preparation improvement is necessary for NFP professionals. Using the findings of this research, the principal investigator will compile ways to improve existing skills as well as identify fraud education that professionals can take.

Minor theme 1. The first minor theme that emerged was, “Many external schemes make finding information difficult.” Three of the 10 participants (30%) who experienced asset misappropriation indicated that the perpetrators were external to the organization. The results support the findings of PricewaterhouseCoopers ("PwC's Global Economic Crisis Survey," 2014), that fraud by external perpetrators occurs approximately 44% of the time. As the principal investigator asked additional questions regarding the fraud, responses were vague regarding the number of perpetrators. The commonality between the lack of details regarding external perpetrators proves that information is more difficult to obtain when the perpetrator is not internal. One participant who had experienced fraud perpetrated by an employee indicated that the organization narrowed down the suspects, but because of lack of surveillance, it was difficult to specifically identify the perpetrator. This minor theme proves the need for improved education regarding surveillance of assets, and monitoring of employees to detect and prevent fraud.

Minor theme 2. The second minor theme identified was, "Individual perpetrators are most common." Based on the data provided, 13 of the 14 (93%) instances of asset misappropriation were perpetrated by a single individual. Only 1 (7%) instance involved multiple perpetrators. The findings support existing research stating that collusion is uncommon; Greenlee et al. (2007), explains that collusion occurs in approximately 18.6% of fraud cases.

The data collected proves the increased need for NFP employees and employers to be aware of the attitude of new hires. Participants indicated that teaching professionals about looking at the attitude of employees is important to fraud prevention. Participants FP and IY stated that one reason they believed the NFP they work for has successfully avoided asset misappropriation is because they are intentional about hiring good people. Furthermore, participant JF expressed the importance of communicating to employees the importance of ethical behavior. He stated, "People who are there for 30 years, they might be great employees, and you might think that they are really productive, but are they there for the right reason?" Because the majority of asset misappropriation involves a single perpetrator, knowing the attitudes of employees is vital to fraud prevention. Being aware of who is hired, and continually communicating the company's views on ethical behavior, as well as consequences for unethical actions will lower fraud risk. The results of this minor theme prove the need for improved fraud-prevention training and preparation, specifically regarding professional skepticism and identifying employee attitudes.

Minor theme 3. The next minor theme directly correlates to the duration of fraud; "The size of the misappropriation affects detection time." This theme emerged throughout participant KT's interview. He mentioned that many of the asset misappropriations they detect last longer than they would like to admit, because people are stealing little amounts over time. He stated that, "Honestly it's that the person gets greedy and all the sudden we see that the food budget in this home is much higher than all the other homes."

Participant SE spoke about an incident she experienced at another NFP organization, and how greed was a major factor in detecting that fraud as well. Although the example does not fall within the study location, she does use the experiences she gained regarding fraud prevention, detection, and management to improve the NFP she started in South Central Pennsylvania, and to be more prepared as a business owner. These experiences prove the need to improve fraud preparation for NFP professionals, and also that there is a desire within accounting and finance positions to improve their organizations and lower fraud risk.

Minor theme 4. The final minor theme within theme three is, "It is vital to be aware of red flags." This minor theme emerged among 20% of the participants interviewed. Participants LC and JF both hold a CFE license, making them more aware of specific red flags. Participant

LC mentioned that the ACFE releases “A profile of the fraudster.” Within this profile, he said that, “The ACFE discusses different stats and they talk about how things are caught, it is mostly through anonymous tips.” Awareness of red flags helps professionals prevent fraud. Participant JF believed that if employees are aware of the red flags, and they are honest individuals, they would be more likely to report the activity quickly. Both participants express the importance of teaching employees what red flags are. Participant LC noted that in his time as an auditor, employees outside of the finance functions were the ones who noticed red flags, such as lifestyle changes. Because you do not have to be in a finance position to identify red flags, organization-wide awareness would benefit all NFPs.

Participant WG explained that, with the attempted asset misappropriation he experienced, paying attention to detail was what helped the organization avoid fraud. In his experience, the external perpetrator was sending fake emails to him, and other CFOs before him, using his boss’ email address. Participant WG said that the emails typically said, “Send money, I'm busy I am in a meeting, but we have to send ‘x’ amount of dollars to so and so.” He stated that this short email is something his boss would say, because he is often busy and sends short emails to accomplished tasks. However, with a closer examination of the email, it could be seen that the address was fake. Furthermore, he stressed the need to pay attention to other details as well. For example, the emails he received were signed with his boss’ full name, and he questioned it because his boss never signed his full name to emails. He expressed the need for common sense in situations such as those, as well as a questioning mind when something seems out of the ordinary.

The beliefs and experiences of the participants all prove the need for improving the ability of NFP professionals to identify red flags. Whether the individuals being trained are in finance positions or not, the results prove that awareness of common warning signs is needed for all employees. Furthermore, warning sign awareness and training should be stressed for employees in positions managing financial matters, as they may be a direct target as well.

Theme 4. The fourth theme enabled the principal investigator to answer the final research question, “Of the properly detected cases within NFPs, what was the outcome?” The final theme identified was, “Action should be taken after fraud occurs to prevent it from happening again.” Only 1 of the 10 (10%) participants who experienced fraud was unsure of any changes made internally. However, that participant was not involved in the management of the fraud because it was managed at a higher level, and it was an external perpetrator that remained unknown. Six of the 10 (60%) participants indicated that perpetrators were terminated after the fraud was caught in at least one of the instances they described. The other three (30%) participants indicated that internal policy and procedural changes were made to avoid being future victimization. The actions taken after fraud was detected reveal that NFP accounting and finance professionals are aware of management and prevention policies that lower fraud risk. However, after this study is completed, NFP professionals will have more guidance regarding preventing fraud before it occurs.

Minor theme 1. The first minor theme was, “Using outside resources to manage fraud is helpful.” Participant CN stressed the importance of using the media and the authorities to manage detected fraud. He described three specific instances of asset misappropriation and explained that in two, they “Worked with an outside private investigating group…That individual came in and did interviews of the perpetrator, and in one case just secured a confession and it went on from there.” He noted that the authorities, including the police and other investigative agencies have expertise that their organization lacks, making them more qualified to detect the fraud quicker.

Participant CN explained that their organization, being a religious NFP, is “In the mercy business,” and the justice system is, “in the justice business.” Because of the opposing goals, they, “Let law enforcement handle that in the best manner and means that they deem appropriate. But when that happens, it tends to get into the news, and we tend to publish that.” Although they try to stay out of the investigation, their organization encourages the use of the media to bring the fraud to light. This way of thinking is diametrically opposed to existing research, which states that most NFP organizations manage fraud internally as a means of maintaining reputation and lowering costs associated with publicizing the fraud (Harris et al., 2017). Additionally, research suggests that the majority of NFPs avoid including any major authorities to limit the public consequences of their involvement (Bonny et al., 2015; Bromley & Orchard, 2015).

The mindset of participant CN’s organization is not popular opinion. However, they believe that making a public spectacle of any fraud allows them to repeat their views to the public that fraud is not tolerated, no matter the size, and it will be dealt with appropriately. Participant CN believes that following this pattern will show donors that they are doing their best to be good stewards of all funds given to them, and yield increased donations.

Minor theme 2. The second minor theme discussed in eight of the interviews was, “Making changes internally is vital.” The eight participants who talked about this minor theme had experienced fraud. If fraud occurs in an organization and changes are not made to safeguard against that, risk is not managed adequately and the company is more likely to experience a similar situation again. Participant BV explained that checks were stolen from the NFPs outgoing mail, and to prevent this, they no longer leave mail out after business hours, and ensure the timely processing of incoming mail. Similarly, participant GK explained the decision to remove the cashbox from the snack bar to eliminate theft of cash from occurring again. Both practices remove the cash and/or checks from the hands of those who have previously perpetrated fraud.

Participant CN described various business practices that have been implemented in the main office, as well as in the parishes and schools they oversee. Additionally, a survey is required to be filled out regularly indicating the extent to which different practices are being conducted. Similarly, participant KT explained that, many of their funding sources are governmental and, “They require that a plan of correction be put in.” They also provide education regarding various procedures and reviews of those procedures. Both participants focus on the practices of the organization and how to strengthen them, to prevent fraud.

Participants WG and RG described the implementation of new procedures to prevent fraud. In participant WG’s example of the external perpetrator requesting money via email, he explained that a new approval process was put in place for any money leaving the organization. Similarly, participant RG explained, regarding the fraudulent billing claim, that a new triple-check process was implemented to ensure accuracy of each claim submitted. The implementation of new processes strengthened the organizations and provided an extra level of protection from future misappropriation.

The final two participants who addressed this theme spoke about monitoring procedures implemented. Participant IY stated that a surveillance system was installed in the warehouses to monitor the receipt and disbursement of physical assets. Similarly, participant OA described a new serial number system. Using the new system, every piece of equipment either rented, leased, or owned by the organization received a specific serial number that correlates directly to the asset software that the participant maintains. These internal changes ensure the strict monitoring of existing assets.

All of the changes made support the need for a strong control environment. The control environment is the foundation for the organization; it enables strong policies and procedures to function properly and lower fraud risk (Kong et al., 2018). Although 8 of 10 participants who experienced fraud noted changes made within their organization in reaction to the fraud, this still proves that fraud is a major problem for NFPs. The results show beneficial ways to prevent fraud from occurring in other NFPs before they experience similar occurrences.

Minor theme 3. The third minor theme is, “Budgeting and comparing budgets.” Three (20%) participants mentioned creating budgets and comparing actual to budgeted expenses throughout the year. Participant LC stated that budgeting is important for their organization, and that a comparison of budget to actuals is completed monthly. He said that it is a way for each department to evaluate how their funds are being spent. Additionally, it prompts the questions, “This is what we said we're going to do, how does it lineup? Is it low? High? And why is it low or high?" Comparing budgets to actuals monthly enables department heads to review purchases and question unusual activity.

