NOT-FOR-PROFIT
FRAUD SURVEY 2014

BDO

WELCOME

It is with pleasure that we present the BDO Not-For-Profit Fraud Survey for the fifth time.

The release of findings from the 2014 survey provides a unique perspective for Not-For-Profit organisations, as trend data captured from almost the past decade has been compiled and analysed to reveal important insights about the identification, assessment and management of fraud within the sector.

Information of such a longitudinal nature is invaluable for Not-For-Profit organisations, as it provides a benchmark for them to assess their fraud risk, along with crucial information to enhance their understanding of the link between risk management practices and the impact of fraud.

We have again extended the coverage of the survey, asking respondents to report upon their risk management frameworks and practices for the first time. At BDO we believe there is a strong link between the robustness of an organisation's risk management framework and its susceptibility to fraud. We consider these findings of crucial importance to the sector.

Since the last BDO Not-For-Profit Fraud Survey the Australian sector has faced many changes, with challenges and opportunities arising from various reviews, inquiries and actual reform. Most notably, the 2014 survey was conducted against the background of the Australian Charities and Not-For-Profit Commission's first year of operation, the enactment of the statutory definition of charity, and continuing debate regarding taxation reform. In addition, the sector is experiencing a changing landscape with the introduction of the National Disability Insurance Scheme (NDIS), which will have a varied impact on Not-For-Profit organisations.

In New Zealand, although there have not been significant changes to the operating environment over the past two years, we found that Not-For-Profits continued to experience the impact of frauds on reputation and their ability to raise funds. This was especially evident when we undertook a road show in 2012 with the Charities Division and spoke with more than 1,000 charities.

Key findings from the 2014 survey indicate that the number of frauds occurring has decreased, however the average size and total quantum has increased. It is, therefore, not surprising that fraud appears to be a continuing concern for respondents.

Interestingly, trend data has highlighted that whilst almost all Not-For-Profits see fraud as an issue for the sector, a much smaller proportion see it as a problem for their own organisation. On the surface this could seem a worrying result, but findings over time outline an encouraging trend, with a significant rise in the number of respondents who perceive fraud to be a problem for their organisation, indicating the sector is becoming more aware of this issue.

One reason for this awakening could be the sector's recognition of the link between fraud and the ability to gain/retain funding. Consider this in conjunction with trend data captured from almost the past decade that shows the emergence and prevalence of electronic fraud and it is clear such concerns are justified.

From BDO's dealings with Not-For-Profits, it is clear many are beginning to think, look and act more and more like 'for-profit' businesses. This has seen many Not-For-Profit leaders recognise the importance of a risk management framework in fraud prevention and management. This is pleasing given the data indicates organisations without a risk management framework have a higher average value of fraud.

We hope the findings in this year's survey report are insightful and useful. BDO is committed to ensuring Not-For-Profits understand their susceptibility to fraud and educating them on the wide range of methods they can use to protect themselves into the future.

The BDO Not-For-Profit Fraud Survey 2014 would not have been possible without the dedication and hard work of our contributors.

A special mention to Peter Best of Griffith University who has been involved since the inception of the survey, and has again provided invaluable data analysis. This year Lisa Bundesen of NFP Management Solutions joined us as one of the survey report's authors, providing valuable analysis from across the sector. We also welcomed contributions from David Ferrier, Marita Corbett and Andrew Sloman of BDO who have provided essential expertise.

Finally, we thank each and every one of the 436 respondents to this year's survey. Without their honesty and willingness to share their views and experiences, this survey would not be possible. We look forward to continuing this study for decades to come, as we keep building momentum in our fight against fraud in this vital sector.

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CONTENTS

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Lisa understands Not-For-Profits, not only through her consulting but also her experience on Boards and Finance and Risk Committees. Lisa is a board member of RSPCA Qld and Wesley Mission Brisbane. She is also the Deputy Chair of the Finance, Audit and Risk Committee of Wesley Mission Brisbane, a member of the Finance and Risk Committee of RSPCA Qld (having been the Chair for the past five years) and a member of the Finance, Audit and Risk Committee of RSPCA Australia.

EXECUTIVE SUMMARY

The BDO Not-For-Profit Fraud Survey is designed to raise awareness of the type of fraud risks that exist within the Not-For-Profit sector, how fraud occurs and how organisations seek to manage the risks.

This year, we also investigated the sector's approach to risk management, in an effort to identify any linkages between this practice and a Not-For-Profits susceptibility to fraud.

A total of 436 responses were received from participants in the Not-For-Profit sector. It is important to note that not all respondents answered every question and that some questions allowed respondents to provide more than one answer.

The key findings from the BDO Not-For-Profit Fraud Survey 2014 are summarised within this section, along with long term trends since we released the first report in 2006.

Long term fraud trends in the sector
- Since the inception of the BDO Not-For-Profit Fraud Survey, there has been a steady decline in the percentage of respondents who have suffered a fraud
- Organisations with higher turnover report a higher incidence and value of fraud
- Up to 28% of respondents over the history of the survey identify fraud as a problem for their organisation; with the primary reason being that fraud is an inherent problem in all organisations
- Respondents identify poor internal controls and poor segregation of duties as key fraud risk factors
- Heavy reliance is placed on strict internal controls to reduce the risk of fraud occurring and to improve detection of fraud, while respondents also rely heavily on trustworthy staff, external audit and a good organisational culture
- The most common fraud suffered by respondents is cash theft, followed by kickbacks/bribery/fraudulent personal benefits, financial statement fraud and payroll fraud
- Paid employees in non-accounting roles are responsible for the majority of frauds
- Collusion is involved in up to 30% of the largest reported fraud cases
- Internal controls and tip offs have been the most successful ways of discovering fraud.

How fraud is perceived by the sector

- Only 28% of respondents see fraud as a problem for their organisation, yet 90% see it as a problem for the sector
- Respondents who did not see fraud as a problem for their organisation rely on strict internal controls, organisational culture, trustworthy staff and external audits to manage their fraud risk
- The risk of fraud is viewed as greater as an organisation's turnover increases
- 83% of respondents believe their organisation has a low risk of fraud
- 82% of respondents consider fraud an inherent problem for all organisations. The main factors contributing to fraud occurring were poor segregation of duties and poor internal controls
- 10% of respondents expect fraud to be a greater problem in the future.

How much is lost to fraud

- 10% of respondent organisations suffered fraud in the past two years, with 43 organisations suffering 141 frauds
- Fraud totalling $3,229,400 was reported, with the average fraud being $22,904
- Of the respondents who experienced fraud, 70% had suffered fraud previously
- One in three respondent organisations with a turnover exceeding $10 million suffered a fraud
- 42% of respondents who experienced fraud believe the full value of the fraud was not discovered.

Characteristics of the largest fraud incidents

Each respondent had the opportunity to describe their largest fraud, and the survey captured information from a total of 37 frauds. Of these:

- The most common type of fraud suffered by respondents was cash theft (30%)
- Three payroll frauds accounted for 54% of the total value of the largest frauds reported by respondents
- One online payment fraud was for $960,000
- The average duration of each fraud was 14 months
- While males and females have committed a similar number of these frauds, on average 69% of employees amongst respondents were female, while the average value of frauds committed by males was twice the value of those perpetrated by females
- The typical fraudster was aged over 50 and was a paid employee in a non-accounting role
- 16% of frauds were committed by volunteers
- Collusion was present in 30% of frauds reported, with a typical colluder being a male aged over 50 and a paid employee (a Board member in 31% of cases)
- Respondents indicated that financial pressure and maintaining a lifestyle were the most common motivators of the largest frauds identified, while gambling was the motive for 54% of the total value of frauds and had the highest average fraud.

