

# Hospices FD Forum

23 June 2015



"Charity Expertise Award"  
"Overall Service Award"  
Top three for eight consecutive years  
Annual *Charity Finance* Audit Survey

**haysmacintyre**  
chartered accountants & tax advisers

# General information

- Male, female and disabled toilets are located out of the double doors at the back of the room and through the first door on the left.
- On hearing the fire alarm, use the nearest exit to leave the building. The nearest exit is through the double doors at the back of the room, through the first door on the left and down the stairs. Go to the assembly point which is in Red Lion Square garden in front of the building.
- If you have a condition that could impair your mobility in an emergency please remain in the room for instructions.

# Programme

- 11.00 – 12.00: SORP 2015 and salary disclosures
  - Anna Bennett, haysmacintyre
- 12.00 – 12.45: Hospice costs VAT recovery update
  - Phil Salmon, haysmacintyre
- 12.45 – 1.15: Lunch
- 1.15 – 2.15: Fraud Policies
  - NatWest fraud team & Sam Coutinho, haysmacintyre
- 12.15 - 3.00: Open Forum
- Close



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# SORP 2015

Anna Bennett

Charities Partner

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# Context

- New Financial Reporting Standard 102 (FRS 102) means a new Charity SORP
- Two SORPs published last summer, one for FRS 102 and one for the Financial Reporting Standard for Smaller Entities (FRSSE)
- Applicable for accounting periods beginning on or after 1 January 2015:
  - 31 December 2015
  - 31 March 2016

Press release

## Changes in UK accounting prompt consultation on Charities SORP

From: [The Charity Commission](#)

First published: 18 June 2015

Consultation runs from 18 June 2015 to 18 September 2015.



Changes to UK-Irish accounting practice due to take effect from 2016 mean that the Charities SORPs (Statements of Recommended Practice) will need to be updated. The Charity Commission for England and Wales and Office of the Scottish charity Regulator, who together are the SORP-making body, have today launched a consultation to hear charities' views on proposed changes to the SORP. These proposed changes anticipate the implementation by the Financial Reporting Council (FRC) of its proposed changes to accounting standards in 2016.

The SORPs have to be updated to comply with the expected changes to accounting standards by the FRC. The FRC requires that a SORP must:

- be prepared in accordance with the FRC's Policy and Code of Practice on SORPs
- include no fundamental points of principle that are unacceptable in the context of current practice or to conflict with an accounting standard

# What hasn't changed?

- Structure of the accounts
  - Trustee Report
  - SOFA
  - Balance Sheet
  - Notes
- Cashflow?

# SOFA

	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Prior period Total funds	Further details
	£	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies						A1
Charitable activities						A2
Other trading activities						A3
Investments						A4
Other						A5
<b>Total</b>						
<b>Expenditure on:</b>						
Raising funds						B1
Charitable activities						B2
Other						B3
<b>Total</b>						
Net gains/(losses) on investments						B4
<b>Net income/(expenditure)</b>						
<b>Transfers between funds</b>						C
<b>Other recognised gains/ (losses):</b>						
Gains/(losses) on revaluation of fixed assets						D1
Actuarial gains/(losses) on defined benefit pension schemes						D2
Other gains/(losses)						D3
<b>Net movement in funds</b>						



# Income recognition

Old recognition criteria

Entitlement, Measurement, **Certain**

New recognition criteria

Entitlement, Measurement, **Probable**

# Legacy income

- Recognise income when it is probable it will be received:
  - Grant of probate
  - Sufficient assets in the estate after settling liabilities
  - Conditions attached to legacy are within control of charity or have been met
- Measurement remains an issue for residuary legacies
- Disclosure needed of contingent asset where measurement criteria is not met
- Payments received after the reporting date and before the accounts are signed may need to be included
- Portfolio approach for charities with significant number of legacies

# Expenditure

- Governance costs moved from SOFA to a note

**Table 4: Analysis of support costs**

Support cost (examples)	Raising funds	Activity 1	Activity 2	Activity 3	Grand Total	Basis of allocation
	£	£	£	£		
Governance	x	x	x	x	x	Text describing method
Finance	x	x	x	x	x	Text describing method
Information Technology	x	x	x	x	x	Text describing method
Human Resources	x	x	x	x	x	Text describing method
<b>Function/ Activity Total</b>	x	x	x	x	x	

# Investment gains and losses

- Gains and losses included in net income/(expenditure)

<b>Income and endowments from:</b>						
Donations and legacies						A1
Charitable activities						A2
Other trading activities						A3
Investments						A4
Other						A5
<b>Total</b>						
<b>Expenditure on:</b>						
Raising funds						B1
Charitable activities						B2
Other						B3
<b>Total</b>						
Net gains/(losses) on investments						B4
<b>Net income/(expenditure)</b>						

