

Fraud risk.

Part of the PEM knows series, offering tips on guiding your charity through uncertain times.

COVID-19 has caused significant operational and financial disruption across all organisations, resulting in a weakening of the control environment. Internal controls and management oversight may be reduced allowing fraudsters an opportunity to cash in.



Be aware.

Organisations should:

- Maintain effective governance and financial management/oversight.
- Remind staff that they still need to comply with internal controls.
- Ensure that staff maintain rigorous internal controls.
- Make policies and procedures clear to all staff.
- Maintain and promote strong anti-fraud controls.
- Review internal control and fraud risks.
- Make sure that staff are aware of the protocol in the event of a suspected fraud.
- Consider undertaking an internal audit to monitor and ensure efficient operation of internal controls and segregation of duties.
- Ensure that your computer internet and virus security is up to date.



Be diligent.

Consider the types of fraud your organisation is susceptible to. Some of the most common now are:

- **Procurement fraud** E.g. fraudulent sales of life saving personal protective equipment (PPE), where payment has been made but no equipment has been delivered. Always carry out due diligence before purchasing from an unknown entity or person.
- **Mandate or Chief Executive Officer fraud** E.g. being asked to make payments to a new account. Always make separate checks to ensure that the change is valid.
- **Phishing emails** E.g. unsolicited emails or phone calls that are asking for financial information. Be particularly careful with those claiming to be from government agencies such as HMRC. Never click on links or attachments in unexpected or suspicious emails.
- **Advanced fee fraud** E.g. unsolicited offers of goods, services or financial support. Always be suspicious if an upfront payment is requested.
- **Investment fraud** E.g. Emails pressuring investors to take advantage of time-critical opportunities and move their investments.

For further information, please contact a member of our team:



Jayne Rowe
jrowe@pem.co.uk



Judith Coplowe
jcoplowe@pem.co.uk



Michael Hewett
mhewett@pem.co.uk



PEM
Salisbury House
Station Road
Cambridge CB1 2LA
t. 01223 728222
e. pem@pem.co.uk

Please note that this summary is not intended to give specific technical advice. It is designed to highlight some of the key issues rather than provide an exhaustive explanation of the topics. Professional advice should always be sought before action is either taken or refrained from as a result of information contained herein. The firm's full name and a full list of Partners is available on our website.