

## 5 Tips on Reducing the Risk of Fraud for Your Organisation



Fraud is common in not for profit organisations. So often committee members rely on personal trust and believe 'it could not happen to us'. Here are some processes that could be put in place to reduce the risk and help streamline processes in the club.

1. Ensure there are strong internal financial control systems and processes that everyone knows about. For example: more than one person with knowledge about the club finances; two people required to sign cheques and authorise internet banking payments; limitations on the \$\$ amount the treasurer may pay out without committee approval; cash receipting processes; limit the amount that can be paid by cash.
2. Regular financial reporting that all of the committee understands. The treasurer should not just present the bank balance each month. A good report is written and not verbal. It should outline all expenditure and income and should also track the monthly accounts with the budget set for the year.
3. Set a budget prior to the AGM or at your first committee meeting, whichever works better and track actual income/expenditure each month against the budget.
4. Ensure the club accounts are finalised by an independent accountant, and reviewed or audited by someone else again, in readiness for an AGM.
5. Look out for fraud 'red flags' like :
  - unusual or unexplained transactions
  - confusing reports
  - a continual loss of an activity
  - lack of timely financial reports
  - lack of attention to detail
  - bank accounts overdrawn
  - too many bank accounts
  - excessive adjustments to the accounts
  - poor stock control
  - computer problems resulting in delays in financial reports
  - evasive responses to members enquiries
  - treasurers high level of control and being protective of the cheque book and accounts
  - changes in the personal circumstances of the treasurer