# Balance Sheet

Note ref.		Total funds	Prior year funds	Further details
		£	£	
	<b>Fixed assets:</b>			A
	Intangible assets			A1
	Tangible assets			A2
	Heritage assets			A3
	Investments			A4
	<i>Total fixed assets</i>			
	<b>Current assets:</b>			B
	Stocks			B1
	Debtors			B2
	Investments			B3
	Cash at bank and in hand			B4
	<i>Total current assets</i>			
	<b>Liabilities:</b>			C
	Creditors: Amounts falling due within one year			C1
	<i>Net current assets or liabilities</i>			
	<i>Total assets less current liabilities</i>			
	Creditors: Amounts falling due after more than one year			C2
	Provisions for liabilities			C3
	<i>Net asset or liabilities excluding pension asset or liability</i>			
	Defined benefit pension scheme asset or liability			C4
	<b>Total net assets or liabilities</b>			
	<b>The funds of the charity:</b>			D
	Endowment funds			D1
	Restricted income funds			D2
	Unrestricted funds			D3
	Revaluation reserve			D4
	Pension reserve			D5
	<i>Total unrestricted funds</i>			
	<b>Total charity funds</b>			

# Valuation of donated goods

- New requirement to recognise donated goods at fair value at the date of donation
- Retail Gift Aid schemes?

*'If it is impractical to measure the fair value of goods donated for resale or if the costs of valuation outweigh the benefit to users of the accounts and the charity of this information, the donated goods must then be recognised when they are sold'*



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing their Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities Statement of Recommended Practice (SORP)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation

# Fixed assets

- Opportunity to revalue tangible fixed assets without getting into a cycle of revaluation
- If the trustees wish to do this, they need to ascertain the value of tangible fixed assets at the opening balance sheet date of the comparatives (1 April 2014?)



# Holiday pay accruals

- Accrue for any holiday pay owed to staff at year end
- Only if material

## Example

*100 staff, 30 days holiday pa, average pay of £26k  
Financial year end March, holiday year end December*

At year end, staff are entitled to 3/12 of their holiday:  
7.5 days each x 100 staff = 750 days in total.

They have actually taken 500 days. Possible accrual of:  
250 days x £100 per day = £25,000.

# Defined benefit pension schemes

- Defined contribution schemes and defined benefit schemes currently reported under FRS 17 are unchanged
- For multi-employer defined benefit schemes which are not currently brought onto the balance sheet
  - Present value of agreed deficit contributions to be provided for on the balance sheet
  - Disclosure of the extent to which the charity could be potentially liable
  - How any deficit would be funded

# Disclosures – Trustee Report

- Risk management
- Reserves policy
- Remuneration policy
- Impact reporting (not mandatory)

# Disclosures – staff costs

- Separate disclosure of
  - Ex gratia payments
  - Termination and redundancy payments
- NCVO report on salaries has not been made mandatory
- Salary bandings remain
- Disclosure of pay and benefits of 'key management personnel'

# What do you need to do now?

- December 2014/March 2015 accounts will be prepared under current SORP
- Identify any changes to your figures for the new SORP e.g. legacy income, holiday pay accruals, donated goods
- Think about accounting policies for donated goods and fixed asset valuations
- Consider extra disclosure requirements and comparatives needed
- New template accounts for December 2015/March 2016



?

# Hospice VAT

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# Hospice VAT

- Section 33C
- This is the generic provision which allows for refunds to be made to any charity of a description within S33D
-



- S2(b) the supply, acquisition or importation is not for the purpose of any business carried on by the qualifying charity
- S(6) The amount to be refunded under this section is such amount as remains after deducting from the whole of the VAT chargeable on any supply, acquisition or importation by, the qualifying charity such proportion of that VAT as appears to the Commissioners to be attributable to the carrying on of the business

- Palliative care charities
- (1) “Palliative care charity” means a charity the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional to persons who are in need of such care as a result of having a terminal illness
- (2) In subsection (1) “medical professional” means –
  - (a) a registered medical practitioner
  - (b) A registered nurse

# Hospice VAT

- Only applies to charities as defined in S6 FA2010
- Business/Non-Business apportionment followed by partial exemption calculation
- Key is to distinguish between grant funding agreements and contracts for services
- So a standard NHS service level contract is fine as is an SLA in Scotland, Wales or Northern Ireland

# Hospice VAT

- Contracts for referred or named individuals won't qualify
- From the work we've done so far an income based apportionment is likely to be the best basis of apportionment
- But need to look at each case individually
- If not registered VAT 126
- Change of policy to RRP – essentially a single inpatient room will allow a building to be regarded as being used for RRP

# Example calculation

- VAT relating to taxable supplies = £1,000
- VAT relating to palliative care = £200,000
- VAT relating to exempt supplies = £8,000
- VAT on costs used for all activities = £7,000
- Non Business income = £4m
- Taxable turnover = £80,000
- Exempt turnover = £60,000

# Calculation using the above data

- Carry out the business/non-business apportionment first
- Total turnover is £4,140,000
- Recoverable total is  $4,000,000/4,140,000 = 96.61\%$
- $£7,000 \times 96.61\% = £6,762.70$
- This is added to  $£1,000 + £200,000 = £207,762.70$  and is recoverable
- 3.39% of residual VAT goes through to the partial exemption calculation = £237.30
- Recoverable total is  $£80,000/£140,000 = 57.14\% = 58\%$
- $£237.30 \times 58\% = £137.63$  added to recoverable amount to give total recoverable VAT of £207,900.33

