

# TACKLING CHARITY FRAUD GOOD PRACTICE CASE STUDY

CHARITIES  
AGAINST FRAUD  
AWARDS 2017

SUPPORTED BY MOORE STEPHENS

More and more charities of all sizes are taking proactive and innovative approaches to tackling fraud. These case studies showcase some of the things they are doing. By sharing this knowledge and their experiences more widely we hope to help improve fraud resilience within individual charities and across the sector as a whole.



## CASE STUDY: SMALL CHARITY

The **Saga Charitable Trust** is a small grant-making organisation based in Folkestone. It acts as an umbrella for all of Saga plc's charitable activities, including the support given to its national charity partner, The Silver Line, and sustainable projects in the developing countries visited by Saga Holidays customers.

The trust wants to fund the very best projects with the greatest potential to deliver real sustainable outcomes, which means it needs to be able to consider every application in a consistent and secure way. But the funding applications it receives come from charities, NGOs and not-for-profit organisations all over the world, including many for whom English is not their first language and from countries in which things like registration documents and audited accounts can be hard to acquire and difficult to authenticate. All of which present the trust with some particular fraud risk management challenges.

Over a 12-month period the charity's staff worked closely with Saga plc's financial crime team and accountants to implement stricter fraud and abuse safeguards based on rigorous due diligence processes. This cross-functional, multi-disciplinary team approach was able to tackle the challenges in a more reliable and effective way, and reassured trustees that all the necessary steps were being taken to ensure that awards are only being made to properly-scrutinised applicants.

A three step process is now used to assess all applications:

1. Basic due diligence checks are carried out by the trust's executive using public sources such as the Charity Commission's register. These include checking the applicant's charity registration status, verifying that the annual accounts are submitted on time, and identifying individual trustees and any associations they may have with other charities. Red flags are raised with the applicant and, where possible, further information obtained and recorded.
2. The last three years of audited accounts are scrutinised by Saga plc accountants looking for anything that might require further investigation, such as: applicants incurring large exchange rate losses when funding transfers to the home country are delayed; applicants at imminent risk of insolvency and closure; and applicants with unusually large pre-existing funding surpluses.

3. The financial crime manager makes additional sanctions checks for all named trustees and key personnel, using HMT, UN, EU and OFAC lists. This is an especially important step in countries known to have high levels of fraud and corruption in local and national government.

The new approach has enabled Saga Charitable Trust to provide its trustees with much more thorough background information on applicants, ensuring that only financially and operationally secure partners are chosen to deliver projects. It is also helping the trust's own staff to develop their knowledge and skills in vetting applications and advising applicants.

Most importantly, of course, it helps minimise the fraud risks to which the trust is exposed, ensuring that donors can have full confidence in the way the trust operates and the projects it supports.



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