



INSPIRING
FINANCIAL
LEADERSHIP

THE SMALL CHARITIES GUIDE TO PREVENTING FRAUD

**COUNTER
FRAUD
CAMPAIGN**

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HELPING YOUR CHARITY TO COMBAT FRAUD

This guide has been written for CFG's 30th Anniversary.

Over the past thirty years, charities have taken the lead in making our sector more effective. One of the biggest challenges we now face is in protecting our assets from an ever-changing criminal threat. Hundreds of millions of pounds are being lost from charities every year due to fraud, money that we can't afford to lose.

We are asking every charity to work to combat fraud, by using our simple guide, checklist and by taking action. This guide gives you practical guidance that will help you be able to be confident in developing a fraud policy. It is everyone's responsibility to work together to prevent fraud from occurring.

We hope that small charities will find this guide useful and will encourage you to rethink your approach to tackling fraud.

If you would like more information combating fraud you can contact the CFG Policy Team: policy@cfg.org.uk



INTRODUCTION

From Action Fraud (the UK's national reporting centre for fraud and cyber crime) fraud is defined as:

“Fraud is when trickery is used to gain a dishonest advantage, which is often financial, over another person.”

In other words, fraud is about **false representation** and it is important that charities approach countering fraud with this in mind. Healthy scepticism and analysing financial information (both internal and external) that flow through your charity are central to protecting your charity's resources.

Charities, like all organisations, are vulnerable to fraud. In 2016 the Annual Fraud Indicator for the UK estimated that the cost of fraud to the UK economy was £193 billion. In the charity sector, this cost is estimated at £1.9 billion. Individual organisations across all sectors are on average expected to lose 5.6% of expenditure to fraud.

This comes at a time when **nearly 1 in 5 charities have seen their income fall between 2008/09 and 2013/14.**

Think about your charity. How much do you think fraud is costing you?

This guide aims to provide some practical information and resources so that small charities can better prevent fraud.

Falling victim to fraud can undermine a charity's reputation, damage donor confidence and reduce a charities' ability to help its beneficiaries. Fraud can result in fewer people wanting to donate to your charity, funders to think twice before granting funds, and ultimately less money can go towards your charitable aims. **So it is important to take action.**

It is important to say now that it is not possible to fully protect your charity from all fraud – fraud, by its very nature, can be hard to detect and as technology becomes more sophisticated so do the methods that fraudsters use. **But this should not be an excuse for inaction.**

But do not be disheartened. **This guide is designed to help you identify what steps you can take to prevent your charity from fraud and outline what actions you need to take if your charity has been defrauded.** It will:

- Outline the steps you should take to protect your charity from fraud.
- Highlight what tell-tale signs to look out for.
- Guide you through what you need to do if you have detected fraud.
- Point you to the organisations you need to report any incidents of fraud to.

WHAT IS FRAUD?

Fraud can be committed by someone within your charity (internal fraud) as well as by people that are not directly involved in the organisation (external fraud).

It may not be nice to think about, but you must be equally vigilant in monitoring your employees, volunteers and trustees as you are about external contractors.

Boxes 1 and 2 provide examples of both **internal** and **external** fraud.

BOX 1

EXAMPLES OF INTERNAL FRAUD:

An employee keeps cash or cheque donations meant for the charity for themselves.

Charity credit/debit cards are misused by paid employees, Trustees or volunteers. Staff or volunteers claim false or inappropriate expenses.

An employee knowingly receives a wrong salary or allowance and does not report it.

An employee abuses a position of trust and/or power within their organisation to override any financial controls.



WHAT IS FRAUD?

BOX 2

EXAMPLES OF EXTERNAL FRAUD:

Someone hijacks a charity's bank account or creates a fake but very similar website with a donation link.

A contractor under-delivers or over-charges for goods or services.

Fraudsters extract money from a charity by posing as a contractor that the charity currently uses and convinces the charity to change the bank account details that they have on file for that contractor to a fraudulent account. Fraudsters have been successful in doing this by: sending emails from an email address very similar to the real contractor's address; sending a letter using the real contractor's logo; or, trying to change details over the phone.