# Calculation using the above data

- The irrecoverable VAT is  $£237.30 - £137.63 = £99.67 + £8,000 = £8,099.67$

# De Minimis Limit

- If exempt supplies are made, the VAT on associated costs may nonetheless be recoverable if the de minimis test is met
- This comes in three versions:
  - i. Total input tax (VAT related to taxable + exempt supplies) is no more than £625 per month on average (£7,500 p.a), and the value of exempt supplies is no more than 50% of the value of all supplies (ie both taxable and exempt supplies), or
  - ii. Total input tax incurred, less input tax directly attributable to taxable supplies, is no more than £625 per month on average, and the value of exempt supplies is no more than 50% of the value of supplies, or



# De Minimis Limit

- iii. Input tax related to exempt supplies is less than £625 per month on average and no less than 50% of the input tax (ie VAT on costs related only to taxable and exempt supplies)
- Considering the above tests applied to our example:
  - i. Total input tax is greater than £9,000 (£1k + £8k) so test immediately failed
  - ii. Although we can strip out the input tax directly related to taxable supplies (£1k) this still leaves £8k at least related to exempt supplies, so this test is failed
  - iii. £8,099.67 is greater than £7,500, so test failed

# Lunch



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# Staying Safe Online

haysmacintyre

23 June 2015

# Trojans, Phishing & Vishing = Social Engineering



## Vishing

- Contact is made by telephone
- Caller purports to be from your bank, the police or a fraud agency
- Purpose is to get you to reveal confidential information



## Phishing

- Contact is made by email
- Sender impersonates well known companies such as banks
- Purpose is to get you to click on a link or attachment



## Malware

- Malicious software such as Trojans or viruses
- Downloaded from phishing emails, illegal websites and ad banners
- Sits quietly in the background until you access a UK bank website

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# Definition of Vishing (“voice-phishing”)

- Fraudster impersonates the bank over the telephone
- They claim there is a problem with your account which requires urgent action
- They convince you to disclose confidential information (e.g. PINs and passwords) to help resolve the problem
- However, the information will be used in real time to access your account and transfer funds to the fraudster
- Anyone can be a victim, with fraudsters exploiting seasonal trading patterns and / or identifying companies with large cash balances

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# Vishing – How to Protect Yourself

- Ensure that your staff are aware of the threat and know not to disclose confidential banking information over the phone
- Don't trust a caller just because he or she has information about you, or even because the bank's number appears on your handset ("caller ID spoofing")
- If in doubt, verify the legitimacy of the caller by contacting the bank on a number you know and trust
- Don't be afraid to disconnect a call, but remember that fraudsters can try and keep the line open
- Beware phishing emails and review what is in the public domain / social media



## Phishing

- Contact is made by email
- Sender impersonates well known companies
- Purpose is to get you to click on a link or attachment

# Phishing – Email Spoofing

## *What can be spoofed?*

**The email address** can be a *direct\** or *indirect\*\** version of a genuine email domain

**The body content** can be a replica of a genuine message or use our logos, etc., to imply legitimacy

**Hyperlinks** can be masked to show as something more genuine, such as rbs.co.uk.

**Name of an employee**, their position and/or department can be copied



\*Direct spoofing is replicating domains that we own; for example: [spoof@rbs.co.uk](mailto:spoof@rbs.co.uk) or [fake@natwest.com](mailto:fake@natwest.com).

\*\* Indirect email domain spoofing uses a non-affiliated email domain but often a spoofed (friendly) 'From' field.



# SpooF emails may be used to initiate payments

From: ceo@yourcompany.com

Sent: 30 March 2015 11:15

To: johnsmith@yourcompany.com

Subject: Urgent Payment

Dear John,

Please send a CHAPS payment immediately for £45,000 to our new supplier ABC Ltd in respect of an approved invoice.

Payment should be made to sortcode 150000, account number 12345678, quoting reference number 7821F.

Please email me confirmation when the transfer is complete.

Regards...

Jane Quinn  
Chief Executive Officer  
Your Company

• Criminals spoof the address of a senior executive from your own company

• An urgent request is made to a junior employee to make a payment

• Requests may be timed so that it will be difficult to verify the instruction, e.g. when the executive is travelling to a conference

• Consider applying additional controls for any ad-hoc payment requests

# Phishing e-mail Examples

*The e-mails misappropriate well known brands & logos, and have credible originating addresses*

**Social  
Media**

“A Facebook friend has sent you a picture”

**Mobile  
Networks**

“A multi-media message is available to view”

**Travel &  
Hotels**

“Confirmation of your hotel booking is attached”

**Logistics**

“We could not deliver a parcel to you”

**Government**

“A complaint has been filed against you”

# Sample Trojan Malware email

*Spam and phishing e-mails are proving the most effective means of spreading Trojans - in this example, the fraudsters have created a bogus RBS e-mail*

**From:** Bankline Administration [<mailto:FAX.Bankline.Administration@rbs.co.uk>]  
**Sent:** 22 April 2013 12:23  
**To:** [REDACTED]  
**Subject:** RBS Bankline Password Reset Form  
**Importance:** High

**Realistic originating address and subject matter**

Thank you for your telephone call.

Please find the Re-activation form attached, send one per user ensuring only one box is selected in section 3.

Please be aware when choosing a new pin and password for the service, it is important not to use pin/passwords that you have used before but to use completely different details.

