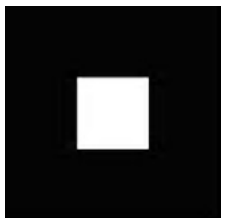




# **Chariot House**

Is Your Charity Safe?

Finances

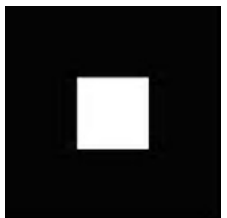


# **SAFE FINANCES**

1 General points

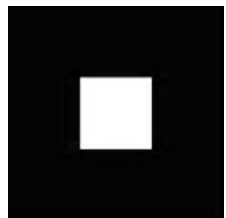
2 Fraud

3 Reserves



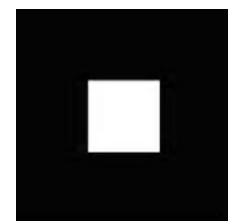
# Safe finances – general points

- 1 CC25
- 2 Internal controls
- 3 Management reporting



# **CC25 – Charity finances: trustee essentials**

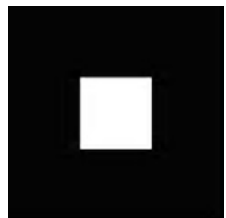
- 1 Introduction
- 2 Making the most of your finances
- 3 Income generation
- 4 Using other resources



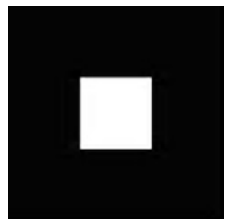
# **CC25 – Making the most of your finances**

## **Financial management**

- 1 Budgets
- 2 Monitoring performance
- 3 Restricted funds
- 4 Financial policies
- 5 Planning for contingencies, winding up
- 6 Annual accounts

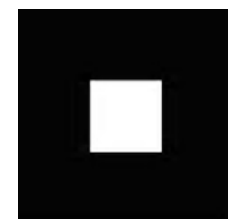


# Checklist for financial processing



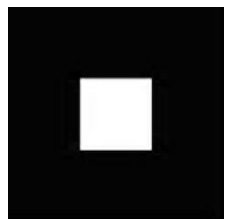
# **CC25 – Making the most of your finances**

- 1 Identifying and managing risk
- 2 Internal financial controls
- 3 Reserves
- 4 Managing financial difficulties



# **CC25 – Income generation**

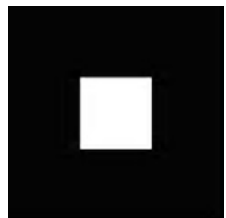
- 1 Financial investment
- 2 Fundraising
- 3 Trading





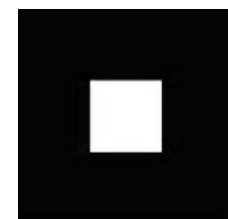
## **CC25 – Using other resources**

- 1 Staff and volunteers
- 2 Insurance
- 3 Buying and selling land
- 4 Trustee expenses and payments



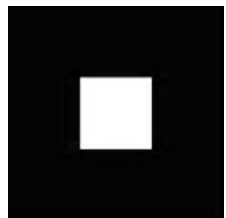
## **CC8 – Internal financial controls**

- 1 Some key issues, monitoring arrangements and risk from financial crime
- 2 Income
- 3 Purchases, payments and loans
- 4 Assets and investments



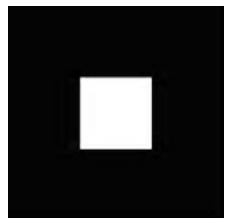
## **CC8 checklist**

- 1 Some key issues, monitoring arrangements and risk of fraud
- 2 Income
- 3 Purchases and payments
- 4 Assets and investments



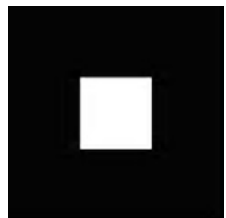
## CC8 action

- 1 Complete the checklist
- 2 Review results at trustees' meeting
- 3 Take action
- 4 Read CC8 itself?
- 5 Repeat 1 to 3 next year

