



Parliamentary Briefing

Charity Commission and charity fraud group respond to National Fraud Authority report

Charity Commission publishes new strategy

The Charity Commission, the independent regulator of charities, is leading a joint call for charities better to protect themselves against fraud and financial crime, in response to the National Fraud Authority's (NFA) latest report.

The NFA's Annual Fraud Indicator shows charities estimate they **lose 1.7% of their annual income to fraud, equal to £1.1bn of the sector's income for 2010/11**. The most common types of fraud are cited as payment fraud, fraud by employees or volunteers and cyber fraud.

Fraud affects all parts of the economy, and whilst charities are no worse affected than other sectors, they are not immune. Although it is for the police to investigate or prosecute fraud, the Charity Commission's role is to establish how criminal matters arose and whether the trustees have responded appropriately. Where necessary, we will intervene to ensure charity funds are protected and put the charity back on secure footing.

New Charity Commission strategy

The Charity Commission has published its new strategy for dealing with fraud, financial crime and financial abuse. The aim of the strategy is to prevent problems from occurring in the first place, by alerting charities to the risks of fraud and financial crime and by providing online guidance to help them to manage these risks.

Trustees should aim to strengthen the safeguards in their charities to reduce vulnerability and lessen the likelihood of an occurrence. This will also help to maximise the chances of recovery if any such abuse does occur and to minimise the opportunities for any recurrence.

The best way for charities to protect themselves is to ensure they have robust governance, strong financial controls and effective risk assessment and management policies and procedures in place.

Where fraud and financial crimes are committed against a charity we will respond appropriately and proportionately to protect the charity. We will also support the police in bringing prosecutions and bringing criminals to justice where this is relevant. We publicly report on our investigatory work dealing with fraud and financial crime and abuse.

The full strategy document is available on our website: http://www.charitycommission.gov.uk/Our_regulatory_activity/Our_approach/ccs_fraud_financial_crime.aspx

Charity Fraud Project Group

A key part of our strategy is increased cooperation with the charity sector and other Government agencies to detect, deter and disrupt fraud in charities. We are currently co-leading a joint Charity Fraud Project, which brings together a number of organisations to reduce the risk of fraud to the charitable sector.

Partner members of the Group are:

- Action with Communities in Rural England (ACRE)
- Association of Charitable Foundations (ACF)
- Association of Chief Executives of Voluntary Organisations (ACEVO)
- Audit Commission
- Charity Commission
- Charity Finance Group
- City of London Police
- Community Matters
- Fraud Advisory Panel
- HM Revenue & Customs
- Institute of Fundraising
- Institute of Chartered Accountants in England and Wales (ICAEW)
- National Council for Voluntary Organisations (NCVO)
- National Fraud Authority
- Serious Organised Crime Agency (SOCA)
- Small Charities Coalition

The Group will shortly be publishing useful information for both charities and the public on how to protect themselves against fraud. This project supports Fighting Fraud Together, the Government's UK strategy for tackling fraud.

Resources for charities in your constituency

Our new strategy aims to help charities protect themselves and we have a range of online guidance on how to do this.

The following publications to help charities manage the risk of fraud and financial crime are available on our website:

- [Protecting charities from harm Chapter 3: Fraud and financial crime](#)
- [CC8: Internal Financial Controls](#)
- [Internal Financial Controls checklist](#)
- [Reporting serious incidents to the Commission](#)
- [Charities Back on Track 2011](#) – case studies of charities including cases of fraud

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