If you require any further assistance then please do not hesitate to contact us on 0845 300 4108 or via [www.rbs.co.uk](http://www.rbs.co.uk) and one of our associates will be happy to assist you.

**Genuine telephone number and web link adds credibility**

Regards

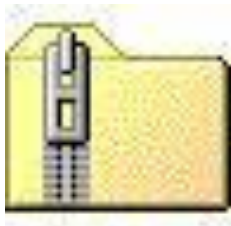
Bankline Product Support



Reset Form.zip (22 B)

**Care: Zip attachment**

# Trojans – beware spam & phishing e-mail attachments



- The Trojan is wrapped in a ZIP file

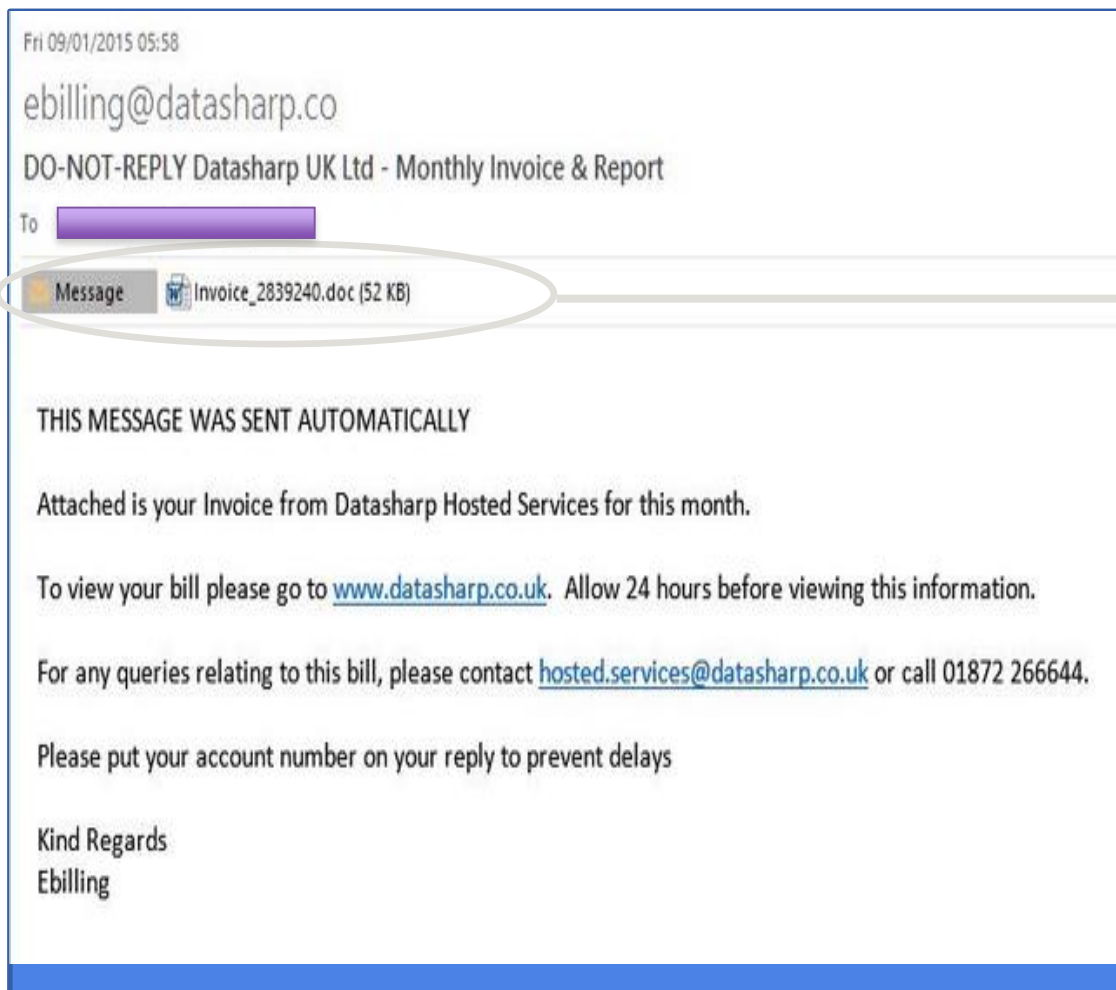


- The ZIP file will contain a file ending **.EXE**
  - the file name could be designed to make the attachment seem harmless, e.g. invoice.pdf.exe



- The Trojan is installed when the **.exe** file is clicked

# You can also be infected via Word & Excel files



- Word document contains a macro
- The macro calls out to the fraudster's website
- If macros are turned on by default, the Trojan will be downloaded
- We recommend that macros are **disabled** by default within Microsoft Office

***Datasharp.co.uk is a legitimate company. They are not sending these emails and their systems have not been hacked or compromised. They have absolutely no control over these bogus messages.***

# Not all phishing e-mails are as sophisticated – but they are still dangerous...

**From:** [redacted]@hotmail

**Sent:** 14 January 2015 10:36

**To:** [redacted]

**Subject:** Outstanding Invoice

Dear Mr Smith,

Please download on the link below from Google Disk Drive a copy invoice which is showing as unpaid on our ledger:

<https://goo.gl/xxxxxx>

I would be grateful if you could look into this matter and advise on an expected payment date.