Responding to fraud

- 54% of respondents did not report the fraud to Police
- 63% of respondents terminated the perpetrator's employment
- 53% of organisations that suffered fraud did not recover any funds from the perpetrator
- 58% of respondents believe they have discovered the full value of the fraud.

Risk management

- 55% of respondents have a risk management framework, and two-thirds of organisations with a turnover exceeding $1,000,000 have implemented such a framework
- Common elements implemented include risk management strategies, governing roles, risk reporting, risk identification and assessment, and risk definitions
- Primary risk categories identified by respondents were financial, governance, people, service, and reputation
- The chief executive officer or other executive manager assumed responsibility for the risk management framework
- The data shows those organisations that do have a Risk Management Framework (RMF) have a lower average fraud of $5,571 compared with those that don't have a RMF and who suffered an average fraud of $57,338[1].

Preventing and detecting fraud

- 83% of all respondents see fraud prevention as important, very important or extremely important
- 77% of respondents who have suffered fraud believe fraud prevention is very important or extremely important while, organisations with higher turnover rated the importance of prevention more highly
- External audits (83%), ethical organisational culture (81%), and strong internal controls (77%) were considered primary factors in reducing the risk of fraud
- Respondents who had suffered fraud placed additional importance on fraud risk assessments, strong fraud control policies, prosecution of offenders, and whistleblower hotlines than those who had not suffered fraud, and they were also more likely to implement new measures
- Tip offs (35%) and internal controls (30%) were the most effective ways of discovering fraud
- 55% of respondents have a code of conduct while 18% have a fraud control plan
- Only 18% of respondents have implemented a whistleblower policy despite tip offs being identified as one of the most effective ways to discover fraud (35%)
- 68% of respondents had reviewed their preventative fraud measures in the past two years and 78% have reviewed their internal controls.

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1. Excludes an outlier (an individual fraud of $960,000). If this is included the average fraud of respondents with a RMF is $14,371.

SEEING IS BELIEVING

For almost a decade, this survey has acted as a valuable benchmark for Not-For-Profit organisations, with the results providing important insight into the perception and level of fraud in the sector.

This research has highlighted a consistent trend in the thinking of Not-For-Profits that fraud is viewed as a problem for the sector, yet few believe fraud is a problem for their own organisation. The 2014 survey revealed a similar sentiment with the majority of respondents considering fraud an inherent problem for all organisations. Different to previous years, this year we considered both the respondents view of fraud together with broader information captured about the management of business risk within the sector, as we begin to understand organisations' risk management profiles and their susceptibility to fraud.

This year, the survey research revealed 90% of respondents believed that fraud is a problem for the sector, however only 28% believed it to be a problem for their organisation. These figures show a universal understanding and awareness within the sector that fraud can, and does, occur within Not-For-Profit organisations. The survey results continue to support this view, with 43 organisations reporting a total of more than $3 million of fraud, where the average fraud was $22,904. In addition, of the respondents who experienced fraud, 42% believe the full value of the fraud was not discovered.

Respondents who did not see fraud as a problem for their own organisation rely on strict internal controls, a good organisational culture, trustworthy staff, and external audits to manage their fraud risk. However, not all of these are reliable methods for preventing and detecting fraud. For example, it is important to consider that an external audit is not intended to detect fraud, but rather identify and assess the risk of material misstatement in the financial report due to fraud and obtain sufficient audit evidence about the risk. Also, while it is important to be able to trust the people you work with, personal circumstances can change – financial pressure was the most common motivation for fraud with the survey revealing that 32% of the largest fraud incidences reported were committed for this reason. Results also show that only 18% of all organisations have a fraud control plan, compared with 22% as indicated in the 2012 survey. Does this suggest not all organisations are adequately prepared for the risk of fraud? It is interesting to note, we found that of the organisations that experienced fraud, 70% had suffered fraud previously.

> The survey research revealed 90% of respondents believed that fraud is a problem for the sector, however only 28% believed it to be a problem for their organisation.

However, the survey findings also reveal that since 2012 there has been a 20% increase in respondents who perceive fraud to be a problem for their organisation indicating the sector is beginning to become more aware of this issue. This is compared with the 2012 survey which found just 8% of respondents assessed fraud as a problem for their organisation. With this in mind, some organisations will be required to review their current controls to help mitigate the risk of fraud occurring and this also coincides with an increasing trend in the professionalisation of the Not-For-Profit sector.

It is disconcerting to find that 30% of the largest fraud incidents reported involved collusion and of these, 31% involved a Board Member.

Increasingly, Not-For-Profits are beginning to think, look and act like a business, which means it is important for organisations to not only consider the risk of fraud, but also the organisation's overall risk and governance framework. We found that only 55% of all survey respondents have a risk management framework in place, however, of these, 90% believe their risk management activities are either adequate and effective or highly adequate and very effective.

At BDO, we acknowledge that fraud is an issue that could affect any organisation and it is vital that Not-For-Profits understand their susceptibility to fraud, rather than taking an 'it won't happen to me' attitude. Regardless of whether this attitude is a result of an organisation's strict internal controls, or is a result of having their 'head in the sand', fraud can still occur, and at times, in unexpected circumstances. For example, it is disconcerting to find that 30% of the largest fraud incidents reported involved collusion and of these, 31% involved a Board Member. It is evident that Not-For-Profits are aware of the risk of fraud in the sector, however, it is also important for organisations to understand their individual risk profile - even if they are yet to experience fraud.

LOOKING CLOSER AT THE MANAGEMENT OF RISK AND THE IMPACT OF FRAUD

Across the sector, many leaders are recognising that risks are no longer merely hazards to be avoided but, in many cases, opportunities to be embraced.

They recognise that risk in itself is not a bad thing, but when it is mismanaged, misunderstood, mispriced or unintended it can lead to undesired consequences. Fraud is one of the many types of risks that Not-For-Profit organisations, and all organisations, face on a daily basis. In 2014, not only have we gathered fraud data specific to the sector, we've delved deeper into understanding the link between risk management practices and the impact of fraud.

We found that the Chief Executive Officer or other executive management assumed responsibility for the organisation's risk management approach. This responsibility can potentially expand further than the organisation itself, to include its funding sources and the broader community to help reduce the risk of fraud occurring. However, differences between the needs and size of organisations means that the governance frameworks and control processes in place need to be tailored for each organisation.

Interestingly, our recent data indicates large organisations suffer frauds more often. This raises questions about whether organisations are appropriately reviewing their fraud controls or whether the fraud controls are developing and maturing with the organisation as it grows. There may be many reasons why this is the case - perhaps the organisation doesn't necessarily have the funds to develop its risk management practices, or does a formal Risk Management Framework (RMF) become a 'nice to have' relative to other operational activities?

Overall, we found that 55% per cent of the 436 survey respondents have a RMF in place. Common elements implemented in their organisation included risk management strategies, governing roles, risk definitions, risk identification, risk assessment, and risk reporting. The data shows those organisations that do have a Risk Management Framework (RMF) have a lower average fraud of $5,571 compared with those that don't have a RMF and who suffered a higher average fraud of $57,338[1].

With this in mind, can it be assumed that a RMF is just as important no matter what size the organisation is? For the 58 organisations with a turnover of less than $100,000 we found that 17% have a RMF with 100% of those respondents rating their risk management activities as either adequate and effective or highly adequate and very effective. It was positive to find that none of these organisations suffered fraud within the past two years. When looking at the largest turnover bracket of more than $10,000,000 we found that of the 72 organisations, 86% have a RMF and 92% of those rate their risk management activities as either adequate and effective or highly adequate and very effective. Within the past two years, 23% of these organisations suffered a fraud.

We believe the management of risk and prevention (or timely detection and control) of fraud go hand in hand. By developing and maintaining a RMF, organisations undertake a number of important steps to help reduce the risk of fraud. As a result of the processes in place, this will enable Not-For-Profits to lessen the impact that fraud can have throughout their organisation.