Participant HZ stated, “I am constantly reviewing the financials and making sure that things are matching the budget or my forecast.” Although this is part of her job duties, it is a good practice to conduct. She stated that by doing this frequently, data entered into their systems is double-checked regularly. By comparing forecasts and actual expenses, accounting staff are more likely to identify fraud and common mistakes, and correct them before they become a problem.

Finally, participant CN explained that at month end, when the books are closed out, budgets are compared to actual expenditures. He also stated that best practices have been implemented in all of the schools and parishes that the central office oversees, asking for the same practices to be conducted. However, surveys and reviews are used regularly to ensure those practices are taking place. Participant CN stated that, “Analytical review and high-level reviews of those types of activities or unusual fluctuations, I think create the right control environment, along with the tone from the top.”

Comparing budgets to actuals is a practice that more companies should be conducting. Only 20% of participants mentioning budgeting proves the need for this study. Using the findings, the principal investigator will compile best practices for NFPs to utilize to lower their fraud risk; comparing budgets should be included. More NFP professionals should be aware of the importance of budgeting and comparing actual expenditures, to help them spend their resources wisely and to detect fraud sooner. Jones (2014) explains that NFPs often have tight budgets. Risking the loss of any resources on fraud should be avoided; budgeting and reviewing expenses lowers that risk.

Minor theme 4. Another minor theme identified was, “Surveillance helps deter fraud.” Five participants (33%) noted the benefit of including surveillance cameras at the organizations. However, only 1 participant confirmed that cameras were a fraud prevention and detection technique being utilized before the fraud occurred; the other participants noted the benefit of cameras after experiencing asset misappropriation. Kramer (2015) supports the importance of monitoring to lower fraud risk, specifically the monitoring of areas in which cash is processed. Participant JF stated that cameras are used at the front desk and any other places that cash and/or checks are controlled. However, he mentioned that they, “Are there to more deter that kind of thing than to catch it when it happens." He explained that the standard operating procedures in place are meant for preventing and identifying fraud, but the cameras add an extra level of monitoring.

Participants CN and RG spoke about the use of cameras to detect suspected fraud within the NFPs. In both interviews, the participants explained that someone was under suspicion within the organization, either stealing cash or non-cash assets. To identify the perpetrators, cameras were installed and monitored. Unlike participant JF's experience of using surveillance as a deterrent, both participants CN and RG's organizations utilized cameras as a fraud detection and management tool.

Finally, participants IY and GK addressed the need for surveillance after a fraud had occurred to prevent it in the future. Participant IY explained a situation in which a volunteer was stealing items from a warehouse. After the theft was detected, video cameras were installed in the warehouses and the volunteer was asked to not return. After the situation was managed, installed cameras were monitored regularly to prevent that type of fraud. Participant GK explained a different scenario in which a temporary employee was stealing cash from the unmonitored snack bar. After the fraud was detected and managed, she stated, "We suggested a camera. It has not been approved yet." Unlike participant IY's organization, the management at participant GK's NFP have not seen high value in adding a camera, and made other adjustments to avoid similar frauds. However, she noted that, even with the changes that were made, it would be valuable for management to take some of their suggestions.

This minor theme further proves the problem that fraud preparation is lacking in NFPs within South Central Pennsylvania. Although beneficial changes have been made in many organizations after discovering fraud, they would have been able to avoid, or detect the asset misappropriation quicker had monitoring techniques been implemented as preventative measures. The data proves a need for NFPs to utilize monitoring techniques to safeguard their assets adequately, and deter future fraud occurrences.

Minor theme 5. The final minor theme is, "Take action when possible." Nine of the ten participants who experienced asset misappropriation explained how the fraud was managed regarding the employee, or internal changes. However, 5 (33%) explained additional action that was taken beyond punishment of employees and internal changes. Participant JF explained that, after the perpetrator was terminated, limited information was shared with employees. He expressed that:

> You don't want to spread a lot of gossip and rumors about departed employees. But we did communicate to employees that, to some degree, this person violated policies around not taking things…and they were dealt with in accordance with procedures in our handbook.

Furthermore, he explained that communicating with employees sends the signal that management cares about protecting the organization from fraud, and it will not be tolerated. In this instance, the theft was only for a small amount of postage, but participant JF said:

> It was the fact that this person felt like they either had the right to take this, or were somehow entitled to it, or felt that they could just get away with it. And that is absolutely against our core values, and we don't want those types of employees working in our organization.

Taking the additional actions to reiterate policies, procedures, and company values to employees helps to deter fraud. Participant CN had a similar mindset regarding communicating the punishment of fraud. However, he believed that utilizing the media and making the punishment public news was vital to deterring others from attempting to perpetrate fraud against the organization. He said that if employees were aware of the consequences, they would be less likely to consider perpetrating fraud.

Participant WG explained that their organization attempted to find the external perpetrator by tracing the IP address from the email. Unfortunately, the IT staff said nothing further could be done at that point. Similarly, participant AQ noted that because the perpetrator was external to the company, they could not gain information about the extent of the attempted fraud beyond what was discovered. Because the organization did not know how the information used was gained by the perpetrator, it was difficult for them to put any changes into place to prevent such attempts in the future.

Finally, participant RG explained that, when the billing fraud he experienced was discovered, they contacted their attorneys to get ahead of the problem. The NFP sought attorney advice regarding self-reporting the false billing claim, and remedying the problem before the federal government discovered the errors and took action against them. By taking this step, the company maintained their positive reputation with the government agency being billed.

Although the actions taken by these five participants were beneficial, the results prove that the majority of NFP accounting and finance staff are not aware of additional steps to take beyond punishment, to prevent future fraud. The data gathered reveals beneficial steps that organizations experiencing similar situations could take to better protect themselves.

Relationship of themes/patterns to research questions. Each of the 4 major themes discussed related directly back to the four research questions the principal investigator sought to answer. Furthermore, each of the themes related to the theories developed in the conceptual framework. The major themes that emerged helped accomplish the goals of the study.

The first research question was, "What forms of asset misappropriation fraud occur in NFPs within South Central Pennsylvania?" The major theme identified was, "Theft is common in NFPs." The 4 minor themes further enabled the principal investigator to understand how each of the 4 theories identified in the conceptual framework led to theft within NFPs. The fraud management lifecycle theory uses stages to develop detection tools that lower risk in an organization (Adomako, 2017). However, the results proved the statement that NFPs "Often fail to manage ongoing risks" (Gentenaar & Solomon, 2015, p. 26). Because there was a lack of effective controls, there was increased opportunity for perpetrators to steal from the companies (Roden et al., 2016). Two participants, GK and PX, specifically noted the significant lack of segregation of duties within their respective NFPs. Furthermore, in the example of participant BV, the routine of leaving mail unattended significantly increased opportunity. Similarly, the examples given by participant CN prove the lack of capable guardianship in religious organizations, as well as the idea that persons of power might perpetrate fraud (Lokanan, 2015; Thornhill et al., 2016).

There was one major theme to answer the second research question: "What preparations have NFP accountants within the study population had that would equip them for fraud prevention, detection, and management, if any?" The major theme was, "Various forms of fraud-prevention training will better prepare staff for preventing, detecting, and managing fraud." The minor themes included:

- Adequate fraud prevention/detection training is important
- CPE courses/Webinars are incredibly beneficial
- Who should receive fraud-prevention training?

- Building a community to learn from is helpful

Each of these minor themes expressed the need for various forms of training. Not all organizations, or individuals, are the same. Providing various options to obtain training and education is beneficial. The fraud triangle theory states, to reduce fraud, the triangle must be interrupted (Archambeault et al., 2014). Although the majority of participants had received some form of fraud preparation, there were two that had none. This lack of training and education increases fraud risk for those NFPs.

The third major theme, “Various factors affect detection time,” enabled the principal investigator to answer the third research question: “How quickly is asset misappropriation fraud identified and managed within NFPs in South Central Pennsylvania?” The minor themes included:

- Many external schemes make finding information difficult
- Individual perpetrators are most common
- The size of the misappropriation affects detection time
- It is vital to be aware of red flags

Each of the minor themes further explained how detection time could vary within the study population from 1 day to 1 or more months. Not all fraud is perpetrated in the same way, meaning that routine reviews of processes and procedures will help prevent fraud. The fraud management lifecycle theory, although it focuses on discovering fraud, is also beneficial in preventing fraud through professional skepticism regarding processes.

Finally, the fourth theme, “Action should be taken after a fraud occurs to prevent it from happening again,” enabled the principal investigator to answer the final research question: “Of the properly detected cases within NFPs, what was the outcome?” The minor themes included:

- Using outside resources to manage fraud is helpful
- Making changes internally is vital
- Budgeting and comparing budgets
- Surveillance helps deter fraud
- Take action when possible

There were ten participants in the sample that experienced asset misappropriation fraud, and each of them indicated the changes that were made within the organization as a result. The fraud management lifecycle theory stresses the need to follow specific steps to manage fraud: deterrence, prevention, detection, mitigation, analysis, policy, investigation, and prosecution (Adomako, 2017; Ocansey, 2017). Each participant explained how the fraud was detected as well as techniques related to mitigation, analysis, policy, investigation, and prosecution after proper detection. By following the steps properly, each participant described how the NFP mitigated future fraud risk and improved the organization.

Summary of the findings. After completing 15 interviews, the principal investigator determined that data saturation had been reached, as no new information was being provided by participants. Additionally, the data gathered was triangulated by comparing the cases, and identifying commonalities and differences amongst participant responses. Furthermore, the principal investigator compared the opinions and suggestions provided by participants with existing research regarding fraud preparation to ensure accuracy.