Cyber fraud is becoming increasingly common. Examples of cyber fraud include: phishing emails where a fraudster impersonates an employee or reputable company to get the charity to reveal security information such as credit card details and passwords etc; ransoming of charities data; and hacking a charity's computer or network.

Unauthorised fundraising in a charity's name. For example, someone could create a fake page on a fundraising website such as JustGiving, or a fake street collection in a charity's name with no intention of donating the money.

WHAT IS FRAUD?

Both internal and external fraud occurs because of:

1. Opportunity
2. Boredom
3. Need

A charity should be aware of these three factors and why they might influence someone's behaviour to commit a fraud.

The first two of these can be combated through active deterrence. Think about how a fraudster could perceive your organisation and how they would react to a fraud. If there is no complete buy-in from the whole of the organisation on a strong anti-fraud policy, then the incentive to commit a fraud is greater for the fraudsters.

Need is harder to deter against, but monitoring of Trustees, volunteers, staff and contractors to identify if they are in financial distress is an effective way of trying to protect your charity's assets. This needs to be done sensitively with help given to those that are identified to be in distress. You can contact Money Advice Trust www.moneyadvicetrust.org for support on helping those in financial distress.

Fraud is not:

- Money laundering
- Bribery
- Corruption

Whilst these sorts of crimes can involve fraud, they should be treated separately. Charities should assess their own policies for these separate issues and plan according on the resources and risk presented to the charity.

How are small charities particularly vulnerable?

This guide has been written because we know that small charities have particular challenges in combatting fraud. Some of these include:

Reliance on goodwill and the support of employees and volunteers

Small charities rely on people wanting to help others, and this can lead to a lax view on financial controls as everyone assumes that everyone will act in the best interests of beneficiaries and not seek to commit crime. Small charities often waive financial controls in order to be sensitive to others and this can make them more vulnerable.

Lack of scrutiny and division of duties

Small charities often lack resource (both time and people), meaning that sometimes one person is in charge of a charity's finances (setting budgets, approving transactions and filing the annual report). Having all financial powers put in one person's hand is risky because it makes it easier for a fraudster to cover their tracks.

A reliance on cash and volunteer fundraisers

Small charities which fundraise in the community might have fluctuating income and receive their funds in cash. Cash is harder to track and fraudsters can pose as fundraisers in order to divert funds away from the charity. Effective checks and processes are critical.

HOW TO PROTECT YOUR CHARITY FROM FRAUD

Develop an anti-fraud policy

Your anti-fraud policy should set out your charity's approach to combating fraud.

It is good practice for every charity to document its stance on fraud risk management so that everyone (Trustees, staff and volunteers) are clear on what your organisation consider to be fraud, what to do when fraud is suspected and who is responsible for managing the risk of fraud. **But this must not sit on the shelf, it must be something actively advocated.**

There are many effective measures that can be implemented easily and with little or no cost by Trustees, employees and volunteers. These measures should help your charity to prevent fraud and can send out a strong message to donors and beneficiaries that you take fraud seriously. They can also act as a deterrent to any possible internal or external fraudsters.

Measures you put in place should be **proportionate** to your charity.

It is also important that any preventative measures that are undertaken are flexible enough to cope with the changing nature of fraud. These measure should also be regularly reviewed, either as part of a general risk plan, or separately, and need to be implemented throughout the whole of the organisation. A policy that just 'sits on the shelf' will not do any good in preventing fraud within your organisation.

What should a fraud policy include?

A good anti-fraud policy should include:

- A statement about the main fraud risks that your charity faces (e.g. a small charity which uses a lot of bucket collections to raise money could be at risk of internal fraud).
- What actions your charity will take if a fraud takes place.
- What roles senior staff and Trustees play in preventing and detecting fraud.
- How staff, Trustees and other volunteers can report concerns and suspicions of fraud and how this will be communicated to them so that all staff, Trustees and other volunteers are confident in their responsibilities.

The Fraud Advisory Panel has produced [guidance](#) and samples of what a fraud policy could look like. It is also recommended that you consult the Charity Commission's *Compliance Toolkit – Fraud and Financial Crime*.

HOW TO PROTECT YOUR CHARITY FROM FRAUD

Culture of ethical behaviour

The culture of your organisation in tackling fraud is as important as what you write down in your plan.

A lax culture to fraud will encourage more fraud to take place and disillusion the 'honest majority' that want to stop it.