The data shows those organisations that do have a Risk Management Framework (RMF) have a lower average fraud of $5,571 compared with those that don't have a RMF and who suffered a higher average fraud of $57,338[1].

1. Excludes an outlier (an individual fraud of $960,000). If this is included the average fraud of respondents with a RMF is $14,371.

Five key steps to consider when developing a Risk Management Framework:

1. DEFINING RISK

An organisation needs to clearly set out what risk means to them. It is important to consider that not all risks are potentially bad for the organisation. Defining the organisation's risk appetite is a further stage, not often articulated within organisations, that supports the definition of risk, and in turn, guides the 'taking of risk' to optimise opportunity.

2. IDENTIFYING RISKS WITHIN THE ORGANISATION

It is sometimes difficult for an organisation to self-assess its risk of fraud when compared to other risks, often because of organisational social or cultural 'blind spots'. For example, there is often a mindset in the sector that 'nobody in our organisation or wider community would do that to us'. Identification of an organisation's risks during this process requires a realistic and honest approach as unidentified risk is unmanaged risk.

3. ASSESSING RISK

Again, an organisation needs to be realistic when assessing its risks in terms of likelihood and consequence. It is common for an organisation to lower its assessment of risk of fraud because the organisation trusts its employees and volunteers and believes in its culture. We found that 57% of respondents who did not perceive fraud as a problem for their own organisation relied on the belief that they had trustworthy staff as one of the factors in reducing the risk of fraud. It is risky for organisations to use trust as a control. When assessing the risk of fraud an organisation needs to consider both its prevention controls (those controls that prevent the fraud from occurring) and its detection controls (those controls that detect fraud should the prevention controls fail).

4. MONITORING RISK

The types of risk, and assessments of risk, can change as an organisation develops. Changes in technology, funding, organisational size and operations as well as many other factors can have an impact on the types of risks that an organisation can face. Given this, it is important that an organisation continually monitors and updates its risk management program.

5. REPORTING RISK

A robust risk reporting system should be an integral part of any risk management program. Employees and volunteers should be trained in established processes and encouraged to use them. Fraud or the suspicion of fraud should be included as a risk that should be reported. The results of our survey indicate that 35% of all fraud was discovered as a consequence of a 'tip-off'. Over the past decade, our research has consistently shown that 'tip-offs' are one of the most effective ways of discovering fraud. Therefore, it is important to ensure that both employees and volunteers have an appropriate reporting mechanism to report any suspicion of fraud.

FRAUD MIGHT IMPACT ONLY ONE PART OF THE BUSINESS, BUT ITS IMPACT COULD PERMEATE THROUGHOUT THE ORGANISATION

As any Not-For-Profit organisation is aware, funding is an important source of revenue, regardless of whether it is received from government, donations, fundraising, bequests, or fees.

The loss of these funds to fraudulent activity, especially in a tight market, can have an impact on an organisation's business operations, its reputation, and can potentially have an impact on future availability of funding and the sources from which this may come.

For example, when an organisation experiences a large fraud or has recurring incidences of fraud, it often attracts social media or news media attention, and can lead to a change in the public's perception of an organisation. This change in attitude by donors, potential bequest providers and other funders, can potentially affect funding sources. For organisations that rely heavily on one form of funding, it is important they consider the impact a major fraud can have on this income stream and, in light of this, fully assess the opportunity cost of establishing and maintaining a risk management framework. In recent years, there have been Not-For-Profit organisations that have had to cease operations as a result of the impact of fraud.

Our 2014 survey found 74% of respondents who have suffered recurring fraud are registered charities. Of this number, 56% identify grants as their primary funding source, followed by business operations and donations. History has shown that the loss of this funding from either direct fraud or as a result of fraud occurring can lead to further fraud at an institutional level within an organisation. You may wonder why this would happen, but some organisations at risk of closure due to fraudulent activity have deemed it necessary to manipulate the 'books' to present a better financial position so they can lock in future funding. Survey results show financial statement fraud has increased to 9% compared with 1% reported in the 2012 BDO Not-For-Profit Fraud Survey.

Overall, 75% of all survey respondents receive more than a third of their funding from donations, fundraising, and grants. When considering how organisations mitigate the loss of this funding from fraud, we found that 55% of all respondents have a Risk Management Framework (RMF) in place, and for 49% of those, grants are their primary source of funding – highlighting that they are taking the required steps to ensure they secure future funding from these sources. It was positive to see that 71% of all 436 survey respondents believe their risk management activities are adequate and effective, and 14% believe they are highly adequate and very effective.

An adequate and effective Risk Management Framework (RMF) may not only be desirable, but a necessary condition, of some funding sources. Either way, a RMF enables the Not-For-Profit seeking to attract and retain funding to demonstrate a confidence in proper stewardship of funding, particularly when sourced from bequests, donations, grants and fundraising.

54%

Protecting its reputation and future funding opportunities are contributing factors as to why 54% of organisations did not report fraud to Police.

An adequate and effective RMF may not only be desirable, but a necessary condition, of some funding sources. Either way, a RMF enables the Not-For-Profit seeking to attract and retain funding to demonstrate a confidence in proper stewardship of funding, particularly when sourced from bequests, donations, grants and fundraising.

When considering whether fraud would damage the ability of your organisation to obtain funding in the future, 71% of 238 organisations who have a RMF, compared with 75% of 198 organisations who do not have a RMF, believe fraud would affect their ability to obtain funding in the future.

Overall, 75% of all survey respondents receive more than a third of their funding from donations, fundraising, and grants. When considering how organisations mitigate the loss of this funding from fraud, we found that 55% of all respondents have a Risk Management Framework (RMF) in place.

As mentioned previously an organisation's reputation can be affected by fraud, ultimately impacting on future funding sources. A total of 89% of respondents who have a RMF are concerned that fraud would damage their organisation's reputation compared with 80% of those without a RMF. However, surprisingly only 34% identified reputation as a key risk category.

Fraud might impact only one part of the business, but its impact could permeate throughout the organisation. It is important to understand how fraud can affect reputation and potential funding sources, and to have a plan in place to mitigate such risks if fraud does occur.

ELECTRONIC AND CYBER FRAUD CONTINUE TO OCCUR YEAR ON YEAR

Over the past decade, the BDO Not-For-Profit Fraud Survey research has shown the types of fraud that have occurred year on year and the impact these have had on Not-For-Profit organisations.

Worryingly, the trend data captured over this period shows the type of fraud occurring continues to be very similar. In particular, electronic fraud - credit card fraud, online payments fraud, and payroll fraud - were all reported again in 2014 by 16% of survey respondents. In demonstration of the significance of this type of fraud, 54% of the largest frauds reported in 2014 were attributed to payroll fraud. There was also a significant online payment fraud for $960,000. More specifically, online payment fraud has been increasing slightly since 2010, with the main perpetrators being accounting staff with access to vendor maintenance records and ability to enter vendor invoices and payments.

This continual increase in electronic and cyber fraud raises the question - is there an underestimation of this type of fraud occurring within Not-For-Profit organisations? With our continued reliance on technology and new electronic processes and systems, there is the potential to underestimate the likelihood of fraud occurring if an organisation does not fully understand the technology they are using and the ways perpetrators can potentially 'cheat' the system.

Technology provides opportunities for perpetrators to commit fraud in different ways. For example, rather than stealing and forging a cheque to withdraw money from a bank account, a perpetrator can now temporarily change the bank account number in a vendor record to redirect an electronic payment; alter a bank account number in a file sent to the bank to pay employees or creditors electronically; or gain access to the bank account and transfer money. Regardless of the method used, the outcome can be just as devastating and can potentially provide quicker access to larger amounts.