The principal investigator discovered that theft was the most common form of asset misappropriation occurring in NFPs within the study location. Theft of cash constituted 36% of the fraud cases experienced and theft of non-cash assets represented 29% of the cases. Only 1 participant experienced check tampering, and two participants experienced expense reimbursement schemes and billing schemes. Furthermore, the data revealed that 33% of the participants had not experienced asset misappropriation. Additionally, the data revealed that 5 of the 10 participants were able to identify the asset misappropriation within 1-2 days. However, two of the participants noted that the fraud lasted upwards of 30 days before it was detected, and 3 participants were unsure how long the fraud lasted. Those that were unsure of the duration of the fraud were either not at the organization when it occurred, or had experienced the fraud from an external source and were not able to identify enough information after detecting the fraud to know how long it lasted.

The results also indicated that the 87% of participants had received some form of fraud preparation. In Table 4, each form of preparation received is identified, along with the number of participants who received it. However, interviews revealed that CPE courses (73%) and collegiate auditing courses (67%) were the main forms of preparation received. Furthermore, only 33% of the participants received fraud-prevention training from their organization. The results indicate that NFPs do not spend resources on training their employees to prevent, detect, and manage fraud adequately.

Finally, the findings of the study indicate that fraud is managed after it is discovered. In all of the cases with internal perpetrators, the result was termination of the employee, as well as changes to internal processes and policies to improve fraud prevention. In two of the three cases of external fraud, changes were made to processes. Participant BV explained how mail containing checks was no longer left unattended. Additionally, participant WG stated that the company switched banks and implemented new processes for requesting the issuance of funds. In the one that did not result in a change, the perpetrator was external and unsuccessful in their attempt to perpetrate the fraud; the organization was not aware of any way that the fraud could have been prevented further.

The results of this study prove that fraud is a problem in NFP organizations and improved preparation of accounting and finance staff is necessary to lower risk. Although 93% of the participants believed they are prepared to manage fraud if it were to occur in the future, weakness was shown regarding fraud prevention. Educating professionals in accounting and finance positions at NFPs regarding improving fraud prevention will yield lower fraud risk and increased protection of NFPs' limited resources.

Applications to Professional Practice

The results of this study will benefit NFP employers as well as NFP accounting and finance staff. Additionally, the results will indirectly benefit accounting educators. NFP employers will better understand their organizations' fraud and fraud-prevention training weaknesses. By understanding the data, employers can determine how to train their finance staff, as well as others, to properly prevent, detect, and manage fraud. Preparing staff increases knowledge, and lowers the NFP's fraud risk. Furthermore, the study proves that NFPs benefit from investing time and resources into properly training staff regarding fraud-prevention. By providing adequate training, either internally or externally, fraud occurrences will decrease, enabling NFPs to better meet their missions.

Furthermore, the results will benefit financial professionals working at NFPs, by educating them on the importance of fraud-prevention training, and providing ways to receive training. If NFP financial staff seek preparation and education on fraud topics, they will increase their ability to prevent, detect, and manage fraud in the workplace. Additionally, by obtaining further education on fraud topics including, segregation of duties, professional skepticism, cybercrime, and case studies, they will be more equipped to identify, and improve, weaknesses within their respective organizations. Small NFPs with 1-20 employees would specifically benefit from fraud-prevention training regarding segregation of duties in small organizations.

Moreover, accounting educators will indirectly benefit from the study results by identifying weaknesses within accounting curricula regarding fraud and fraud-prevention. By improving accounting students' collegiate education, they will be better prepared for licensure examinations and a career in accounting after graduation. Educators aim to provide a well-rounded curriculum, instilling knowledge in students to benefit them after graduation. This study reveals that fraud and fraud-prevention are not topics of priority within collegiate courses. All of the participants interviewed indicated that learning more about fraud prevention, detection, and management in their collegiate courses would have benefited them. Although the principal investigator's goal was not to discover ways to improve accounting education, it was an indirect benefit of the results.

The data proves that skepticism is vital to prevent fraud. Three of the 15 participants work for religious organizations, and another stated that a majority of their employees are Christians. However, each participant noted that just because someone claims a specific faith, does not mean they cannot commit fraud. Matthew 4:6 (ESV) shows that even Satan quotes scripture. Professionals should apply their fraud prevention, detection, and management training to all people, not just those that seem questionable. Additionally, Luke 16:10-11 says,

> One who is faithful in a very little is also faithful in much, and one who is dishonest in a very little is also dishonest in much. If then you have not been faithful in the unrighteous wealth, who will entrust to you the true riches?

Employers are responsible for preparing their staff to manage fraud and protect their organization. When employers are faithful and take care of the company properly, the results will be rewarded. The principal investigator identified a need for improved fraud-prevention training. If employers, employees, and educators take that need seriously, fraud instances should decrease, and NFPs should prosper.

Finally, the results of this study fill a gap in existing accounting literature. Minimal research exists regarding fraud in NFPs (Archambeault et al., 2014; Harris et al., 2017). This yields a lack of literature on prevention, detection, and management of fraud within the sector. This study fills a gap related to the experiences NFP financial professionals have had with asset misappropriation in the workplace. Furthermore, the principal investigator identifies fraud-prevention training to help NFP financial professionals prepare for future occurrences. By using the themes and principals identified, organizational leaders can improve their staff's fraud prevention, detection, and management training, lowering fraud risk (Bradley, 2015).

Recommendations for Action

The principal investigator identified 3 recommendations for action, one for each group impacted by the results. First, the principal investigator recommends that NFP employers provide a source of fraud prevention, detection, and management training to their staff, focusing on financial staff. The principal investigator suggests the following options:

- Identify online webinars and/or CPEs teaching fraud prevention, detection, and management topics through sources including CPA Academy and Auditing firms, and have employees take them.
- Identify and join nonprofit groups and professional organizations that offer conferences, or courses on fraud-prevention topics, and attend relevant opportunities.

- Search for conferences or seminars regarding fraud-prevention offered by larger organizations such as the AICPA, ACFE, or state accounting agencies, and request that employees attend.

To be effective, the principal investigator suggests that employers communicate the importance of fraud prevention, detection, and management training to their staff. Furthermore, employers should require their staff, to attend a conference or seminar, or listen to a webinar or CPE once every year. By having staff stay up to date on fraud-prevention topics, NFPs will be prepared for future occurrences and lower their fraud risk (Carroll, 2015).

The second action the principal investigator recommends is that NFP finance professionals take responsibility for their own education beyond college. There are auditing firms that work with NFPs, and offer online webinars on relevant NFP fraud related topics. Furthermore, larger organizations including the ACFE offer webinars, CPEs, and conferences regarding fraud prevention, detection, and management topics. The principal investigator recommends that NFP accounting and finance professionals seek courses offered by the CPA academy, for-profit and NFP auditing firms, and larger state and nation-wide organizations to educate them on fraud related topics. By seeking education, employees have the opportunity to find relevant courses that are of interest to them. Utilizing available sources will prepare them to avoid fraud, as well as manage occurrences quickly and appropriately.

The final recommendation the principal investigator provides is that academic institutions offer courses teaching fraud prevention, detection, and management, or integrate such topics into existing courses more thoroughly. Integrating case studies of fraud into curriculum will improve education on the topic. Participants indicated that learning real-life experiences aided in their ability to properly prevent fraud. Because of this, the principal investigator recommends academic institutions integrate case studies into their accounting curriculum. Additionally, the principal investigator recommends that the following topics be taught with an increased focus on their relationship to fraud and fraud prevention:

- Professional skepticism
- Attitudes of the employees
- Cyber crime
- Tone at the top
- Supervisor/managerial oversight

NFP professionals indicated that these topics were vital in their understanding of fraud prevention, detection, and management. By integrating them into existing accounting curriculum, or creating a new course in which to discuss them in-depth, students will benefit. Furthermore, employers of the accounting students will benefit from hiring professionals with increased knowledge. Finally, academic institutions will benefit by better preparing their students, leading to increases in pass rates for licensure examinations after graduation.

Recommendations for Further Study

Gaps continue to persist within existing research and literature concerning fraud in NFP organizations, and how to prevent, detect, and manage NFP fraud adequately. Filling such gaps is vital to improving knowledge for practicing NFP professionals, and lowering fraud risk. The principal investigator recommends that future researchers:

- Explore the experiences that NFP accounting and finance staff have with financial statement fraud and corruption,
- Explore the experiences that NFP accounting and finance professionals who do not have a Bachelor’s degree in accounting have with fraud,

- Identify which academic institutions offer courses on fraud education and how their graduates perceive their preparation,
- Explore the opinions of auditors of NFPs regarding how the organizations could better prevent fraud,
- Compare the perceived preparation of accounting students who receive fraud education to those who do not,
- Study a specific form of asset misappropriation, identifying in which types of NFPs it is most prevalent,
- Explore the experiences of specific types of NFPs (i.e. religious, healthcare, or higher education) to identify which forms of fraud are most prevalent,
- Compare forms of fraud occurrences to the sizes of NFP organizations,
- Conduct the same study in a different geographical location to identify any differences in results
- Conduct a study identifying the effectiveness of CPE on the ability of NFP financial staff to prevent, detect, and manage fraud

The principal investigator believes that expanding the study boundaries will reveal more information regarding how NFPs, and NFP professionals, can better prevent, detect, and manage fraud.

Reflections

Before beginning research, the principal investigator had preconceived ideas as to how it would progress, and what would be involved. However, not all of those ideas were true to the process. Before beginning the dissertation, the principal investigator knew that it would be time consuming, exhausting, and involve hard work and dedication. However, the principal investigator believed that Sections 1 and 2 would be the most tedious portions, and that the research phase would be straight-forward . As recruiting began, and the principal investigator sorted through the population, she realized it would involve as much hard work and dedication as the first two portions. The principal investigator anticipated that more individuals would be willing to participate, and that follow-up recruiting attempts would unnecessary. This was proved incorrect at the beginning of recruitment and continued throughout the research process.