Think about your charity. What is your culture towards fraud?

The right message from leadership on the seriousness of fraud can have a positive impact on preventing fraud and deterring would be fraudsters.

Everyone, not just finance people, are responsible for stopping fraud.

A few ways that you can increase ethical behaviour is by:

- **Defining honest behaviour** – set out and communicate with clear lines of what is right and wrong.
- **No blame policies** – a 'no blame' culture allows staff and volunteers to voice concerns.
- **Promote fairness** – the positive effect of being treated fairly cannot be underestimated.
- **Protect whistle-blowers** – encourage staff and volunteers to voice their concerns without fear of reprisal.

Fraud will happen, it is important that success is not defined as 'zero tolerance' as that may encourage people to take a lax approach to fraud as it is unrealistic. Be honest about the risks but also about the costs to the charity and the importance of reducing fraud as much as possible.

Strengthening anti-fraud culture, should be based around these four important themes:

1. The importance of protecting donors, beneficiaries and other stakeholders from fraud.
2. The importance of protecting your charity's reputation and resources against fraud.
3. The potential financial benefits of reducing the cost of fraud and what this would mean in terms of improved outcomes for your charitable aims.
4. The need to take counter-fraud work seriously.

Do not use language that is opaque, technical, stereotypical or complicated to understand. This can make the work seem more theoretical than practical and can make the fraud policy seem daunting.

If your small charity deals with external organisations, one good idea is to ensure that a joint-approach to tackling fraud is included in any formal agreements so that information can be shared and your charity's resources protected.

HOW TO PROTECT YOUR CHARITY FROM FRAUD

Assess your risks

It is important that you treat fraud as similar to any other risk facing your charity, meaning that you should undertake regular assessments of the types of fraud to which your charity could be exposed.

For small charities this can just be as simple as spending time mapping out any considerable risks, what actions could be taken against them and ensuring that these risks are fed into the fraud policy. This could be done at a Trustee meeting, or with staff.

You can use the boxes above on external or internal fraud to give you an idea of the kind of risks you should consider. **But remember, every charity is different and your policy must be based on the unique circumstances that you operate in.**

Once you know what types of fraud your charity might be at risk of, you should then carry out a full risk assessment for your charity. This can be as simple as the 'traffic light' system where you rank risks from red (serious), to amber (medium) and to green (low). In your risk register you should include any controls that can and will be put in place. ([See Appendix 1: Fraud Risk Template](#)).

If your charity has fallen victim to fraud, it is important to learn from each incident. It should be made as hard as possible for a charity to fall victim to the same type of fraud again; not least because if fraudsters were successful once they may try their luck again.

The Charity Commission's CC26 [Charities and Risk Management: A Guide for Trustees](#) outlines the basic principles and duties of a Trustee when identifying risks. It also contains a useful risk register template.

Implement robust financial controls

Robust financial controls are one of the most important ways you can help protect your charity against fraud. Trustees also need them to meet their legal duties. Examples of robust financial controls are:

- **Segregation of duties for financial processes.** This means ensuring that no one person is in control of all aspects of a charity's finances or a transaction.
- **Basic records of all income and expenditure** are kept, as well as receipts, invoices or any supporting documents such as contracts or agreements.
- **No special privileges for a member of staff or Trustee.** Financial controls must not be overridden, by-passed or ignored, whether by Trustees, staff or volunteers.
- **Bank statements and other accounts are regularly reconciled,** with spot checks carried out on books and records.

Along with your overarching fraud policy, the financial controls that your charity have in place should be reviewed annually to ensure they are still working to effectively protect your charity from fraud. It is also important that Trustees and senior staff in the organisation adhere to the charity's financial controls and are seen to do so. As demonstrated in this guide, creating a culture of ethical behaviour is an important preventative measure.

The Charity Commission has produced an internal financial controls checklist [Charity Money: How to Keep it Safe](#).

HOW TO PROTECT YOUR CHARITY FROM FRAUD

Review your fraud policy annually

Your overall fraud policy should be reviewed at least annually or when a breach has occurred. Your risk register might need to be reviewed more frequently. It is up to each charity to decide how often a risk register needs to be reviewed.