Having raised the issue of electronic and cyber fraud, it is important to recognise that the use of technology is important for many organisations to operate their business efficiently and effectively. Technologies like online banking can provide organisations with significant efficiency savings when paying creditors and wages. However, it has the potential to provide perpetrators with an easier avenue to commit fraud and allows employees to unknowingly commit fraudulent acts. For example, when an employee gives their password to another person while they are away from the office, they provide an opportunity that is the same as allowing someone to forge their signature on a cheque – passwords are a new form of electronic signature - with the same outcome.

With our continued reliance on technology and new electronic processes and systems, there is the potential to underestimate the likelihood of fraud occurring if an organisation does not fully understand the technology they are using and the ways perpetrators can potentially 'cheat' the system.

54%

54% of the largest frauds reported in 2014 were attributed to payroll fraud.

With the incidence of electronic and cyber fraud continuing to increase, survey respondents identified these types of fraud as a concern when asked why they believed fraud was a problem for their organisation. One response indicated "a lack of internal audit/IT audit capability to properly monitor electronic business systems and processes, for example, integrity of EFT creditor payment". Another survey participant believed that they were "heavily targeted under cyber-crime globally". Overall, the survey found that 53% of survey respondents identified Information, Communications and Technology (ICT) as a key risk category for their organisation.

If organisations do not have the resources available to fully implement a Risk Management Framework (RMF), they should at least consider developing a technology strategy. A technology strategy can assist organisations in identifying risk areas of their technology based systems and processes and some of the simple steps that they could put in place to secure their financial certainty and future.

If an organisation has limited resources to invest in either an RMF or a technology strategy, there are simple steps they can take to help prevent the risk of electronic and cyber fraud occurring:

- Make sure employees who need to have access to online banking systems are set up with separate access details
- Just as with manual processes, ensure adequate segregation of duties within systems
- Educate staff about the risk of electronic and cyber fraud so that it is 'top of mind' for the organisation
- Make sure passwords are required to be changed on a regular basis
- Maintain up-to-date virus protection
- If using cloud computing, understand the security in place by the provider
- Have some simple checks completed to identify anomalies in financial data.

Did you know?

In Australia, the Privacy Act will be updated in March 2014. NFPs need to be aware of their obligations when storing data or transferring data via the cloud. Privacy legislation in any country needs to be carefully considered. If selecting a cloud provider, for example, it is important to understand in which country the organisation's data will be stored (some organisations have legislative requirements to store data only in their own country) and what protection does the provider offer against cyber fraud. Reputable cloud providers invest heavily in protecting their clients' data. As an individual organisation, it can be cost prohibitive to invest in a level of protection that may not match that of some service providers.

APPENDIX A

Charts & tables

Section 1: The Not-For-Profit sector

TABLE 1.1: LOCATION OF RESPONDENTS

LOCATION	2014 %
New Zealand	43%
Queensland	18%
New South Wales and Australian Capital Territory	16%
Victoria	9%
South Australia	5%
Western Australia	3%
Tasmania	1%
Other	5%

TABLE 1.2: CATEGORY OF RESPONDENTS

CATEGORIES OF RESPONDENTS	2014 %
Health	19%
Business & professional associations, unions	17%
Culture & recreation	14%
Education & research	13%
Social services	12%
Religion	5%
Environment	3%
Development & housing	3%
Law, advocacy & politics	2%
Philanthropic intermediaries & voluntarism promotion	2%
International	1%
Other	9%

CHART 1.1: COMPARATIVE: EMPLOYEE NUMBERS OF RESPONDENTS

Chart 1.1 and 1.2 show the employee and volunteer profiles of respondents. Half of the respondents have 20 or less paid employees. The majority of respondents have less than 20 volunteers, with 17% having none. Across respondents, the average gender distribution for employees is 31% male and 69% female. The Not-For-Profit sector is known for its predominance of female employees.

Legend: ■ 2014 ■ 2012 ■ 2010

Category	2014	2012	2010
100 +	16%	12%	21%
51 to 100	8%	7%	10%
21 to 50	15%	9%	17%
1 to 20	52%	57%	45%
NONE	9%	14%	6%
NO RESPONSE	0%	1%	1%
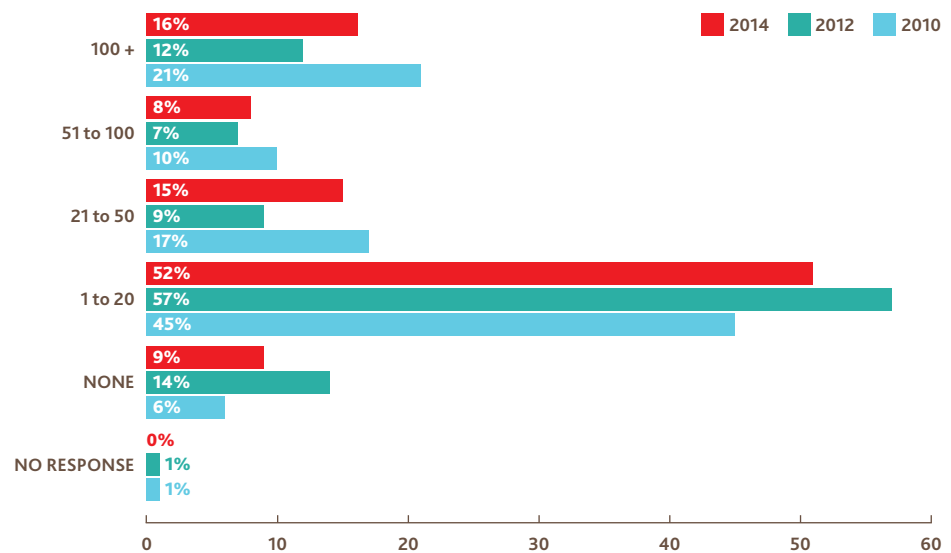
CHART 1.2: COMPARATIVE: VOLUNTEER NUMBERS OF RESPONDENTS

Legend: ■ 2014 ■ 2012 ■ 2010

Category	2014	2012	2010
100 +	17%	14%	20%
51 to 100	11%	7%	7%
21 to 50	15%	17%	17%
1 to 20	40%	48%	39%
NONE	17%	13%	16%
NO RESPONSE	0%	1%	1%
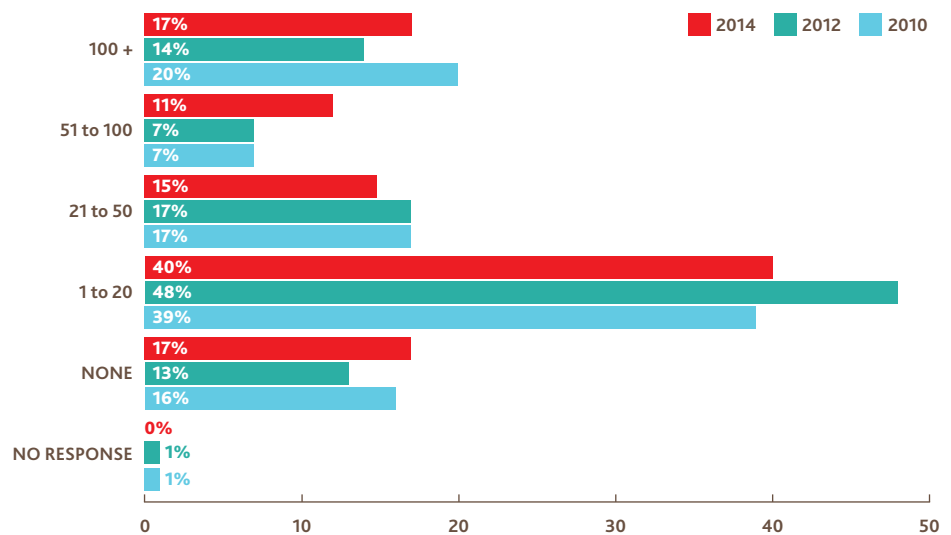
CHART 1.3: COMPARATIVE: RESPONDENTS GROUPED BY TURNOVER