Additionally, as interviews began, the principal investigator worried that transcribing multiple sessions in one week would be difficult. However, the principal investigator was able to find dictation tools, making the process much simpler. Although transcriptions took 1-2 hours per participant, using the tools available made the process less frustrating and tiresome.

Furthermore, the principal investigator was surprised by the amount of work involved in coding transcriptions. Before the research began, the principal investigator anticipated that coding would be easy; by following the interview questions, relevant themes would emerge to answer the research questions. However, as interviews progressed, the principal investigator realized that many participants provided information beyond the bounds of specific questions asked. Although this was expected, and beneficial, it made coding more complex. Additionally, it added more detail than was anticipated, requiring an appendix for the data discovered outside of the scope of the study. The principal investigator enjoyed learning the information each participant shared. However, it added to the staggering amount of data being collected, and made the coding process more complex and intricate. Proverbs 14:23a states, “In all toil there is profit,” (ESV). Keeping this in mind, the principal investigator overcame obstacles encountered in the research process, knowing that all the hard work put forth would be worthwhile.

Personal biases. Before conducting research, the principal investigator held preconceived ideas regarding participant responses. Because of the amount of literature reviewed for Section 1, the principal investigator anticipated that the sample would fit into similar "boxes". The principal investigator believed that smaller organizations were more likely to experience fraud. However, this bias was proven incorrect in various cases. Learning that four of the NFPs had between 1 and 20 employees, and had not experienced asset misappropriation was unexpected due to difficulties that small NFPs have with integrating adequate segregation of duties.

A second personal bias was that NFP accountants and finance staff would be professionally certified. However, 73% of participants had a professional certification; 10 had earned their CPA license. The principal investigator believed that NFPs could rarely afford to hire someone with an advanced degree or professional certification. Additionally, she believed that most NFP accountants had only earned a Bachelor's in accounting, or had not taken an accounting course in their schooling. Discovering this preconceived idea to be wrong was encouraging. Although the data identified weaknesses in fraud prevention, detection, and management skills, it was reassuring that many NFPs seek qualified individuals to fill accounting and finance positions.

Effect of researcher on participants. During the interviews the researcher had minimal effect on the participants. The questions asked in the interview guide were direct, eliminating potential bias from the principal investigator. Furthermore, the principal investigator purposely avoided responding with personal opinion. However, the principal investigator could have had an effect on the demeanor of the participants by providing a quiet, private space, and reiterating the security and confidentiality of all responses. Furthermore, the principal investigator thanked each participant for taking time out of their schedule to meet, and introduced themselves to strengthen rapport between the participant and the principal investigator. In this manner, the principal investigator may have had an effect on the participants.

Changes in thinking. Throughout the research process, the principal investigator experienced evolution of thought. During recruitment, the principal investigator often became frustrated at receiving negative responses to emails or phone calls. However, over time the principal investigator realized that obtaining valuable participants was necessary to achieve a complete and thorough study, and those who responded negatively would not have been beneficial because of their disinterest in the topic, or lack of qualifications. Proverbs 16:3 was a continual source of encouragement, stating, “Commit your work to the Lord, and your plans will be established” (ESV). During times of discouragement, the principal investigator discovered that praying and trusting in the Lord’s plan brought about success and progress. Changing the mindset from discouragement to reliance on the Lord was pivotal in the research process.

Finally, it was encouraging to see how many people were interested in the topic chosen. The principal investigator believes that fraud is unbiblical and needs to be prevented. Furthermore, the principal investigator has been impacted by NFPs in numerous ways. NFP organizations are not always prepared to manage fraud adequately, and the principal investigator finds value in assisting them in that mission. Psalm 37:21 says, “The wicked borrows but does not pay back, but the righteous is generous and gives.” NFPs seek to aid their communities, and the principal investigator believes preventing, detecting, and managing fraud properly will enable them to be even more generous in their aid. Furthermore, God calls each person to utilize the gifts He has given to them (1 Peter 4:10, NIV). The principal investigator believes that accounting and teaching are her gifts; to follow Christ is to use those gifts and help others whenever possible.

Summary and Study Conclusions

This study used a qualitative exploratory case design to gather the experiences that NFP financial professionals have had with workplace asset misappropriation, and their level of preparation regarding fraud prevention, detection, and management. The principal investigator conducted semi-structured, face-to-face interviews with 15 participants in private spaces. Participants were obtained through purposive sampling; a non-random sampling technique used to ensure thorough coverage of the population (Robinson, 2014). The principal investigator recruited participant until data saturation was achieved. Additionally, the principal investigator reviewed 183 sources regarding the problem of fraud in NFP organizations and proper prevention, detection, and management tools. The gap in existing research regarding fraud in NFPs and how to improve the abilities of financial staff to prevent, detect, and manage it confirms the need for this study.

Each participant was given an opportunity to describe their experiences relative to the increasing levels of fraud in the NFP for which they work. Additionally, they were asked to describe the types of fraud-prevention preparation they have had prior to experiencing fraud, and explain how it helped or hindered their abilities to adequately manage the situation. Using four research questions, the principal investigator was able to understand the types and duration of asset misappropriation occurring within the study location as well as how it has been managed, and the levels of fraud preparation had by the participants. After interviewing the participants, the principal investigator better understood their assessment of the problem.

After conducting open coding, axial coding, and cross-case analysis, 4 major themes were identified, answering the research questions. Reviewing each major theme enabled the principal investigator to accomplish the purpose of the study. Additionally, 5 major themes were identified that presented discoveries beyond the scope of the study. Within each of the themes there were minor themes identified; there were 35 minor themes. The discoveries beyond the scope of the study enabled the principal investigator to form a collection of practices and ideas to improve fraud-prevention knowledge and offer tools and techniques to lower fraud risk in NFPs of all sizes.

The participants' responses proved that asset misappropriation fraud is a problem within the NFP sector; the most common being theft of cash and theft of non-cash assets. The principal investigator discovered that most asset misappropriation cases lasted 1-2 days, or 30 or more days, depending on the size of the fraud. Additionally, the principal investigator identified termination of the perpetrator as the most common management technique. However, 8 of the 10 cases discussed, also involved internal procedural changes, limiting future risk. Finally, the participants indicated that fraud prevention, detection, and management preparation was not a priority for their organizations. Although the majority of participants had received preparation in some form, either through CPE, auditing courses, or organizational training, they all expressed weaknesses in the training offered to them.

The data presented benefits NFP employers, NFP employees, and accounting educators. The principal investigator recommends that NFP employers and employees take more responsibility regarding fraud-prevention training; various opportunities are available to financial professionals and are not utilized. Although each case of asset misappropriation was managed with fraud prevention, detection, and management preparation, the number of cases experienced could decrease. Increasing the knowledge of those protecting the company's assets yields increased prevention of future fraud.

Additionally, the principal investigator recommends a more rigorous education regarding fraud topics. Only 1 participant had received fraud-prevention training in their collegiate careers, and 100% of participants acknowledged the benefit of adding fraud courses to collegiate education. By implementing fraud prevention, detection, and management topics into existing courses, or creating new courses to teach such topics, accounting graduates will be better prepared for their careers. Furthermore, academic institutions will benefit by increasing the knowledge provided to graduates, which is needed to pass licensure examinations. Because licensure examinations require significant knowledge from the test taker, increasing the topics taught to students will better prepare them to pass them after graduating.

The principal investigator studied the topic of asset misappropriation and NFP financial professionals' preparation by examining the fraud management lifecycle theory, the fraud triangle theory, the white-collar crime theory, and the routine activity theory. The participants all expressed the need to manage discovered fraud adequately. Each explained how cases of fraud had been managed in their respective NFP, and how it was being prevented in the future. Additionally, using the fraud triangle theory, participants explained that there are additional ways to lower opportunity in the organization. By limiting opportunity, the fraud triangle is interrupted, and risk is decreased (Macgregor & Stuebs, 2014). Regarding the white-collar crime theory, 73% of participants expressed the importance of improving professional skepticism amongst staff. NFP organizations are known for having a trusting environment (Kummer et al., 2015). Increasing the awareness of staff towards fraud and potential perpetrators improves their prevention and detection abilities. Finally, regarding the routine activity theory, one participant indicated the need for their NFP to change their procedures regarding daily routines. Because their routines were well-known, their organization experienced fraud; changing their processes lowered fraud risk.

Fraud is an ever-growing problem in NFP organizations (Bradley, 2015). The principal investigator believes this study identified weaknesses in the fraud prevention, detection, and management preparation and education of financial professionals in NFPs, and that addressing those weaknesses will yield lower fraud risk. Additionally, the principal investigator discovered the lack of application of known practices by NFP financial professionals. The findings identified significant insights regarding the problem.