It is important that both the annual fraud policy review and the risk register review are not just simple tick box exercises. Instead, this should be used as an opportunity to assess what work has been done and what work needs to be done.

A fraud policy cannot just sit on the shelf, it needs to be adapted as your charity and the tools available to fraudsters evolve as your organisation adapts to changing circumstances.

Communicate your fraud policy to all staff, volunteers and Trustees

Here you want to talk about how important it is to ensure that everyone knows what is expected of them.

Ensure robust recruitment procedures

Unfortunately due to charities perceived altruistic nature, working or volunteering for a charity can seem particularly attractive for a fraudster. **If you can deter fraudsters from working in your charity then you can be far more resilient.**

You can do a few simple things to help protect your charity:

- A self-declaration form for staff, Trustees and volunteers that they do not have any unspent conviction for fraud, theft or other relevant offences.

- If someone has a high amount of responsibility for your charity's finances, consider a credit check before allowing them to access your financial procedures. Additionally, pre-employment screening for new staff might also be considered.
- A probation period where staff or Trustees with high financial responsibility are slowly given access to financial controls under supervision.
- Check all references for staff, Trustees, and where necessary, volunteers.
- Set out anti-fraud policy and procedures to any new personnel.
- Ensure certain standards are met when using volunteers, particularly in fundraising or other activities that entail using charity funds. The Fundraising Regulator has produced [Six Questions Every Fundraiser Should be Able to Answer to Improve Donor Confidence](#) to prevent fundraising fraud.
- Keep good people on board – people who are passionate about anti-fraud policy work should be encouraged and supported throughout their time at your organisation.

HMRC has produced [Guidance on the 'Fit and Proper Persons' Test](#) for any person appointed with a high level of financial responsibility.

It is also important that you consider the Charities Bill 2016 when appointing a Trustee and whether they are legally able to be a Trustee.

You can check for the latest information on the Charity Commission's website.

HOW TO PROTECT YOUR CHARITY FROM FRAUD

Trustees need to know their legal duties

Charity Trustees ultimately have responsibility for ensuring that their organisation is solvent, well-run, and delivering their charitable aims to support beneficiaries.

Trustees have a legal duty to safeguard their charity's money and assets and to act prudently. In the face of increasing scrutiny by the public and media on the whole of the Trustees in running a charity, it is important that Trustees fully know their legal responsibilities.

The essential trustee: what you need to know, what you need to do (CC3) guidance by the Charity Commission outlines Trustees legal duties. To help prevent fraud Trustees must:

- Make sure the charity's assets are only used to support or carry out its purposes.
- Avoid exposing the charity's assets, beneficiaries or reputation to undue risk.
- Charities must undertake due diligence if they work in areas or undertake activities that involve greater exposure to risks, such as fraud.
- Be responsible for your charity's money. The charity should have effective processes for handling money, with robust and effective financial controls in place.
- Protect the charity from financial crime such as theft or fraud.

Ultimately Trustees have an overall responsibility for governance and for safeguarding charity assets. You should, therefore, be alert to fraud, understand what it is, how it may affect your organisation and what steps you can take to counter it.

Other guidance produced by the Charity Commission on the legal responsibilities of Trustees and charities to prevent fraud within their organisation, can be found at www.gov.uk/government/organisations/charity-commission/about/publication-scheme



**IT'S NOT JUST A
CASE OF SAYING TO
STAFF 'PLEASE READ
THE FRAUD POLICY.'**

HOW TO PROTECT YOUR CHARITY FROM FRAUD

Communicating your work to combat fraud

Communicating about your work to combat fraud is as important as undertaking that work because it creates a **deterrent** which is one of the most effective ways to protect your charity.

When you are undertaking your work on fraud, think about how you communicate this to Trustees, staff, volunteers and external stakeholders. Here are some things to think about:

- Email Trustees, staff and volunteers regularly to remind them about your work on fraud and any successes on combating fraud.
- Verbal updates to Trustees, staff and volunteers and stakeholders about the activities that you undertaking to tackle fraud.
- Put information about your approach to fraud in your annual report.

Develop a whistleblowing policy

It is important that charities create an environment in which staff and volunteers feel that they are able to report fraud if they suspect or have seen it happen.