The gross income of a Not-For-Profit is a key indicator of operational size. Chart 1.3 states that the respondents' turnover varied significantly, demonstrating the diversity of the sector.
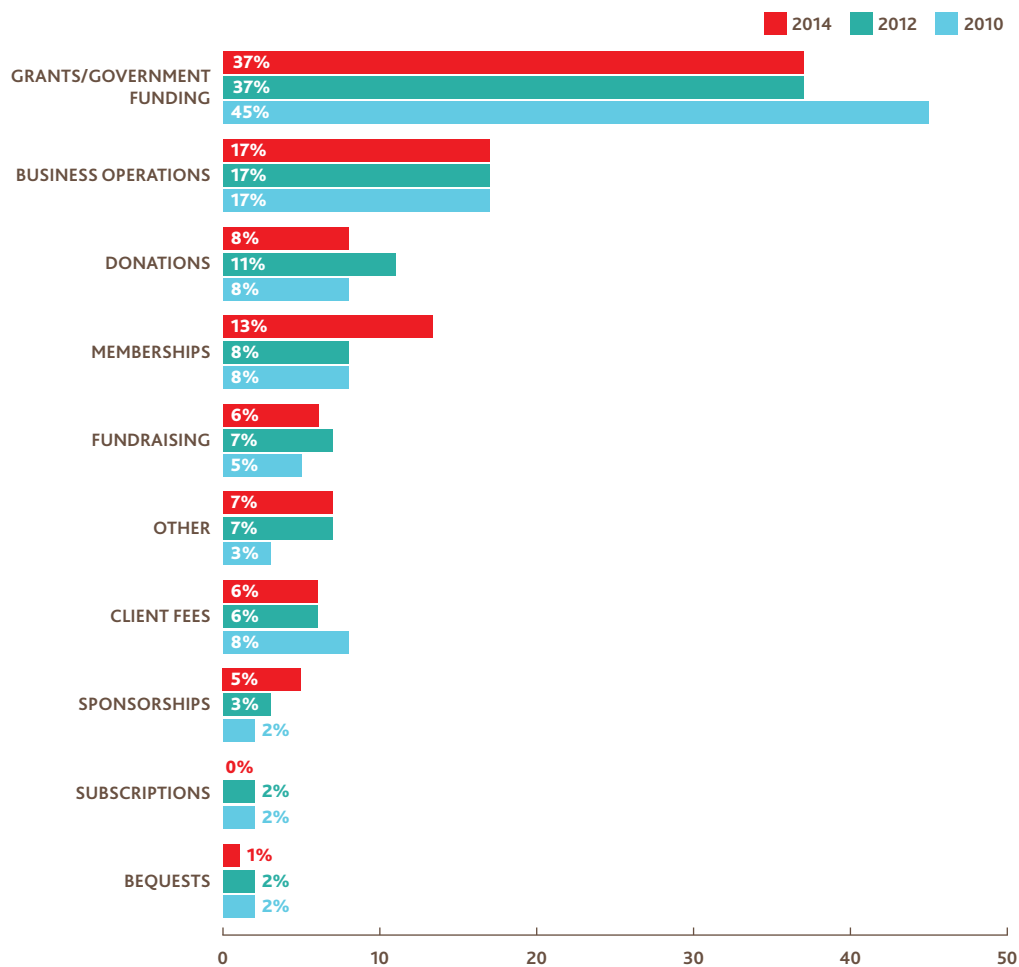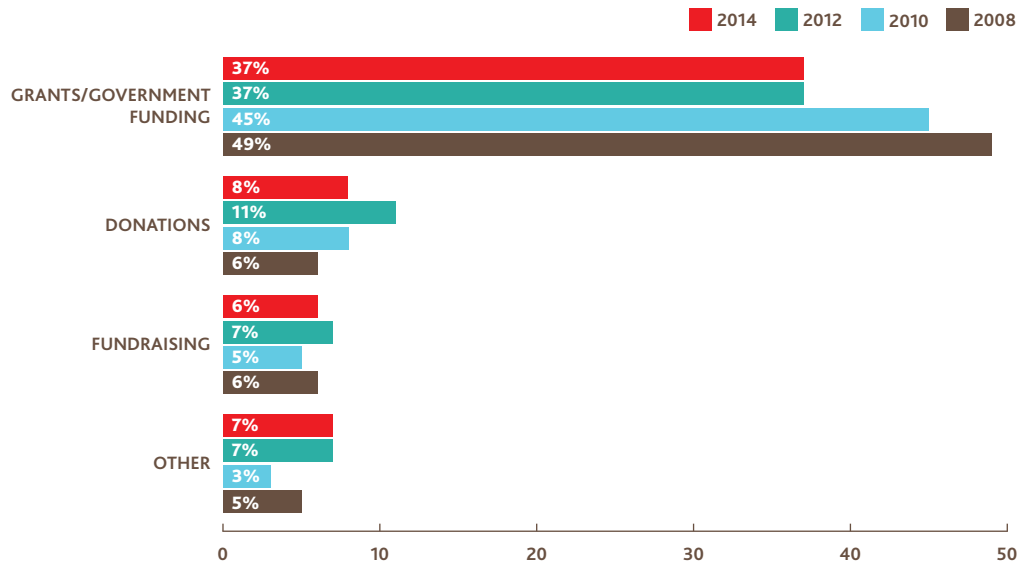
Legend: **2014** | **2012** | **2010**

Turnover	2014	2012	2010
$10,000,000 +	17%	13%	18%
$1,000,000 - $9,999,999	36%	22%	44%
$500,000 - $999,999	10%	12%	14%
$100,001 - $499,999	24%	23%	15%
< $100,000	13%	29%	9%
NO RESPONSE	0%	1%	0%
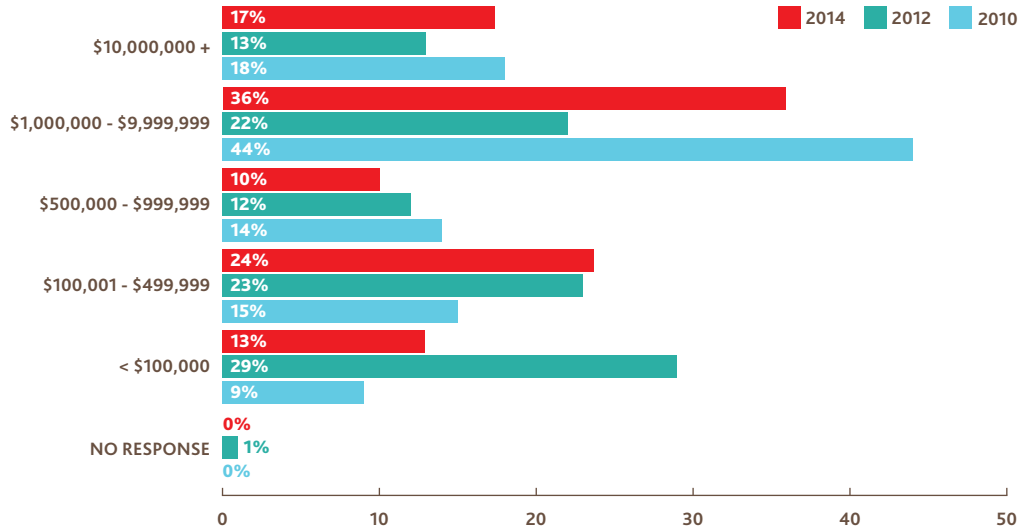
CHART 1.4: COMPARATIVE: REVENUE SOURCES FOR RESPONDENTS

The revenue sources for survey respondents varied considerably. In most cases, respondents had more than one major source of income. Chart 1.4 presents the average proportion of revenue received by respondents from each source. Grants/government funding and business operations represent the primary sources of revenue, which is a similar result as in the 2012 BDO Not-For-Profit Fraud Survey.