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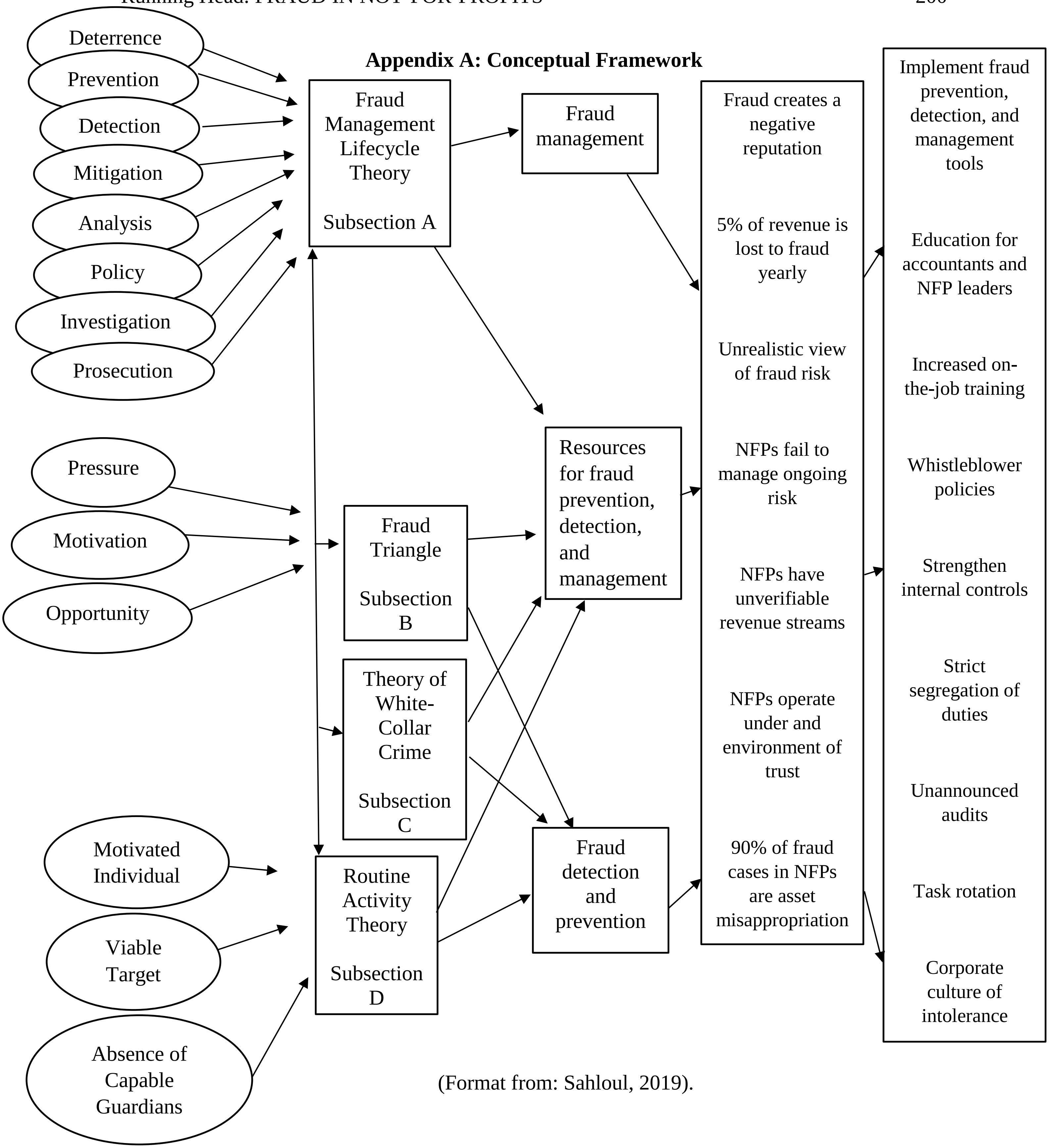
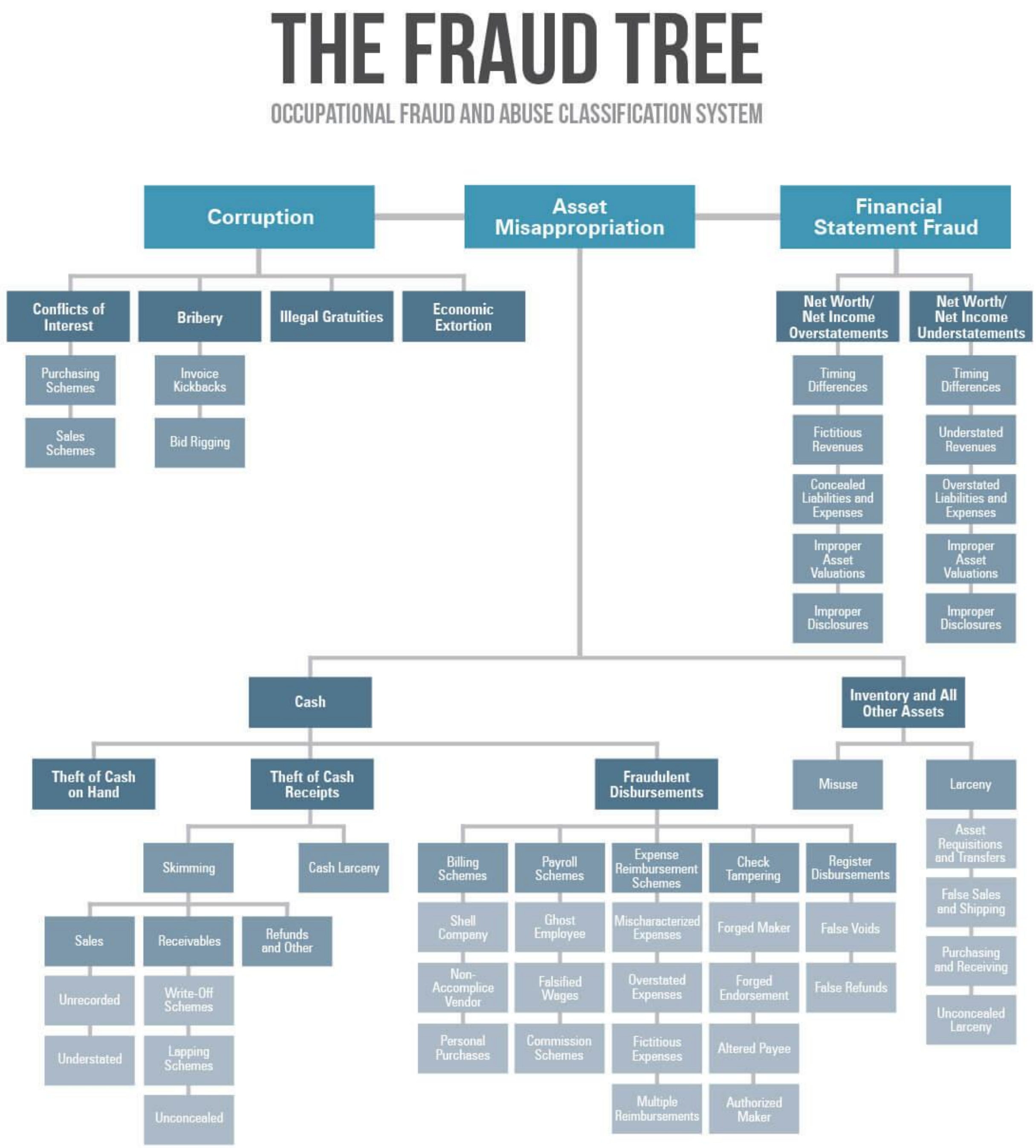
Appendix A: Conceptual Framework



(Format from: Sahloul, 2019).

Appendix B: Fraud Tree



Appendix C: Interview Guide (Research Questions)

Introduction

- The principal investigator introduces themselves, welcomes the participant, and thanks them for voluntarily participating
- The principal investigator briefly discusses what the study is about and the goals of its completion, as well as the definition for asset misappropriation
- The principal investigator explains that the interview will be visually and audio recorded for transcription
- The principal investigator explains how data will be secured and kept confidential
- The principal investigator obtains necessary signatures on the informed consent document
- The principal investigator asks if the participant has any questions before beginning the interview

Questions for Participants

The first set of questions asked will seek to understand your professional and educational background

1. What is your gender?
2. What is your ethnicity?
3. What is your age?
4. When did you earn your bachelor's degree?
5. Where did you earn your degree?
6. What type of bachelor's degree did you earn?
7. What is the highest level of schooling you've received?
8. How long have you worked in the NFP sector?
9. Do you hold any professional certifications? Which ones?
10. What is the name of the organization for which you work?
11. What type of organization is it? What do they specialize in?
12. Is the organization small, medium, or large regarding number of employees? *Small being 1-20; medium being 21-50; and large being 51 or more*
13. What is your role at the organization?
14. How many years have you been working in your current position?

The second set of questions seeks to identify your fraud prevention, detection, and management preparation prior to having experienced fraud in the workplace.

15. What are your duties and responsibilities regarding prevention, detection, and management of occupational fraud?
16. Have you received fraud prevention, detection, and management training of any kind?
17. Have you taken any continuing professional education courses, lectures, webinars, etc. regarding fraud in the workplace?
    a. Did you know these types of courses are available to you?
    b. Would you be interested/willing to take these short courses to better prepare yourself?
18. Did you take any fraud prevention, detection, and management courses in your schooling?
    a. Did they cover fraud prevention, detection, and management in NFPs, or for-profit organizations?
19. Did you receive training regarding fraud prevention, detection, and management since being hired?
    a. Do you believe the training was sufficient?
20. How do you perceive the "tone at the top" within your organization?
21. Do you believe you are prepared to manage fraud if it occurred based on your preparation?

The third set of questions seeks to identify specific instances of asset misappropriation in your workplace and how it was detected and managed, as well as prevention techniques implemented as a result.

22. Has your organization experienced asset misappropriation fraud?
    a. What type of asset misappropriation was it?
    b. How many perpetrators were involved?
    c. How was the fraud detected?
    d. How long did the fraud last before it was detected?
    e. How was the fraud managed?
    f. Were any changes made to internal procedures after discovering the fraud?
23. Does your organization currently employ any fraud prevention, detection, and management techniques? What are they?
    a. What types of internal controls exist within your organization?
24. Is there proper segregation of duties in your organization? If not, can you give me an example?
25. If your organization has not experienced asset misappropriation of which you are aware, how do you believe they are successfully preventing it?

The final set of questions seeks your opinion on preparation for preventing, detecting, and managing fraud in NFPs in the future.