There are instances where people might feel unable to report fraud through the usual channels because they feel that they will be punished or that they will not be taken seriously. For example, an employee might suspect or know that their line manager has acted fraudulently and wants to report it, but the charity's policy is that staff go through their line managers to report any concerns.

People choosing to do this, 'whistle-blowers', are protected, in some circumstances under the Public Interest Disclosure Act 1998 when making individual allegations of fraud.

To develop strong anti-fraud culture, individuals need to be confident that they will be supported when reporting suspected fraud. If individuals feel unable to use the established channels, it is important that a whistleblowing policy covers how and where individuals can report concerns. Not all disclosures are covered under the Public Interest Disclosure Act 1998 so it is important that you check Charity Commission's [Whistleblowing: guidance for charity employees guidance](#).

[The Charity Commission's Compliance Toolkit – Fraud and Financial Crime](#) has clear recommendations on what should be included in a charity's whistleblowing policy.

Public Concern at Work www.pcaw.org.uk is a whistleblowing charity which provides free advice to people who want to report wrongdoing in the workplace.

HOW TO PROTECT YOUR CHARITY FROM FRAUD CONTD.

Keep records of suspected and confirmed fraud

Charities should record all instances of suspected and confirmed fraud within their organisation. This could help your charity spot emerging patterns, identify areas of risk, measure losses and build an effective approach to combating fraud.

The Charity Commission has produced a [Fraud Recording Tool](#), an Excel template that can be used by small charities to record suspected or confirmed instances of fraud.

Serious Incident Reporting

The Charity Commission requires that Trustees report serious incidents, which can include fraud, theft, and money laundering. Other examples of serious incidents that should be reported could be financial loss, terrorism, or failure to safeguard beneficiaries.

It is the responsibility of the charity's Trustees to ensure that an incident has been reported, though a member of staff can submit the report themselves.

The Commission might need to offer regulatory advice, conduct an investigation, or use safeguarding powers to mitigate the serious incident and protect the charity's assets. To help with any of the potential actions of the Charity Commission, ensure that you keep all of your records of suspected and confirmed frauds.

You can report by emailing: RSI@charitycommission.gsi.gov.uk and explain what has happened, what has been the impact on your charity and what you have done about the incident.



HOW TO SPOT FRAUD

Fraud can be difficult to spot, though that should not stop you from trying.

You should encourage staff, Trustees and volunteers to discuss any concerns openly and give them the confidence to question unusual or suspicious occurrences or behaviour.

In accounting and transactions

If you have good internal financial controls, and in some charities audit processes, you should have systems in place to regularly check accounts and records to detect any warning signs.

Some warning signs could be:

- Unusual discrepancies in accounting records and unexplained items on reconciliations between accounts.
- Missing documents or account books.
- A high number of cancelled cheques.
- Common names (e.g. John Smith) unexpectedly appearing as a payee.
- Duplicated payments or cheques.
- Transactions occurring at unusual times with irregular frequency, unusually in 'round' amounts or to unknown recipients.
- Suppliers regularly submit electronic invoices in non-PDF format that can be altered.
- Payments made to individuals or companies with family or business connections to a Trustee, possibly authorised by that Trustee.

Behaviour of Trustees, staff and volunteers

Motivation for committing fraud can be varied and can range from, debt, boredom, status, or simply opportunism. If someone volunteering or working for your charity displays a marked behavioural change this could be an indication that circumstances have occurred that might make them more prone to commit fraud.

These could be:

- Vague responses to reasonable and legitimate queries, queries taking a long time to explain or simply not being explained.
- Reluctance to accept assistance with finances.
- Control of financial processes from start to finish with no segregation of duties.
- Changing of the format of financial information to Trustees Board, especially if the new format is difficult to understand.
- Delaying work reviews or audits.

WHAT TO DO WHEN YOU'VE DETECTED FRAUD

When you have detected fraud in your charity, it is important that you have a clear plan for how to respond. This should be written down so that all staff, volunteers and Trustees know what to do.

For all charities the core should be a three step process: Report; Prosecute; and Review.

Prosecution may not always be possible, but it is important to try to prosecute and recover funds, not only for your beneficiaries but also to deter other fraudsters.