Legend: **2014** | **2012** | **2010**

Revenue Source	2014	2012	2010
GRANTS/GOVERNMENT FUNDING	37%	37%	45%
BUSINESS OPERATIONS	17%	17%	17%
DONATIONS	8%	11%	8%
MEMBERSHIPS	13%	8%	8%
FUNDRAISING	6%	7%	5%
OTHER	7%	7%	3%
CLIENT FEES	6%	6%	8%
SPONSORSHIPS	5%	3%	2%
SUBSCRIPTIONS	0%	2%	2%
BEQUESTS	1%	2%	2%

CHART 1.5: COMPARATIVE: CHANGES IN MAJOR FUNDING SOURCES

Chart 1.5 displays the summary of the changing reliance on major funding sources since 2008. Fraud occurring in an organisation has the potential to have an effect on the funding received by a Not-For-Profit. If the organisation receives negative publicity as a result of a fraud, income from sources such as donations and fundraising may decrease. Government grant documents may also have a fraud or good governance clause in them. This can mean future grants are in jeopardy if previous grants have had problems with fraud.

Legend: 2014 | 2012 | 2010 | 2008

GRANTS/GOVERNMENT FUNDING
- 2014: 37%
- 2012: 37%
- 2010: 45%
- 2008: 49%

DONATIONS
- 2014: 8%
- 2012: 11%
- 2010: 8%
- 2008: 6%

FUNDRAISING
- 2014: 6%
- 2012: 7%
- 2010: 5%
- 2008: 6%

OTHER
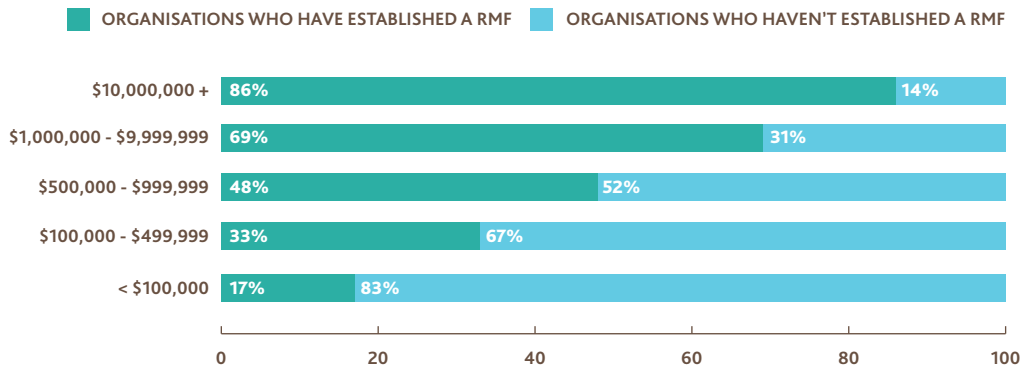- 2014: 7%
- 2012: 7%
- 2010: 3%
- 2008: 5%

Government grant documents may also have a fraud or good governance clause in them. This can mean future grants are in jeopardy if previous grants have had problems with fraud.
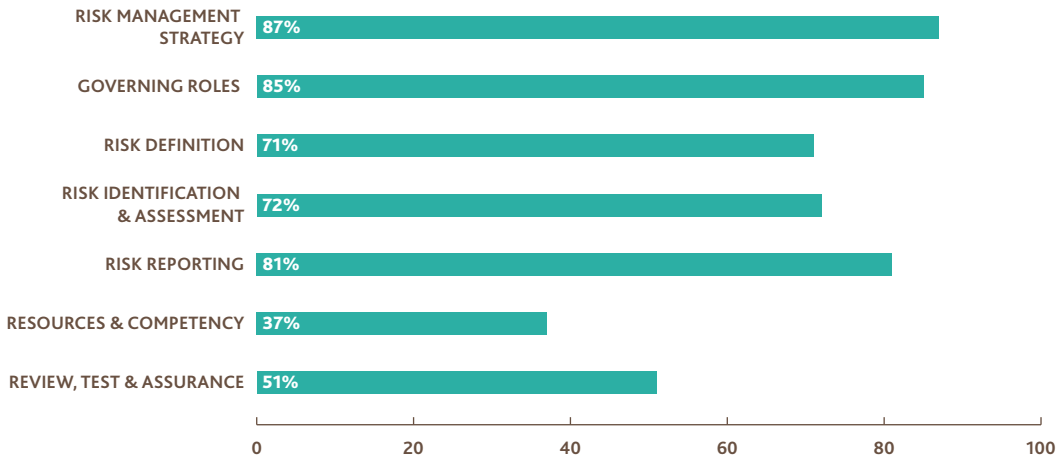
Section 2: Risk Management

CHART 2.1: RISK MANAGEMENT FRAMEWORK (RMF) BY TURNOVER
Overall 55% of survey respondents had a risk management framework. As shown in chart 2.1, this was more prevalent in respondents with high turnover.
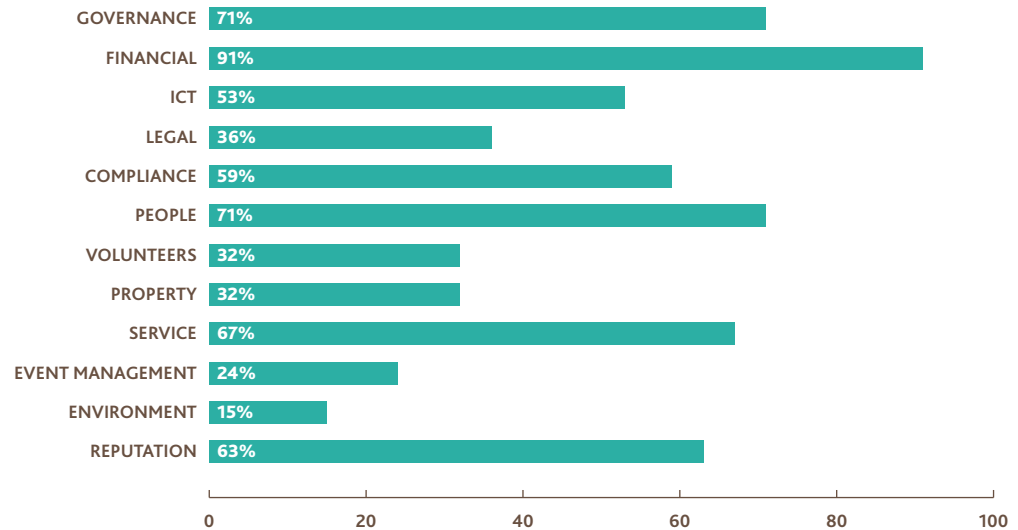
■ ORGANISATIONS WHO HAVE ESTABLISHED A RMF　　■ ORGANISATIONS WHO HAVEN'T ESTABLISHED A RMF

Turnover	Established a RMF	Haven't established a RMF
$10,000,000 +	86%	14%
$1,000,000 - $9,999,999	69%	31%
$500,000 - $999,999	48%	52%
$100,000 - $499,999	33%	67%
< $100,000	17%	83%

(Scale: 0　20　40　60　80　100)

CHART 2.2: ELEMENTS OF AN ESTABLISHED RISK MANAGEMENT FRAMEWORK
Some respondents have also implemented ISO certification, additional staff training and documentation.

| Element	Percentage
RISK MANAGEMENT STRATEGY	87%
GOVERNING ROLES	85%
RISK DEFINITION	71%
RISK IDENTIFICATION & ASSESSMENT	72%
RISK REPORTING	81%
RESOURCES & COMPETENCY	37%
REVIEW, TEST & ASSURANCE	51%

(Scale: 0　20　40　60　80　100)

CHART 2.3: PRIMARY RISK CATEGORIES IDENTIFIED BY RESPONDENTS WITH RISK MANAGEMENT FRAMEWORKS
Other risk categories identified were stakeholder engagement, grant making, occupational health and safety, disaster and theft.

