



## What Your Organization Can Learn From the College Admissions Scandal

By Laura Soileau

The college admissions scandal is a hot topic right now, primarily because of the elite universities and the prominence of some of the people allegedly involved. From politicians to parenting experts, everyone has a different perspective on the case, including accounting industry publication *Accounting Today*. As writer Michael Cohn points out in this article, forensic accountants helped uncover the scheme, in part by tracing payment paths from “contributors” to illegal non-profit entities. There could be a tax implication as well, because funds seem to have been disguised as charitable contributions and were not treated properly from an IRS perspective.

While the college admissions scandal will be fascinating to watch from afar, it can also serve as an important reminder closer to home. No matter how prominent or well-established an organization is, all organizations have some level of fraud risk. This case highlights two extremes: some of the schools appear to have rogue coaches/employees who may have accepted bribes. In other schools, the allegations point to more systemic issues. Either way, the colleges are experiencing financial and reputational damages due to the scandal, including lawsuits by applicants who were not admitted.

What can your organization do to minimize the risk of fraudulent activities by employees? One of the first steps to consider is conducting a fraud risk assessment, which will help identify your vulnerabilities to internal fraud and develop a fraud risk response, including identification of additional internal controls to prevent and/or detect fraud. If you have not conducted a thorough fraud risk assessment within the last 24 months, it may be time to take these initial steps:

1. Perform brainstorming to identify potential fraud risks at your organization;
2. Assess the likelihood and significance of occurrence of the identified risks;
3. Identify and map existing controls to the identified risks; and
4. Determine additional controls which may be needed to further mitigate risk.

Do you need help conducting a fraud risk assessment or addressing specific risks in your organization? P&N has a depth of resources to help prevent, investigate and analyze fraud perpetration. Contact us today to find out how we can assist.