Many thanks

Mr Jones  
Credit Controller

Use of basic address – no attempt to spoof a well known brand

Fraudster hopes the mail will land with the Finance Team

Clicking on the link will download a ZIP file containing a Trojan



## Malware

- Malicious software such as Trojans or viruses
- Downloaded from phishing emails, illegal websites and ad banners
- Sits quietly in the background until you access a UK bank website

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# Trojan Overview

- A form of malicious software that is installed without the user's knowledge
- It opens a backdoor into your PC or network
- Its presence is often only felt when you connect to a banking website
- Customers of every UK bank have been targeted (1 Trojan can target the customers of multiple banks)
- Anti-virus software can sometimes struggle to detect Trojans
- Between 50k – 100k PCs in the UK is infected with a Trojan at any given time



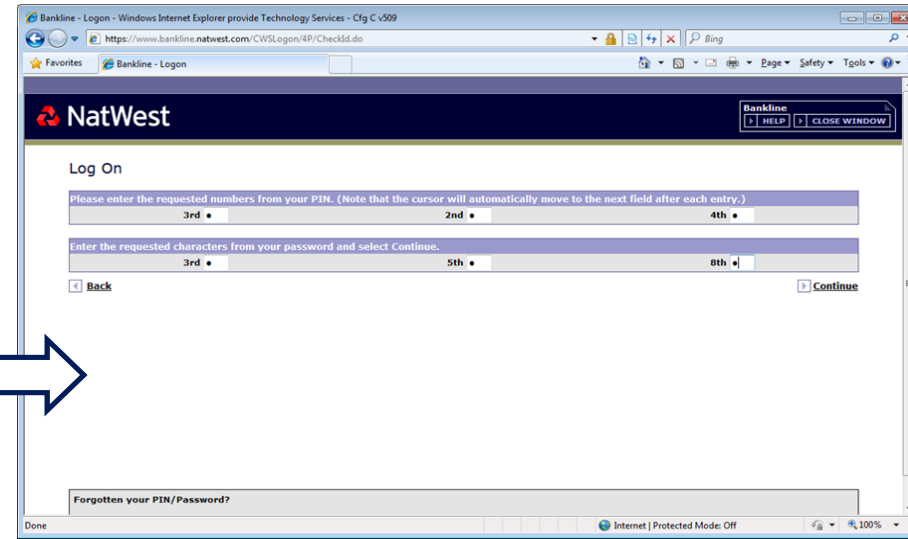
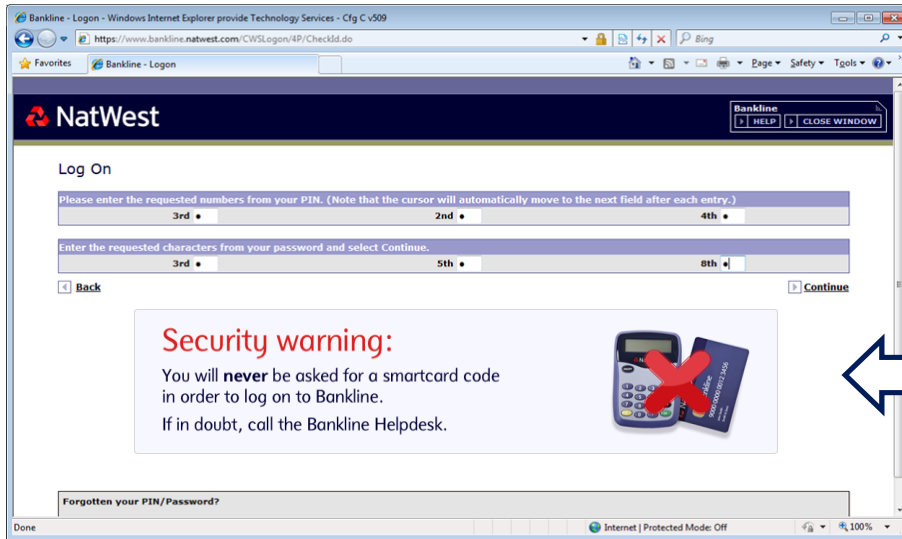
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# Trojan Capabilities

- What they can do
  - Divert you to a 'look-a-like' site controlled by the fraudster
  - Insert bogus web pages
  - Tamper with genuine web pages
  - Log key-strokes & harvest confidential info
  - Video web sessions
  - Download other forms of malware, e.g. ransomware
  - Trick the genuine user into authorising fraudulent payments