Category	Value
GOVERNANCE	71%
FINANCIAL	91%
ICT	53%
LEGAL	36%
COMPLIANCE	59%
PEOPLE	71%
VOLUNTEERS	32%
PROPERTY	32%
SERVICE	67%
EVENT MANAGEMENT	24%
ENVIRONMENT	15%
REPUTATION	63%

CHART 2.4: RISK FORUMS IDENTIFIED BY RESPONDENTS WITH AN ESTABLISHED RISK MANAGEMENT FRAMEWORK
The survey also found that with executive management the primary role with responsibility for the risk management framework was the CEO (50%), other executive management (23%), and Risk Officer (9%).

Category	Value
BOARD	71%
BOARD COMMITTEE	46%
EXECUTIVE MANAGEMENT	61%
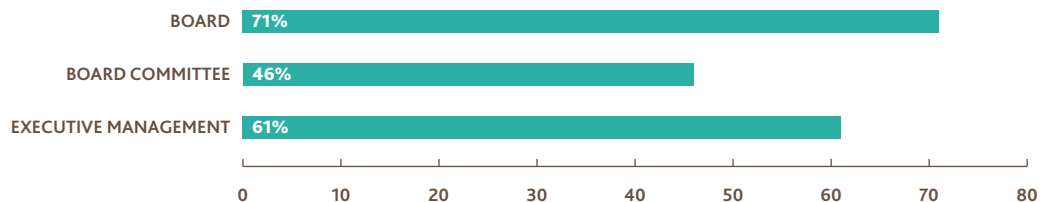
CHART 2.5: IN THE ABSENCE OF A FORMAL CORPORATE RISK MANAGEMENT FRAMEWORK, RESPONDENTS IDENTIFY, ASSESS, MANAGE AND MONITOR KEY RISKS THROUGH
Other strategies used include transparency in reporting, code of ethics, reliance on audits, risk assessment by non-executive directors on a case basis, internal controls, and Board involvement.

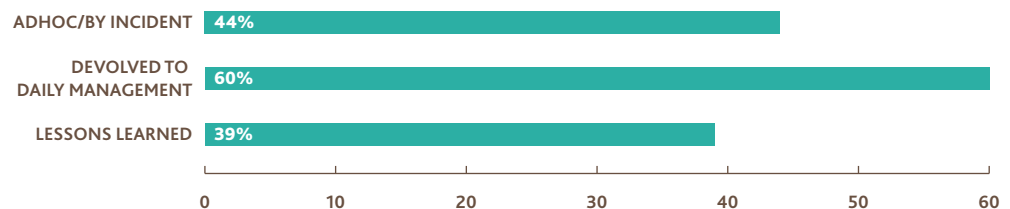| Category	Value
ADHOC/BY INCIDENT	44%
DEVOLVED TO DAILY MANAGEMENT	60%
LESSONS LEARNED	39%

CHART 2.6: ALL RESPONDENTS WERE ASKED TO RATE RISKS FOR THEIR ORGANISATION. AVERAGE RATINGS (1 BEING THE HIGHEST RISK)

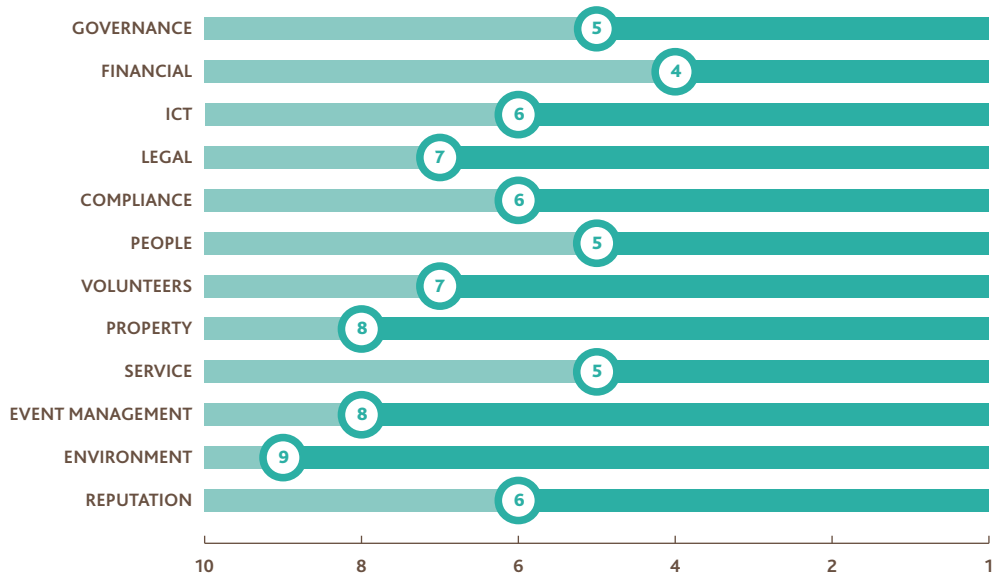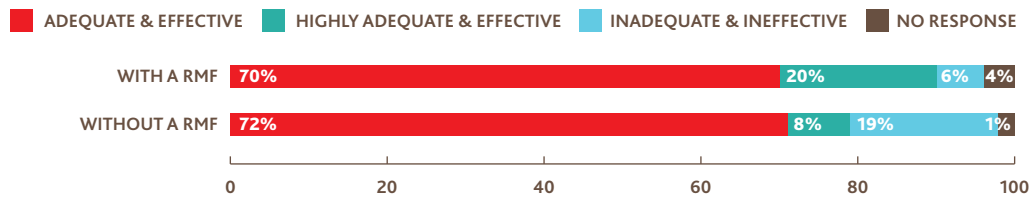| Category	Rating
GOVERNANCE	5
FINANCIAL	4
ICT	6
LEGAL	7
COMPLIANCE	6
PEOPLE	5
VOLUNTEERS	7
PROPERTY	8
SERVICE	5
EVENT MANAGEMENT	8
ENVIRONMENT	9
REPUTATION	6

10   8   6   4   2   1

CHART 2.7: RESPONDENTS RATING OF THEIR ORGANISATION'S RISK MANAGEMENT ACTIVITIES

■ ADEQUATE & EFFECTIVE   ■ HIGHLY ADEQUATE & EFFECTIVE   ■ INADEQUATE & INEFFECTIVE   ■ NO RESPONSE

|	Adequate & Effective	Highly Adequate & Effective	Inadequate & Ineffective	No Response
WITH A RMF	70%	20%	6%	4%
WITHOUT A RMF	72%	8%	19%	1%

0   20   40   60   80   100

The survey found that those organisations who didn't have a Risk Management Framework suffered around $51,000 more than those respondents who did have such policies in place.

CHART 2.8: RISK MANAGEMENT FRAMEWORK AND AVERAGE VALUE OF FRAUD

The data shows those organisations that do have a Risk Management Framework (RMF) have a lower average fraud of $5,571 compared with those that don't have a RMF and who suffered a higher average fraud of $57,338[1].

