

Tackling charity fraud

Eight guiding principles

1

Fraud will always happen – simply being a charity is no defence

Even the best-prepared organisations cannot prevent all fraud. Charities are no less likely to be targeted than organisations in the private or public sector. Fraudsters don't give a free pass to charitable activities.

2

Fraud threats change constantly

Fraud evolves continually, and faster, thanks to digital technology. Charities need to be alert, agile and able to adapt their defences quickly and appropriately.

3

Prevention is (far) better than cure

Financial loss and reputational damage can be reduced by effective prevention. It is far more cost-effective to prevent fraud than to investigate it and remedy the damage done.

4

Trust is exploited by fraudsters

Charities rely on trust and goodwill, which fraudsters try to exploit. A strong counter-fraud culture should be developed to encourage the robust use of fraud prevention controls and a willingness to challenge unusual activities and behaviour.

5

Discovering fraud is a good thing

The first step in fighting fraud is to find it. This requires charities to talk openly and honestly about fraud. When charities don't do this the only people who benefit are the fraudsters themselves.

6

Report every individual fraud

The timely reporting of fraud to police, regulators and other agencies is fundamental to strengthening the resilience of individual charities and the sector as a whole.

7

Anti-fraud responses should be proportionate to the charity's size, activities and fraud risks

The vital first step in fighting fraud is to implement robust financial controls and get everyone in the charity to sign up to them.

8

Fighting fraud is a job for everyone

Everybody involved – trustees, managers, employees, volunteers, beneficiaries – has a part to play in fighting fraud. Trustees in particular should manage fraud risks actively to satisfy themselves that the necessary counter-fraud arrangements are in place and working properly.

All.
Together.
Now.

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