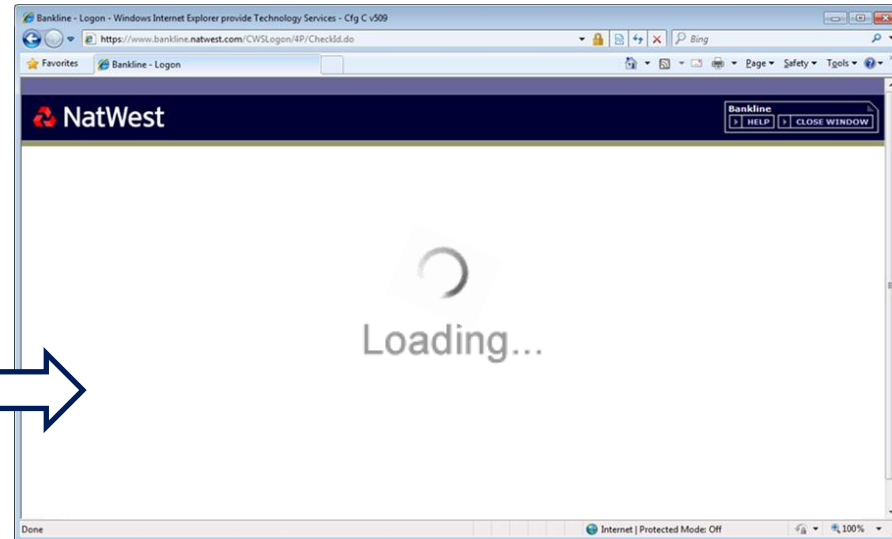
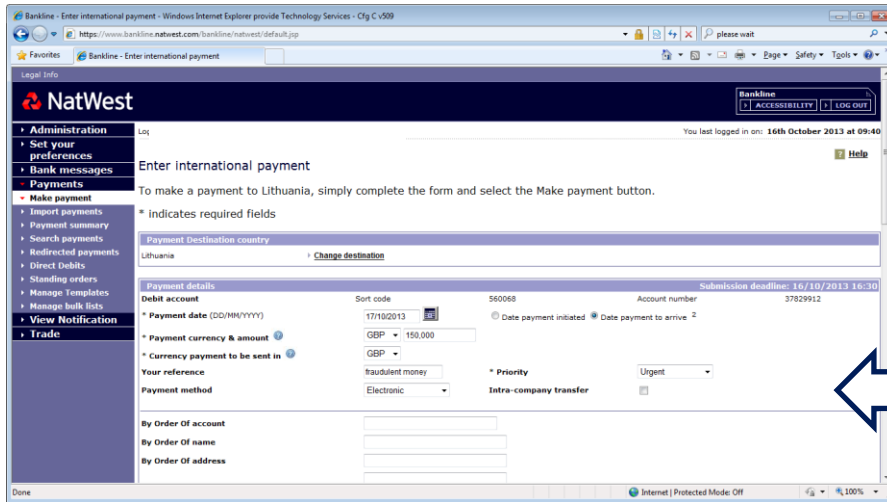
# Trojans in action (1)

*If your browser is infected, then the fraudster can divert you to a 'look-a-like' site and harvest your log-in credentials in real time*



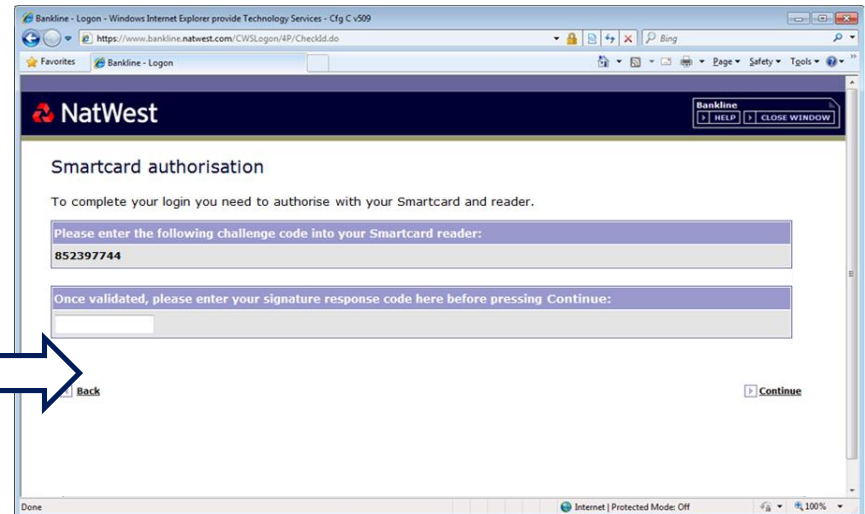
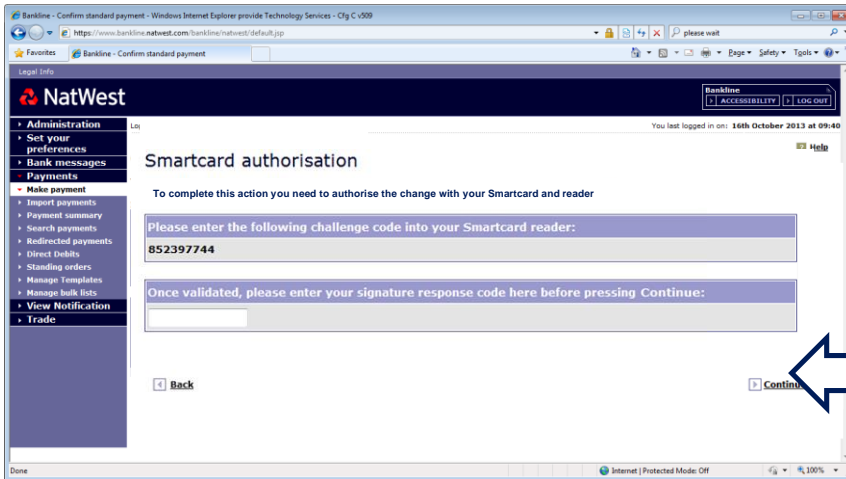
# Trojans in action (2)

*The fraudster keys a payment whilst keeping the customer in a holding pattern on the fake website*



# Trojans in action (3)

*The fraudster presents a screen stating that a smartcard code is needed to complete log-in – but they will use that code to authorise the fraudulent payment*



# Trusteer Rapport: Protecting Vulnerable & Infected Devices

## Keystroke Lockdown

Keystrokes are encrypted from the keyboard to the browser.