STEP ONE – REPORT

- Immediately report the fraud to Action Fraud and the Charity Commission.
- Report to all Trustees, staff and volunteers.
- Report to any stakeholders (e.g. funders) which may be impacted. Check whether any contracts legally require you to report fraud to your third parties.
- Consider developing a communications plan for external queries or media.

STEP TWO – PROSECUTE

- Try, with law enforcement, to identify the fraudster.
- Seek legal advice on prosecution.

STEP THREE – REVIEW

- Change any systems affected by the fraud.
- Re-assess your risks and, if necessary, put in additional controls.
- Review the financial cost of the fraud and make any necessary adjustments to budgets.
- Evaluate the lessons learnt and communicate with staff, volunteers and Trustees.



WHAT TO DO WHEN YOU'VE DETECTED FRAUD

Following prosecution – how do you get your money back?

Trustees have a legal duty to account for all of their charity's funds. This means that Trustees will have to decide whether they should take proportionate steps to recover their lost assets.

If the fraud has occurred through the charity's bank account it may be possible to recover the lost funds through your bank. Your bank should be able to provide you with more information about dealing with fraud.

Sometimes a charity might want to pursue criminal or civil action against a fraudster. It is important to bear in mind that in some instances a charity will need permission from the Charity Commission (as outlined in CC38 [Charities and litigation: a guide for Trustees](#)) before they are able to pursue litigation.

Unfortunately, reporting fraud cannot guarantee a prosecution, but by doing so, you will be helping law enforcement agencies map suspected fraudsters. All reports are vital in helping the police to fight fraud and to gain an understanding of the scope and nature of the threat to the UK.

How to talk to your external stakeholders/ reputational damage?

Being open and honest about fraud, while protecting your charity's reputation is a delicate balance that must be finely navigated.

But, on balance, it is better to come forward with as much information about your approach to combating fraud as early as possible.

Use any breach as an opportunity to communicate your approach to fraud and be open about any weaknesses identified as well as what actions will be taken to address them.

Responding to a suspected or detected fraud in a clear and positive manner can be a strong deterrent to any future would be fraudsters. It can reassure your donors and beneficiaries by reducing any potential impact on your reputation.



WHERE TO REPORT FRAUD

Reporting fraud to the appropriate agencies is extremely important, and in some cases a legal requirement for Trustees. Who you report to if you suspect or know that a fraud has taken place depends on the 'type' of fraud that has occurred. Below is a guideline to help charities understand where and to whom they need to report fraud.

Action Fraud

Action Fraud is the UK's national fraud reporting centre and central point of contact for information about fraud. They will be able to give you help and advice about fraud.

You can report fraud:

Online: you can report fraud by completing the online reporting tool available at www.actionfraud.police.uk

Phone: you can report fraud by calling 0300 123 2040.

Once you have reported your fraud, you will be provided with a crime reference number and a Crime Report (detected fraud) or an Information Report (suspected fraud) will be passed on to the National Fraud Intelligence Bureau and may be forwarded to local law enforcement for follow-up.

The Charity Commission

To submit a serious incident report email: RSI@charitycommission.gsi.gov.uk. Explain what has happened, what has been the impact on your charity and what you have done about the incident.

Police

If your threat from fraud is urgent and involves an immediate loss or harm then you should consider contacting your local police force.

Your charity's bank

If the fraud relates to online banking, cheques or the charity's debit or credit card, or fraudulent activity in your bank account you should contact your bank or Credit Card Company immediately.

The bank will cancel any cards affected, and may freeze your accounts while they investigate. In some circumstances the bank may be able to reimburse your charity's lost money.

Keep a record of all communication with the bank.

HM Revenue & Customs

If you have been a victim of tax fraud, such as Gift Aid or VAT, you should notify HMRC either online www.gov.uk/government/organisations/hm-revenue-customs/contact/reporting-tax-evasion or by phone at 0800 788 887.