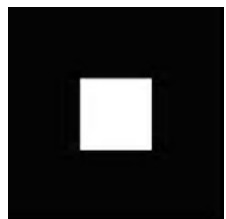


# Management reporting

- 1 Regular
- 2 Timely
- 3 Focused
- 4 Goldilocks length
- 5 Gradually build better understanding



# Fraud



## Top tips for responding to fraud when things go wrong



Act quickly! This will minimise harm done and maximise your legal options



Don't panic, stay calm and follow procedure (wherever you can)



Find out in advance who needs to be informed (both within the charity and outside it)



Have a 'fraud response plan' ready so that everyone knows what to do and when



Take steps to preserve evidence, you may need this for investigative or legal proceedings



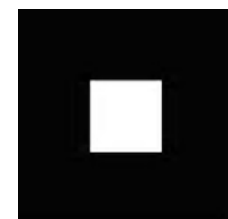
Seek professional legal advice, especially if you think you might take action in the civil courts



Report suspicious or serious incidents to the Commission, [RSI@charitycommission.gsi.gov.uk](mailto:RSI@charitycommission.gsi.gov.uk)

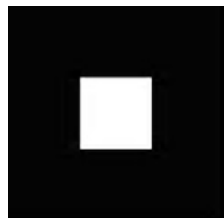


Read the full guide 'Tackling fraud in the charity sector' [www.fraudadvisorypanel.org](http://www.fraudadvisorypanel.org)



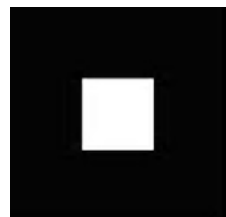
# **Fraud: Protect your charity from fraud - templates**

- 1 Anti fraud and corruption policy
- 2 Anti fraud policy (2 versions)
- 3 Fraud investigation plan
- 4 Quick guide to investigation interviews
- 5 Terms of reference for investigations
- 6 Whistleblowing policy



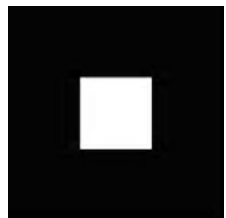


# 10 questions trustees should ask Do we...



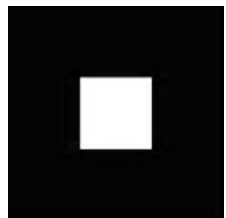
# **Factors contributing to fraud**

- 1 Excessive trust or responsibility placed on one individual
- 2 Lack of challenge or oversight
- 3 Lack of or poor controls



# **Insider fraud – poor controls**

- 1 Failure to reconcile bank regularly
- 2 Poor segregation of duties or unclear responsibilities
- 3 Only one signatory for bank transactions
- 4 Only one individual counting cash collections



## 10 top tips for fraud prevention

Aim to develop a counter fraud culture



Implement financial controls that everyone signs up to



Conduct an annual review of fraud risk and internal controls



Consider having a dedicated fraud officer on the board



Encourage staff and volunteers to raise concerns



Promote fraud awareness and consider training



Conduct pre-employment screening and get reference checks



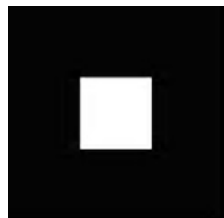
Guard against excessive trust and complacency



Don't be afraid to challenge if you suspect wrongdoing

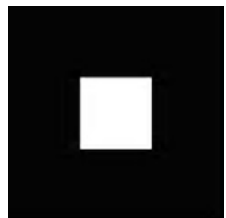


Report suspected fraud to the Charity Commission and Action Fraud



# Reserves

- 1 Written policy
- 2 Monitor every time report to trustees
- 3 Goldilocks principle
- 4 A few cases too high reserves
- 5 Funds and bank



# Safe Finances

- 1 Trustee essentials (CC25)
- 2 Internal controls
- 3 Management reporting
- 4 Fraud
- 5 Reserves