26. What do you believe your role and responsibility of asset misappropriation prevention, detection, and management should be?
27. What do you believe could be done to reduce asset misappropriation in your organization?
28. Are there fraud prevention, detection, and management policies (vacation, rotation, whistleblower, etc.) that you know of that your organization is not implementing? Do you think it would benefit them to introduce them?
29. What types of internal controls do you believe should be implemented to reduce fraud in NFP workplaces in general?
30. How do you believe you could be better prepared to manage asset misappropriation if it occurred in the future?
    a. Should there be courses provided at the collegiate level to improve preparation? What fraud topics should be addressed?
    b. Should on-the-job training be more extensive?
31. Do you believe on-the-job training regarding asset misappropriation fraud prevention, detection, and management could be improved? How?
    a. What do you believe is the best way to train employees about preventing, detecting, and managing asset misappropriation?
    b. Who should receive fraud training?

Closing

- The principal investigator thanks the participant for answering the questions and taking part in the study
- The principal investigator answers any remaining questions the participant has
- The principal investigator provides contact information to the participant
- The principal investigator obtains contact information from the participant for potential clarification of data
- The principal investigator ends the interview

Appendix D: Recruitment Email

[Insert Date]

To: [Recipient]

Dear [Recipient]:

As a graduate student in the School of Business at Liberty University, I am conducting research as part of the requirements for a doctoral degree. The purpose of my research is to investigate the experiences of professional accountants in not-for-profit organizations within South Central Pennsylvania who have had experiences with asset misappropriation as a means to understand how to improve fraud prevention, detection, and management preparations individuals in the field receive, and I am writing to invite you to participate in my study.

If you work in an accounting or finance position at a not-for-profit organization in South Central Pennsylvania and have earned a bachelor's degree, or higher, in accounting or a related field and are willing to participate, you will be asked to partake in a face-to-face interview with me. You will be asked questions regarding your experience with fraud prevention, detection, and management preparation, as well as your experiences with asset misappropriation in the workplace.

The interview will last 45-60 minutes and will be conducted in a private room at a public library or other private location that is convenient for you. Your name and other identifying information will be requested as part of your participation, but the information will remain confidential.

After completion of the interview, the audio-recording will be transcribed into a Microsoft Word document within 2 business days. After transcription is complete, I will email a copy of the document to you for you to review. At this point you will be asked to review the transcribed interview for verification of answers and clarification if needed.

To participate, contact me at gprobinson@liberty.edu to schedule a date and time for the interview.

A consent document is attached to this email. The consent document contains additional information about my research, please sign the consent document and return it to on or before the time of the interview.

If you have further questions regarding my research or would like to participate in the study, please respond to this email within seven days.

You are more than welcome to send this invitation to any other qualifying individuals you believe would be interested.

Sincerely,

Gabrielle Fish
Liberty University Doctoral Student

Contact: gprobinson@gmail.com

Appendix E: Informed Consent Form

CONSENT FORM
Improving Accountants' Ability to Identify, Manage, and Prevent Fraud in Not-for-Profit Organizations
Gabrielle Fish
Liberty University
School of Business

You are invited to be in a research study about the preparation that not-for-profit accountants receive in fraud prevention, detection, and management and how tools and techniques can be improved to advance their skills before asset misappropriation occurs. You were selected as a possible participant because you work in an accounting or finance position at a not-for-profit organization within South Central Pennsylvania and have earned a bachelor's degree, or higher, in accounting or a related field. Please read this form and ask any questions you may have before agreeing to be in the study.

Gabrielle Fish, a doctoral candidate in the School of Business at Liberty University, is conducting this study.

Background Information: The purpose of this study is to investigate the experiences of professional accountants in NFP organizations within South Central Pennsylvania who have had experiences with asset misappropriation to gain an understanding of how to improve the fraud prevention, detection, and management preparations individuals in the field receive.

Procedures: If you agree to be in this study, I would ask you to do the following things:

1. Participate in a face-to-face interview with me. The interview will consist of me asking you open-ended questions about your experiences with fraud prevention, detection, and management preparation as well as your experience with asset misappropriation in the workplace. The interview will take approximately 45 to 60 minutes to complete and will be audio-recorded for later transcription.
2. Review the transcribed interview for clarification. Throughout the interview I will state any answers back to you that need clarification to avoid confusion. However, the audio-recording of the interview will be transcribed within 2 days of completing the interview and will be sent to the email contact you provide. You will be asked to read the transcription as a means of verifying your answers. You will be asked to provide feedback regarding the transcription within 2 business days of receiving the document. Feedback can include clarification of any answers you feel necessary or questions you have for me.

Risks: The risks involved in this study are minimal, which means they are equal to the risks you would encounter in everyday life.

Benefits: Participants should not expect to receive a direct benefit from taking part in this study.

Benefits to society may include lowering fraud risk in not-for-profit organizations through improved fraud prevention, detection, and management preparation. Most of the revenue of not-for-profits is donation based, coming from the taxpaying individuals in society. This study will help lower fraud risk, enabling donors to feel more confident that their donations are being used properly and helping the organizations meet their goals.

Compensation: Participants will not be compensated for participating in this study.

Confidentiality: The records of this study will be kept private. In any sort of report I might publish, I will not include any information that will make it possible to identify a subject. Research records will be stored securely, and only the researcher will have access to the records. I may share the data I collect from you for use in future research studies or with other researchers; if I share the data that I collect about you, I will remove any information that could identify you, if applicable, before I share the data.

- Interviews will be held after work hours in a private room at a public library or other location to maintain privacy and confidentiality. Furthermore, each participant will be assigned a coded identifier that is used to identify the participant in the published documents. Furthermore, any other data that could connect the participant with the study, such as company name, will not be included in the published document.

- All electronic data related to the study will be stored on the principal investigator's personal laptop. The laptop will have a strong password for protection, and each Word document containing data will have a separate password. All data will be backed up on an external USB hard drive; The USB will be stored in a secure location at the principal investigator's home that only they know about. Furthermore, the USB will require a password to access any research data. Finally, the principal investigator will maintain a list connecting the participant with their coded identifier; this list will be stored in a locked location in the principal investigator's home. Only the principal investigator will have access to the data.

  All data collected during this study will be eligible for use in future presentations. After the minimum federal requirement of three years has passed all data pertaining to the study will be destroyed.

- Each interview will be recorded using an audio-recording device and transcribed within 2 days. Recordings will be stored on a password locked computer for a minimum of three years and then erased. Only the researcher will have access to these recordings.

Voluntary Nature of the Study: Participation in this study is voluntary. Your decision whether or not to participate will not affect your current or future relations with Liberty University. If you decide to participate, you are free to not answer any question or withdraw at any time without affecting those relationships.

How to Withdraw from the Study: If you choose to withdraw from the study, please contact the researcher at the email address/phone number included in the next paragraph. Should you choose to withdraw, data collected from you, will be destroyed immediately and will not be included in this study.

Contacts and Questions: The researcher conducting this study is Gabrielle Fish. You may ask any questions you have now. If you have questions later, **you are encouraged** to contact her at gprobinson@liberty.edu. You may also contact the researcher's faculty chair, Dr. Stanley W. Self, at swself@liberty.edu.

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher, **you are encouraged** to contact the Institutional Review Board, 1971 University Blvd., Green Hall Ste. 2845, Lynchburg, VA 24515 or email at irb@liberty.edu.

Please notify the researcher if you would like a copy of this information for your records.

Statement of Consent: I have read and understood the above information. I have asked questions and have received answers. I consent to participate in the study.

☐ The researcher has my permission to audio-record me as part of my participation in this study.

Signature of Participant Date

Signature of Investigator Date

Appendix F: IRB Approval

LIBERTY UNIVERSITY
INSTITUTIONAL REVIEW BOARD

July 29, 2019

Gabrielle Fish
IRB Exemption 3883.072919: Improving Accountants' Ability to Identify, Manage, and Prevent Fraud in Not-For-Profit Organizations

Dear Gabrielle Fish,

The Liberty University Institutional Review Board has reviewed your application in accordance with the Office for Human Research Protections (OHRP) and Food and Drug Administration (FDA) regulations and finds your study to be exempt from further IRB review. This means you may begin your research with the data safeguarding methods mentioned in your approved application, and no further IRB oversight is required.

Your study falls under exemption category 46.101(b)(2), which identifies specific situations in which human participants research is exempt from the policy set forth in 45 CFR 46:101(b):

> (2) Research that only includes interactions involving educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior (including visual or auditory recording) if . . . the following criteria is met:
>
> > (iii) The information obtained is recorded by the investigator in such a manner that the identity of the human subjects can readily be ascertained, directly or through identifiers linked to the subjects, and an IRB conducts a limited IRB review to make the determination required by §46.111(a)(7).

Please note that this exemption only applies to your current research application, and any changes to your protocol must be reported to the Liberty IRB for verification of continued exemption status. You may report these changes by submitting a change in protocol form or a new application to the IRB and referencing the above IRB Exemption number.

If you have any questions about this exemption or need assistance in determining whether possible changes to your protocol would change your exemption status, please email us at irb@liberty.edu.

Sincerely,

G. Michele Baker, MA, CIP
Administrative Chair of Institutional Research
Research Ethics Office

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Appendix G: Discoveries Beyond the Scope of the Study

There were five major themes identified that did not answer one of the intended research questions, but provided information beneficial to improving the abilities of NFP accountants regarding fraud prevention, detection, and management. Table 8 lists the additional themes and their respective minor themes.

Table 7.

Additional Themes and Minor Themes

Theme	Minor Theme
Minimal staff in small organizations makes integrating proper internal controls and segregation of duties difficult	*With a small staff, segregation of duties can be hard*
	Having a small staff makes everything harder
Tone at the top is impactful	
Accountants are not well prepared for fraud occurrences	*Accountants are not prepared enough*
	Did not know CPE was an option
	Fraud training often gets put on the back-burner
Bigger companies are likelier fraud targets	
There are ways to deter fraud that should be utilized	*There is always more that can be done*
	Being audited requires the analysis of internal policies regarding fraud prevention, detection, and management
	Fraud Education would be helpful

Theme 1

The first theme beyond the scope was: "Minimal staff in small organizations makes integrating proper internal controls and segregation of duties difficult." Thirteen of the 15 participants (87%) made comments related to this. Research suggests that small NFPs have weaker internal controls and less segregation of duties due to their lack of resources (McNeal, 2019; Ohalehi, 2019); the participants' comments prove this. In this study, data revealed that 60% of the participants worked for NFPs employing 50 or fewer employees, and that 53% worked for NFPs employing 20 or fewer employees. Statistics reveal that the majority of NFPs are classified as small businesses. Because existing research shows that weak internal controls and segregation of duties effects small organizations most, the study is of importance. Taking the time to identify ways to improve the abilities of NFP accounting and finance staff will strengthen internal controls and segregation of duties within NFPs.