## Browser Lockdown

All browser interfaces are blocked during a secure session. External code inside the browser is quarantined.

## Communication Lockdown


Bankline, the destination website, is authenticated and the SSL connection is enforced.





<http://consumers.trusteer.com/installation-complete>



# Online banking – best practices

	Use \$tR0ng p@zzwOrds that are changed regularly
	Do not allow employees to share their credentials
	Regularly review user roles and profiles

	Restrict payments to certain countries
	Limit payment values
	Introduce dual authorisation of payments

	Limit access to only those who really need it
	Disable access for absent staff
	Keep log-on details safe and secure



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# Invoice Fraud – Change of Bank Details

- Fraudster undertakes research to identify key supplier relationships
- They initiate a bogus instruction (e.g. on headed notepaper) which claims that the supplier has switched to a different bank
- You will be asked to settle future invoices to a new sortcode and account number
- You are therefore at risk of paying funds straight to the fraudster when the next invoice is due
- **You should verify all such requests**, talking directly to a known contact at the supplier – do not use the contact details quoted on the instruction itself

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# Summary of how to stay safe online

- Ensure employees are aware of the threats
- Multi-layered security strategy - anti-virus, firewalls, mail filters etc.
- Download Trusteer Rapport or equivalent software
- Keep your key software up-to-date
- Beware unsolicited e-mails & attachments
- Beware unsolicited phone calls purporting to be from the bank
- Enable 'dual authorisation' and other controls for online banking
- Independently verify all request to change supplier bank account details



# Insider Fraud

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Hot Topic: Crime - Northumbria Police - Trinity Square, Gateshead - Sunday Sun Follow

News North East News East Coast

By Rob Kennedy | 4 May 2013 09:39

### Train company boss's free rail ticket scam is exposed

Railway boss Trevor Watt has been given a suspended prison sentence after admitting fraud where he dished out free rail tickets

Tweet



## BBC NEWS MANCHESTER

Home World UK England N.Ireland Scotland Wales Business Politics Health Education Sci/Envir

24 August 2012 Last updated at 15:38

### Bingo addict Graham Taylor stole £1.5m from Nema Ltd

A financial director who stole about £1.5m from his employers to feed his internet bingo addiction has been jailed for five years.

Graham Taylor, 66, of Hanover Street, Castleton, Greater Manchester, siphoned off the money from engineering firm Nema Ltd over a four-year period.

Three colleagues lost their jobs due to his actions.

He pleaded guilty to four theft offences and two of fraud by abuse of position at Bolton Crown Court.

Former colleagues were given the day off on full pay to go to court to see him sentenced on Thursday, Greater Manchester Police said.

'Desperate gambler'



## BBC NEWS

Sign in News Sport Weather iPlayer TV Radio

Page last updated at 19:41 GMT, Friday, 20 November 2009

### Ex-policeman jailed in fraud case

A former policeman and an insurance company manager who funded a lavish lifestyle with money obtained from a £1.4m fraud, have been jailed.

John Taylor, 35, and Stephen Spellacy, 36, who served with Humberside Police, admitted the theft and laundering of the money from Norwich Union in York.

The court heard the men spent the money on holidays and hotels. Taylor, of York, was jailed for five years. Spellacy, from Pocklington, was jailed for eight-and-a-half years.

They were among seven men jailed at Leeds Crown Court.

Police said the thefts from Norwich Union - now Aviva Plc - took place over several years.



## BBC NEWS LANCASHIRE

Home World UK England N.Ireland Scotland Wales Business Politics Health Education Sci/Envir

20 June 2012 Last updated at 15:38

### Bride jailed for stealing £200,000 towards wedding

A bride who stole £200,000 from her employers to pay for a lavish wedding has been jailed.

Part-time accounts assistant Kirsty Lane, 30, transferred the funds from Pure AV's bank account into that of her and her future husband, Graham.

The fraud was discovered shortly after the pair's wedding at the Great Hall at Mains, near Blackpool in January 2011.

Lane, of Lewis Close, Adlington, Lancashire was sentenced to 20 months in prison at Preston Crown Court.

She stole about £122,000 from the Leyland company, which installs audio-visual equipment, by putting in fake invoices, marking them as paid and then depositing the money into her own account.



