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Proactive Vendor Fraud Prevention Approaches For Communities

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Among the many fiduciary responsibilities Florida community managers and association boards have is protecting association funds from outside threats. Vendor fraud, such as fake invoices, vendor impersonations, and unauthorized payments, is an increasingly common threat.

Community managers and board members should implement the following essential safeguards to combat the potential financial and reputational damage that vendor fraud can cause:

- Rigorous vetting, including verification of proper licenses and insurance, before approving any new vendor
- Multi-step payment approval and verification for any banking information changes, and utilization of property management systems for invoice tracking, audit logs and fraud prevention

- Conducting regular vendor audits and reviews of financial statements and bank reconciliations
- Using secure, association-approved communication platforms and requiring proper documentation before approving any requests

Through these proactive steps, managers and board members can ensure their community is well-protected from these evolving threats.

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