TOP TEN TIPS

HERE ARE TEN TIPS TO HELP ANY CHARITY PREVENT FRAUD:

- 1.** Action is a must. Don't just wait for fraud to happen, do something about it.
- 2.** Understand what type of fraud could affect your charity and plan realistic preventable measures to combat it.
- 3.** Focus on the cost of fraud (financial and reputational) – think about the financial benefits that reducing fraud could have to your charity. This will help to motivate people to take action.
- 4.** Focus on the positive outcomes to be derived from counter fraud work – building trust and transparency with your stakeholders.
- 5.** Set the right tone from the top – this includes Trustees, chief executives, staff and volunteers.
- 6.** Think about fraud risk proportionately to your organisation – do you have the right skills and knowledge to tackle fraud?
- 7.** Understand the importance of a strong anti-fraud culture (to support the honest majority) and a strong deterrent effect (to deter the dishonest minority).
- 8.** Treat counter fraud work as any other managed risk – fraud is a business cost that can be measured, managed and minimised.
- 9.** Be proactive about pre-empting fraud, rather than simply reacting when fraud occurs.
- 10.** Do not forget your Trustees legal duty – ultimately they are legally responsible for safeguarding the charities assets.

USEFUL CONTACTS

Action Fraud

Action Fraud is the UK's national reporting centre. The website has a range of resources and information about fraud. www.actionfraud.police.uk
To report a fraud, call 0300 123 2040 or report online at www.actionfraud.police.uk

Association of Charitable Foundations

ACF is the membership association for foundations and grant-making trusts in the UK. It has published *Tackling External Grant Fraud: A Guide to Help Charitable Trusts and Foundations Deter and Detect Fraud*, which is available in hard copy for charitable funders only from acf@acf.org.uk

Fraud Advisory Panel

The Fraud Advisory Panel is a registered charity and membership organisation which acts as an independent voice and leader of the counter fraud community in the UK. It works to raise awareness of fraud and financial crime and to help individuals and businesses develop effective fraud prevention strategies. www.fraudadvisorypanel.org

Charity Commission for England and Wales

The Charity Commission is the independent regulator of charities in England and Wales. Since the Charities Act 2006, the Charity Commission has specific statutory functions which include identifying and/or investigating apparent misconduct or mismanagement in the administration of charities.
www.charitycommission.gov.uk

Reporting serious incidents email:
RSI@charitycommission.gsi.gov.uk

HM Revenue & Customs

HM Revenue & Customs (HMRC) needs information to help fight customs and excise fraud and tax evasion. You can report fraud to HMRC confidentially either online at www.hmrc.gov.uk/reportingfraud or by calling 0800 788 887 (for tax evasion – e.g. Gift Aid, Corporation Tax, VAT) or 0800 595 000 (for customs fraud – e.g. alcohol or tobacco duties, suspicious transaction).

Public Concern at Work

Public Concern at Work is a registered charity which offers a free, confidential whistleblowing advice line for individuals concerned about crime, danger or wrongdoing at work: www.pcaw.org.uk
Telephone advice (020 3117 2520 or 020 7404 6609) is available 9am to 6pm, Monday to Friday.
Or email: helpline@pcaw.co.uk

Money Advice Trust

The Money Advice Trust is a national charity helping people across the UK to tackle their debts and manage their money wisely. If you are concerned about a Trustee, staff or volunteer you can contact the Money Advice Trust for advice at www.moneyadvicetrust.org

FRAUD RISK TEMPLATE

This is an example template that you can use and adapt for your charity. You will need to think of risks that will be unique to your charity and what actions you can take to control these risks.

LIKELIHOOD OF FRAUD RISK	FRAUD RISK	POTENTIAL IMPACT ON THE CHARITY	CONTROLS IN PLACE TO MITIGATE RISK	LAST REVIEWED
LOW	Fake email asking for transfer of funds.	Depending on the amount this could have a significant financial impact on the charity.	All transactions have to be approved by a member of staff and Trustee.	12.02.2017
MEDIUM	Volunteer keeps cash donations from bucket collection.	Low financial amount but could have large reputational impact on the charity and fundraising is an important part of our income generation.	Volunteers are vetted and asked to declare any previous convictions. Volunteers never fundraise alone. Volunteers to give money to charity within 24 hours.	12.02.2017
HIGH	Company overcharges us for delivery of printing services.	Could be significant financial cost to the charity over time.	Ask all companies for their anti-fraud policy Regularly review all transactions.	12.02.2017
LOW	Staff taking cheques given to the charity.	The charity does not receive a large amount of money in cheques.	Two people open and record any cheques. All cheques scanned for records.	12.02.2017