Minor theme 1. The first minor theme identified was: "With a small staff, segregation of duties can be hard." Two of the participants indicated that the NFP they work/volunteer for has no form of segregation of studies. Participant PX stated:

> The treasurer does everything. He writes the checks, makes the deposits, and pays all the bills, the whole nine yards. And he's the only one that does that. So, outside of me reconciling the bank statements and doing just the review of the data, the separation of duties at this point is nonexistent.

Furthermore, participant HZ stated that every year the auditors make a comment that the organization has no segregation of duties because it is so small. When the principal investigator asked if participant HZ felt that there was any way to improve the issue, she stated, "Not really, because we're so small, and my assistant is just part time. So, there's not really a lot of work to make that happen." Similarly, participant BV stated, "We have a small accounting staff, there's only 2 of us, so segregation of duties can be difficult."

Although majority of the participants (87%) indicated that the NFP they work/volunteer for has some level of internal control and segregation of duties, many believed that being small meant they were not as secure as larger companies. Participant WG stated, "We segregate our duties pretty significantly, not as good as a bigger company, but we do a fairly good job of that." Regarding their yearly audit, participant RG said, "As much as we have a small staff, like most small nonprofits, there's usually some kind of finding on separation of duties because there just aren't enough staff to really separate it." Furthermore, he stated that segregation of duties "is kind of tough" for smaller organizations. Additionally, participant GK indicated that they, "don't have that many employees in the office, so it's very hard to have consistent checks and balances." Participant CN indicated that in the main office, there is enough staff to segregate duties, but in the parishes, specifically the smaller ones, they do not have "sufficient staff to achieve good, adequate segregation of duties." This statement is consistent with existing research that states that churches have a difficult time segregating duties because of lack of staff and volunteers (Thornhill et al., 2016).

Although most participants believed segregation of duties was difficult because of their size, the larger organizations indicated that they were fortunate to have adequate staff because they knew small NFPs often struggle with that. Participant KT said, "I have enough staff to do a lot of the checking and things like that, that are necessary for an organization our size. When you're smaller it's just so much harder." Similarly, participant LC said, "We're fortunate to have multiple staff members so we can spread a lot of those duties across multiple people." However, he did further state that, no matter the size of the organization, there are always processes that can be implemented to improve segregation of duties, such as preparing and reviewing bank reconciliations.

The prevalence of the belief that small organizations are not as equipped to properly segregate duties is part of the problem being addressed. By providing ways for finance staff to improve their fraud prevention, detection, and management abilities, they will also learn about ways to implement proper segregation, regardless of the organization's size. Although full segregation of duties may not be a possibility for some NFPs, it is vital to learn and implement, the tools and techniques that are viable for each organization to better protect against fraud.

Minor theme 2. The second minor theme identified was: "Having a small staff makes everything harder." Two participants specifically identified this issue. Participant PX shared the concern that having a staff made up entirely of volunteers creates a significant restraint on time, and willingness to go above and beyond what is required. During his interview, the principal investigator asked if there was more that could be done within the organization to better prepare volunteers to prevent, detect, and manage fraud, or to lower existing risks. Participant PX stated, "Again, limited time, would they be willing to do that…that's a whole other issue." When working with a staff of volunteers, time is a valid concern that must be considered when identifying and implementing new fraud preparation requirements.

Additionally, participant IY explained that when working with a small staff, many individuals have multiple job responsibilities, making it difficult to implement certain techniques. She spoke directly to the idea of task rotation, and how challenging it would be for their organization because of the numerous duties and time constraints of each employee. She indicated that when employees take vacation time, often a volunteer will come in to perform duties because other employees already have too much to do.

Although reducing workload in a NFP with minimal staff is difficult, it is important to consider the options before ignoring them. Small staff is an obstacle for many NFPs. However, the data collected shows that, even in the smallest organization, there are ways to reduce fraud risk and improve the organization.

Theme 2

The second theme that emerged beyond the scope of the study was: "Tone at the top is impactful." Because the participants' perception of tone at the top was a specific interview question, every participant commented on the tone of their NFP. Eleven of the participants

(73%) specifically mentioned that the tone is positive, or ethical. The remaining participants indicated that the NFPs were incredibly busy, fraud was not a pressing topic to upper management, or that the tone varies depending on the person. Because tone at the top refers to the attitude of senior management toward financial controls, it is vital in promoting integrity and honesty within the business (Lail, MacGregor, Stuebs, & Thomasson, 2013). Gunz and Thorne (2015) state that the tone at the top is a key factor in identifying and preventing fraud in companies. Due to its role in fraud prevention, creating an ethical tone at the top in NFPs is crucial.

Research states that the tone at the top must not simply be imposed on an organization, but it needs to be communicated down throughout the company and reinforced through management's actions, practices, systems, and structures (Gunz & Thorne, 2015). Participant KT stated:

> Given that the top sets the guidelines I would say it's pretty healthy. We are policy driven and precedent driven, so everything that we do is not special, we avoid special circumstances, we don't have special employees that can do certain things other ones can't. Our finance committees are specifically interested in making sure that we meet internal controls.

This comment reveals that the tone at the top is seen throughout the organization, not just at the top levels of management. Furthermore, participant JF explained the importance of continual communication of the tone being set to employees. He stated that after an occurrence of asset misappropriation, all staff was spoken to regarding the issue. He explained that communicating the problem with the employees reiterates that, "That kind of behavior is not acceptable and that should be something everybody understands." If the fraud were to be managed quietly and employees were unaware, they would not fully grasp the tone management was setting. By communicating with them, the tone at the top was made clear.

Although majority of participants believed the tone at the top within their NFP was positive, there were a few that did not believe the same. Participant GK explained that with the minimal staff and minimal asset misappropriation being experienced, fraud-prevention was not a top priority for management. Additionally, participant CN indicated that the tone of each church varies by bishop. He explained that some bishops understand the importance of protecting assets, and others choose to believe that everyone within the church is trustworthy and their time is best spent elsewhere. Research proves that not creating and reinforcing an ethical tone is a consistent factor in increased fraud occurrences (Lail et al., 2017). The results indicate that a positive tone enables NFPs to either avoid fraud, or detect it much quicker than a poor tone at the top.

Theme 3

The third theme that emerged from the collected data was: “Accountants are not well prepared for fraud occurrences.” Five of the participants (33%) commented on the lack of preparation that accountants receive regarding fraud prevention, detection, and management. Fraud-prevention training was only offered within 5 of the NFPs, and 1 participant indicated that it was not sufficient training. The significant lack of employer’s focus on fraud prevention, detection, and management training puts their employees at a disadvantage for properly protecting assets and managing situations when they arise.

This theme further proved the problem, that fraud is a problem in NFPs and their accounting and finance staff need increased education and training. The following minor themes further explain why accountants are ill-prepared to prevent, detect, and manage fraud.

Minor theme 1. The first minor theme identified was: "Accountants are not prepared enough." Participant HZ explained that any form of training: on the job, fraud-prevention training, CPE, or a collegiate course would be beneficial to her because she had never received that training. The principal investigator discovered that two participants had never received any fraud-prevention training. Additionally, another participant received minimal training through a collegiate course. Lack of preparation can lead to increases in, and longer duration of fraud occurrences. It is vital that all accountants receive fraud prevention, detection, and management training to properly perform their job duties.

Furthermore, regarding the on the job training of preventing, detecting, and managing asset misappropriation, participant RG stated, "Outside from maybe the auditors who come in to do the job, there's not a lot of expertise on it." Participant KT spoke directly to this issue; he stated that in his auditing career, before working in the NFP sector, "Our audit procedures were much more robust…than current audit procedures are." Because he identified a gap in fraud prevention, detection, and management training, he implemented a process with his accounting interns to improve their knowledge of how fraud can occur and how to properly detect it. By discussing specific cases with the interns, they gain knowledge of real-life cases and a foundation of fraud training.

Research reveals that, in 2011, only 7 of 201 (3%) universities sampled within the U.S. offered undergraduate fraud courses, and only 8 of the 201 (4%) universities offered fraud courses in graduate programs (Aliabadi, Dorestani, & Qadri, 2011). The significant lack of education provided to accounting students increases their unpreparedness to prevent, detect, and manage fraud after beginning their careers. The principal investigator identified collegiate fraud education as having been a form of training that every participant (100%) believed would have benefited them. The data collected indicates that fraud-prevention training can be, and should be improved for NFPs to better protect their limited resources and meet their mission effectively.

Minor theme 2. The second minor theme that emerged was: “Did not know CPE was an option.” CPE is an easy and convenient way for professionals to learn more about various topics. However, 3 of the participants (20%) stated that they did not know CPE was available to them. Each of the three individuals had not earned any professional licenses and had not considered the option of taking CPE. Professionals who earn licenses, such as a CPA, are required to take a specific number of CPE hours annually, or bi-annually. The data reveals that those who do not earn licenses are unaware that CPE is available to them. Regarding the question of whether the participants knew CPE was available, they stated, “Never really thought about it, honestly,” (participant OA), “I guess not,” (participant HZ), and “No” (participant GK). Participant GK went on further to state that even if she did want to take CPE courses, they would have to be at her own expense because she did not believe the NFP would pay for that.