Police said Lane "abused her position of trust to steal from her employer and fund a lavish lifestyle"

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### North Yorkshire supermarket worker jailed for stealing hundreds of thousands of pounds of Asda gift vouchers

8:53pm Friday 7th June 2013 in News

A NORTH Yorkshire supermarket worker who was today (June 7) jailed for stealing hundreds of thousands of pounds of Asda gift vouchers amassed a fortune which she spent on luxury holidays, artwork and lavish ornaments,

partner Alistair on for a total of as a "bizarre and

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# Insider Fraud – warning signs & controls

- **Behavioural & Lifestyle Changes**
- **Reluctance to use holiday entitlement**
- **Validate right to work**
- **Verify references and qualifications**
- **Social Networking sites**
- **Zero tolerance policy**
- **Control Framework**

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# Reporting – suspected, attempted and actual fraud



[www.actionfraud.police.uk](http://www.actionfraud.police.uk)

- UK's national fraud and Internet crime reporting centre
- Non-emergency service
- A branch of the City of London Police
- Reports are passed to the appropriate local police force

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Questions?

# FD Forum 23 June 2015

## **Sam Coutinho**

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No 1 "Charity Expertise Award" 2014  
Top 3 "Overall Service Award" 2012, 2013 & 2014  
Annual *Charity Finance* Audit Survey

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# Key Frauds

## 1. Changing and validating supplier details



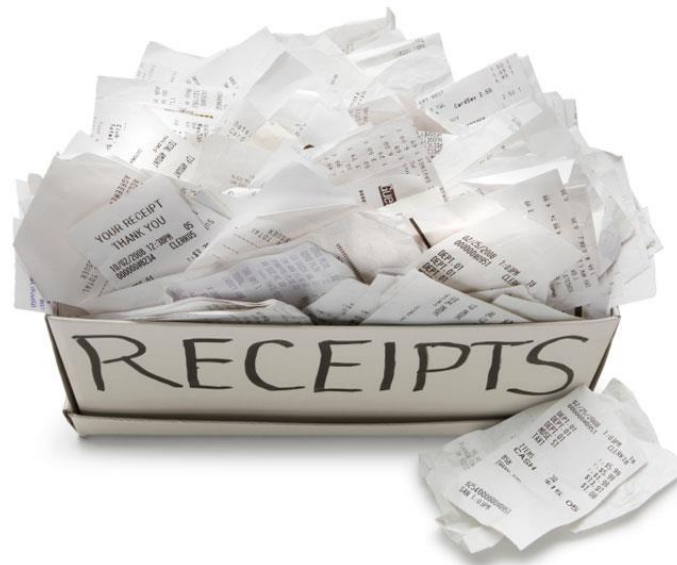
# Key Frauds

## 2. Cheque frauds



# Key Frauds

## 3. Expenses



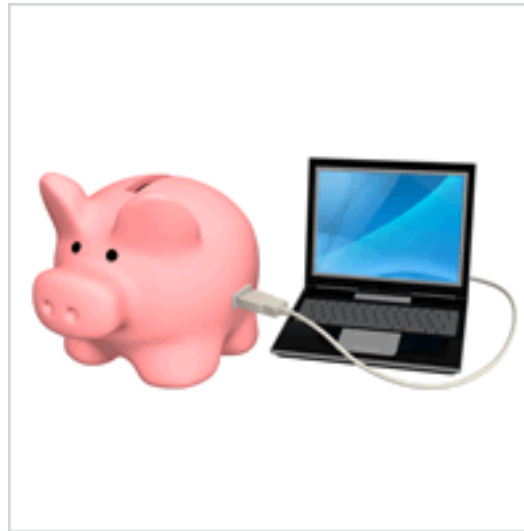


# Key Frauds

## 4. Payroll



## 5. Internet banking



## 6. Procurement fraud



## 7. Pilferage



# Top 10 Frauds

## 8. Credit card



# Charity Commission

May 2013:

The Charity Commission strategy for dealing with fraud, financial crime and financial abuse of the charity sector



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# Role of the Charity Commission

“Promoting compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities, and increasing public trust and confidence in charities”



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# Role of trustees

“ to safeguard their charity, funds and assets”

“Strong internal and financial controls and robust financial management are essential to protect charities against fraud, financial crime and abuse. They should be a core part of a charity’s culture.”



# Four strand approach

- Awareness and prevention: *online guidance for trustees*
- Oversight and supervision: *monitor serious incidents report and reports from other agencies*
- Cooperation: *with law enforcement and other agencies*
- Intervention: *investigations in the most serious cases*

# Charity Commission expectations of trustees

To safeguard money, assets and to act prudently

- Appropriate internal financial controls
- Keep proper and adequate financial records
- Consider other practical measures
- Consider due diligence, monitoring and verification of use of funds
- Deal responsibly with incidents

To prevent and detect fraud

# Anti-Fraud Policy

1. Outlines a charity's attitude to, and position on, fraud and sets out responsibilities for its prevention and detection
2. Communicates important deterrence messages to staff and others

# Formulating the policy

1. Policy statement
2. Definition of fraud
3. Key responsibilities
4. Reporting suspicion
5. Fraud response plan

# Actions

1. Proactive before reactive
2. Identify the risk of fraud
3. Create a fraud risk register
4. Agree the anti-fraud policy
5. Communicate the process

# Thank You

## Questions?



"Charity Expertise Award"  
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Top three for eight consecutive years  
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# Open forum



"Charity Expertise Award"  
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