

## Press release: Almost $\frac{3}{4}$ of insider frauds at charities enabled by excessive trust and lack of challenge from others within the charity

The Charity Commission, the regulator of charities in England and Wales, has [published the findings of a study](#) which has found that cultural factors, such as placing excessive trust or responsibility in individuals, or the lack of internal challenge and oversight, contributed to 70% of insider frauds within a sample of charities analysed by the Commission.

The Commission is therefore urging all charities to foster a culture where staff, trustees and volunteers are reminded of the need to challenge any concerning behaviour and not turn a blind eye when internal processes aren't followed.

The findings follow a number of high profile cases of insider fraud in charities recently, including Birmingham Dogs Home, where the former chief-executive stole £900,000 from the charity. The head of finance at NSA Afan was jailed earlier this week for spending almost £54,000 of the charity's money for her own personal gain.

**Michelle Russell, Director of Investigations, Monitoring and Enforcement at the Charity Commission, said:**

Today's report has confirmed what we already suspected from our casework in this area. The crucial lesson for charities isn't about introducing lengthy counter-fraud policies. It's about changing people's behaviours and encouraging staff and all those involved in charities to be vigilant and speak out when things don't seem right. This must be demonstrated by everyone in an organisation to be truly effective.

The vast majority of charity workers do incredible work but, as we've seen in some troubling cases recently, sadly charities aren't immune to fraud. A dangerous combination of a lack of accountability and controls not being consistently applied can make any charity – big or small – vulnerable, and create opportunities for fraudsters that will have devastating effects.

Everybody has a part to play in the fight against charity fraud to ensure the public's generous donations reach those who need them most.

The Commission issued a 6 week long call for information to help charities better understand the risks and causes of insider fraud, and therefore how to

better protect their valuable assets. The Commission received over 50 responses, with a third of responding charities having an income of over £1million. The study also identified that 19% of frauds reported to the authorities resulted in a prosecution, 38% recovered part or all of the money/assets taken, and 76% of the frauds prompted media coverage.

The Commission has published advice for charities on improving their resilience to fraud, as well as a number of [anonymised case studies](#) alongside the report. These demonstrate cases of poor or non-application of financial controls, low fraud awareness, and excessive trust or lack of challenge.

Previous analysis by the Commission found that a third of frauds committed at charities and reported to the Commission were suspected to have been committed by charity staff, trustees or volunteers.

Anyone who suspects fraud in a charity, should make a report to the police, the charity in question and to the Commission, via [RSI@charitycommission.gsi.gov.uk](mailto:RSI@charitycommission.gsi.gov.uk).

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#### **Notes to editors**

1. The Charity Commission is the independent regulator of charities in England and Wales. To find out more about our work, see the [about us](#) page on GOV.UK.
2. Search for charities on our [check charity tool](#).