Based on the data, there is a significant lack of communication with unlicensed professionals regarding the availability of education and training. The principal investigator shared with each of the participants multiple ways that they could find free, or low-cost CPE courses and webinars that would provide beneficial fraud-prevention training. However, the principal investigator firmly believes that there should be increased communication with unlicensed professionals about such courses. Although it is required of licensed professionals, they should not be the only ones made aware of such opportunities. Not communicating education and training opportunities to unlicensed individuals puts them at a disadvantage to prepare for fraud, or other issues they may experience in their careers. Based on the results, the principal investigator believes that communicating availability of CPE resources should occur at the collegiate level. As all participants took accounting courses, it would be ideal to make known beneficial resources to students so they will know about them later in their careers.

Minor theme 3. The final minor theme that emerged was: "Fraud training often gets put on the back-burner." Participant OA stated, "There are always so many other pressing issues within the day-to-day business that, I think, honestly that aspect probably gets pushed to the side a little bit." Additionally, participant GK explained that, with the lack of staff at the NFP, management chooses not to put their money and efforts into fraud prevention and detection. Although NFPs have limited resources and need to decide how money would be best spent, ignoring fraud-prevention training is detrimental. In a study comparing fraud detection conditions in the U.S. and Canada, fraud risk management training was the business practice needing the most improvement (Drogalas, Pazarskis, Anagnostopoulou, & Papachristou, 2017). Furthermore, Drogalas et al. (2017) state that for fraud to be properly detected internally, continuous training, including the review of fraud cases, is vital. Additionally, research indicates that fraud awareness training for managers and employees is the most important element in fraud prevention and detection (Halbouni, Obeid, & Garbou, 2016). This minor theme reveals that, although fraud-prevention training is not viewed as a top priority for NFPs, it needs to be taken seriously and improved to effectively lower fraud risk.

Theme 4

The fourth theme that emerged beyond the scope of the study was: "Bigger companies are likelier fraud targets." Three of the participants (20%) commented on this. Participant RG believed that because the NFP he worked for was small, there was less exposure to fraud issues, such as asset misappropriation. Similarly, participant WG stated,

> We're not a big company at all, we're a little company, and so because of that a lot of things are visible, so it's hard to really get away with anything here. At least of that kind of a nature.

Furthermore, participant HZ stated that she believed fraud was harder to hide within a smaller organization, especially when there is checks and balances being conducted by upper management.

The statements made by the three participants directly opposes the findings from a study reviewing 2,690 cases of fraud (Drew, 2018). Drew's study revealed that check tampering, skimming, and payroll frauds occurred more frequently in small organizations. His findings also identified that 29% of frauds occurring in small businesses were perpetrated by an owner or executive, and only 16% of all fraud at large businesses were perpetrated by that population (Drew, 2018). This theme reveals a gap in understanding of how fraud can be perpetrated, and hidden within smaller organizations. Of the participants interviewed, 60% worked for NFPs employing 50 or fewer individuals. This data suggests that there is an increased risk for fraud within NFPs because of their size, as well as their lack of professional skepticism and understanding of how fraud can occur.

Theme 5

The final theme that emerged from the data collected was: "There are numerous things that can be done to deter fraud." This idea was addressed by 100% of the participants. The interview contained questions regarding how NFP organizations could be improved regarding fraud prevention, detection, and management, ensuring that participants would think about common weaknesses within NFPs, and identify ways to mitigate the risks associated with them. Some of the suggestions provided by the participants included:

- Make sure to hire qualified individuals
- Management should take suggestions into consideration
- Oversight is vital
- Task rotation should occur more often than on an as needed basis
- Positive Pay can be implemented
- Limit banking access for employees
- Bank reconciliations should be conducted monthly and reviewed
- Utilizing third-party vendors
- Implement strong segregation of duties
- Have an audit done annually, or have a board member review the books if the NFP is too small for a necessary audit
- Eliminate the use of wires for making payments
- Implement controls over non-cash donations
- Increase controls over cash
- Have a two-signor policy for checks
- Improve fraud-prevention training for all employees
- Expand resources, such as hiring more employees to improve segregation of duties

Although some of the suggestions would be difficult for small NFPs to implement, there are ideas that are viable, and beneficial, for NFPs of all sizes to implement. The fact that each participant knew of some techniques that would benefit NFPs was encouraging. The principal investigator discovered that the uncommon suggestions were from individuals with multiple professional licenses, such as a CPA and a CFE. Increased education regarding fraud topics yielded unique suggestions, even if their particular NFP was not implementing them. The minor themes to be discussed delve into ideas that were more commonly mentioned throughout the interviews and why they would be beneficial.

Minor theme 1. The first minor theme identified was: “There is always more that can be done.” This idea was addressed regarding the preparation of participants as well as the implementation of tools and techniques within NFPs. Eighty percent of participants indicated that more could be done by them, or their organization to prepare for, or reduce fraud. Participant AQ stated that increased awareness through fraud-prevention training and education would benefit the organization. Furthermore, taking more responsibility for noticing suspicious activity and reporting it would be helpful. Furthermore, participant BV explained that there are processes in place that are not conducted as frequently as they should be. Additionally, he described a product offered by banks called positive pay, which would benefit them regarding segregation of duties and payments made. Regarding training, he stated:

> Training brings the issue to the forefront, so you’re more likely to do something if you are seeing that training all the time than if it’s just off to the side. So, I would say awareness is probably pretty big.

Participant CN also stressed the need for improved fraud-prevention training of pastors not in finance roles, overseeing financial matters. Similarly, participant FP indicated that better training should be provided for the office manager regarding awareness and review of documents. Participant GK also stressed the need for further fraud-prevention training of all staff, not just financial roles.

Participant JF stated, “There’s always more to do, truthfully.” He mentioned that, although the organization has training for their staff, “every day something new is on the horizon, so we have to continue to be prepared.” Similarly, participant LC said, “I think there's always additional procedures that we could probably put in place." He explained that task rotation could be improved. Their organization, like others', often conducts task rotation as needed, such as when staff take extended vacation time. However, implementing task rotation more frequently would lower fraud risk by enabling NFPs to detect potential fraud quicker (Jones, 2014).

Participant OA stated, "I would say that there's always room for improvement, nothing is foolproof." She explained the need for increased transparency regarding fraud stating, "The potential for problems exist all over the place…any information I could get would be helpful." Furthermore, participants admitted that there are processes that provide opportunity for fraud. Participant WG explained that their director of accounting manages banking and reconciliations. Although he believes they have the weaknesses adequately managed, he did state that, "If there were something going on she could probably cover it up." To prevent potential fraud, he suggested that another staff member be hired to help with reconciliations and other tasks that need segregation. Similarly, participant PX suggested that their NFP find an assistant treasurer to segregate duties. The treasurer at their NFP manages all of the financial matters, aside from the bookkeeping, significantly increasing fraud risk. Obtaining another board member to conduct some of the tasks would segregate duties and decrease fraud risk.

The participants agreed that no process is perfect, and the ever-changing nature of fraud requires the re-evaluation of processes regularly. The results supported the problem that NFP financial professionals need improved preparation regarding fraud prevention, detection, and management. Although participants provided beneficial ideas, it appears there is a gap between fraud-prevention knowledge and implementation of techniques.

Minor theme 2. The second minor theme was: "Being audited requires the analysis of internal policies regarding fraud prevention, detection, and management." Only 2 of the participants were small enough that an audit was not required. However, the other 87% indicated that audits were conducted annually. Although four participants stated that auditors specifically say that they are not responsible for detecting fraud, they still believed the audit to be beneficial for fraud prevention. Every audit involves a risk assessment, the testing of internal controls for material weakness (Auditing Standard No. 5, 2019). Although auditors are not responsible for detecting fraud, they can offer suggestions to improve existing controls. Participant PX spoke of another NFP position he held and how their auditors made suggestions to improve their segregation of duties. The organization had a 2-person accounting staff, making segregation difficult, but their auditors offered useful advice that was implemented to improve controls. Additionally, participant RG explained that their auditors typically issue a finding regarding segregation of duties. He explained that when findings occur, changes are made based on the auditor's suggestion.

The results prove that having a yearly audit helps lower fraud risk in NFPs. Additionally, audits provide assistance in strengthening internal controls and obtaining useful suggestions to improve segregation of duties. This study reveals a need for NFPs to have an audit conducted annually, and seek the advice of auditors to improve the fraud prevention, detection, and management abilities of the organizational staff.

Minor theme 3. The final minor theme identified was: "Fraud education would be helpful." The principal investigator specifically asked participants their opinions regarding the implementation of fraud courses at the collegiate level. All of the participants (100%) expressed that adding fraud education to accounting programs, either as electives or required courses, would benefit accounting students' preparation. Additionally, they all indicated that they would have benefited from fraud education in college.

Regarding fraud education at the collegiate level, participant JF said, "I think it should be something that's almost mandatory." He believes that accountants are going to encounter fraud at some point in their careers, and having the knowledge beforehand is important. Participant OA stated that, "It really wasn't a topic that was brought up very much at the time," and providing education at that level would be beneficial. Similarly, participant FP said, "It would be nice to have had a collegiate level course. I don't know why they didn't." Additionally, when asked if a fraud education course would have been beneficial, participant WG said, "Absolutely, I think fraud is one of those things that we should pay more attention to and don't know enough about how to do it." Participant SE explained that in collegiate courses, the education is broad, and providing more specific information would be helpful to future accountants.

The data proves the need for increased fraud prevention, detection, and management education. One participant (7%) had received fraud education in college; this reveals a gap in accounting curricula that needs to be addressed. After the publicized fraud at Enron and WorldCom, accounting professionals sought fraud education to better prepare themselves (Kramer et al., 2017). However, fraud is an ever-increasing challenge, and education is continually needed. By adding fraud-prevention courses to accounting curricula, professionals entering the workforce will be better prepared to identify, manage, and prevent fraud at their workplaces.