WITH A RMF $5,571
WITHOUT A RMF $57,338

0   10,000   20,000   30,000   40,000   50,000   60,000
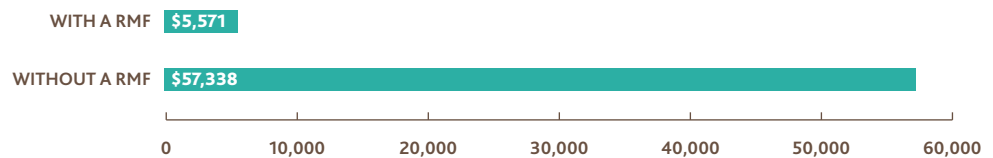
CHART 2.9: RISK MANAGEMENT FRAMEWORK AND THE FIRST FRAUD SUFFERED BY AN ORGANISATION

YES   NO   NO RESPONSE

WITH A RMF 3% 10% 87%
WITHOUT A RMF 4% 3% 93%

0   20   40   60   80   100
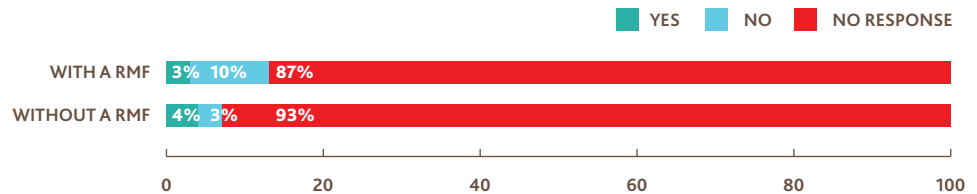
CHART 2.10: A RISK MANAGEMENT FRAMEWORK AND THE AVERAGE VALUE OF FIRST FRAUD COMPARED AVERAGE VALUE OF FRAUD THEREAFTER
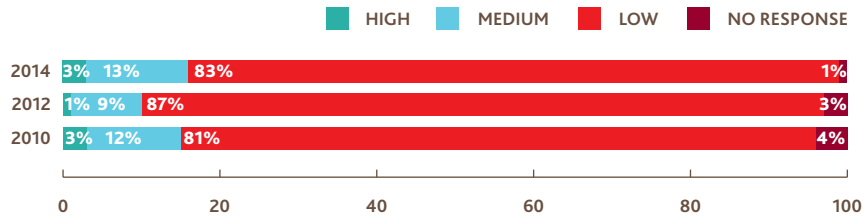
Respondents who experienced their first fraud accounted for larger total frauds and larger average frauds compared with those who had suffered fraud before.
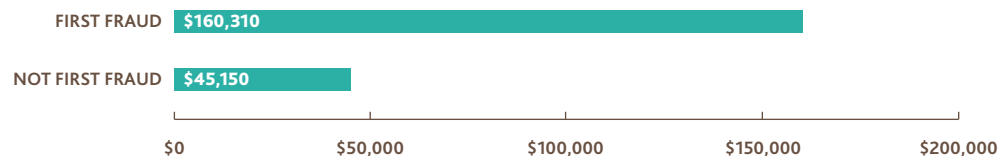
FIRST FRAUD $160,310
NOT FIRST FRAUD $45,150

$0 $50,000 $100,000 $150,000 $200,000

1. Excludes an outlier (an individual fraud of $960,000). If this is included the average fraud of respondents with a RMF is $14,371.

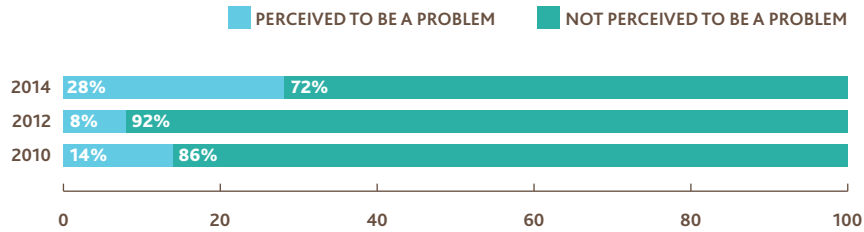# Section 3: How fraud is perceived by the sector

CHART 3.1: COMPARATIVE: LIKELIHOOD OF FRAUD OCCURRING WITHIN ORGANISATION

HIGH   MEDIUM   LOW   NO RESPONSE

Year			
2014	3% 13%	83%	1%
2012	1% 9%	87%	3%
2010	3% 12%	81%	4%

0   20   40   60   80   100

CHART 3.2: COMPARATIVE: PERCEPTION OF FRAUD IN INDIVIDUAL ORGANISATIONS

The perception that fraud is not a problem for some organisations, is not because fraud does not occur, it's because they have implemented prevention and detection processes.

PERCEIVED TO BE A PROBLEM   NOT PERCEIVED TO BE A PROBLEM

Year		
2014	28%	72%
2012	8%	92%
2010	14%	86%

0   20   40   60   80   100

CHART 3.3: PERCEPTIONS OF RESPONDENTS: FRAUD AS A PROBLEM FOR THE ORGANISATION BY TURNOVER

Of the organisations that perceived fraud as a problem, it was also their perception that the risk of fraud was greater as turnover increased. This is understandable, as the opportunity for fraud generally increases as turnover increases. The increased risk can be due to a number of reasons, for example controls not aligning to revenue growth or an increase in staff or volunteer numbers therefore providing more opportunities for fraud to occur. A similar result was found in the 2012 BDO Not-for-Profit Survey.
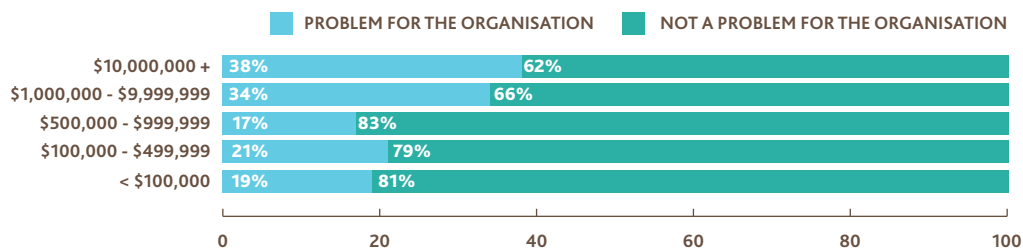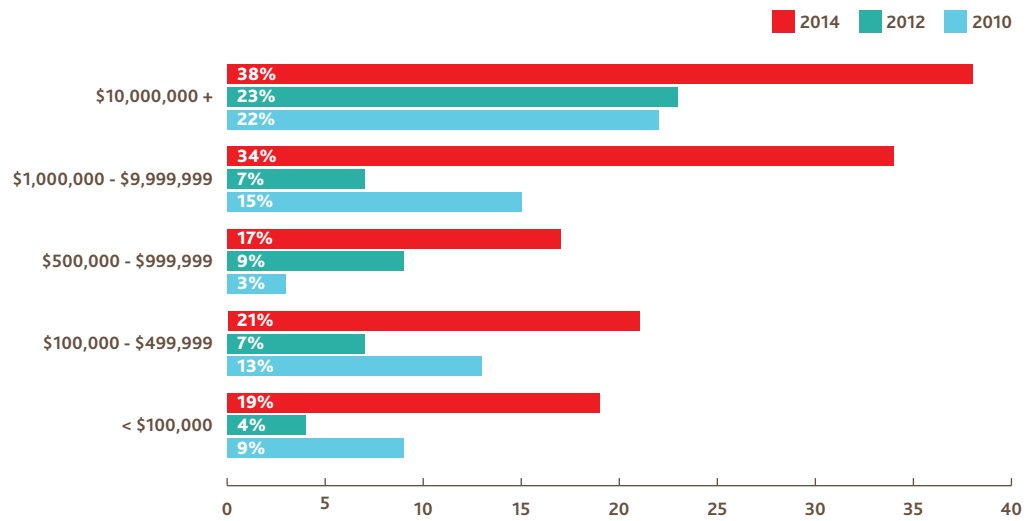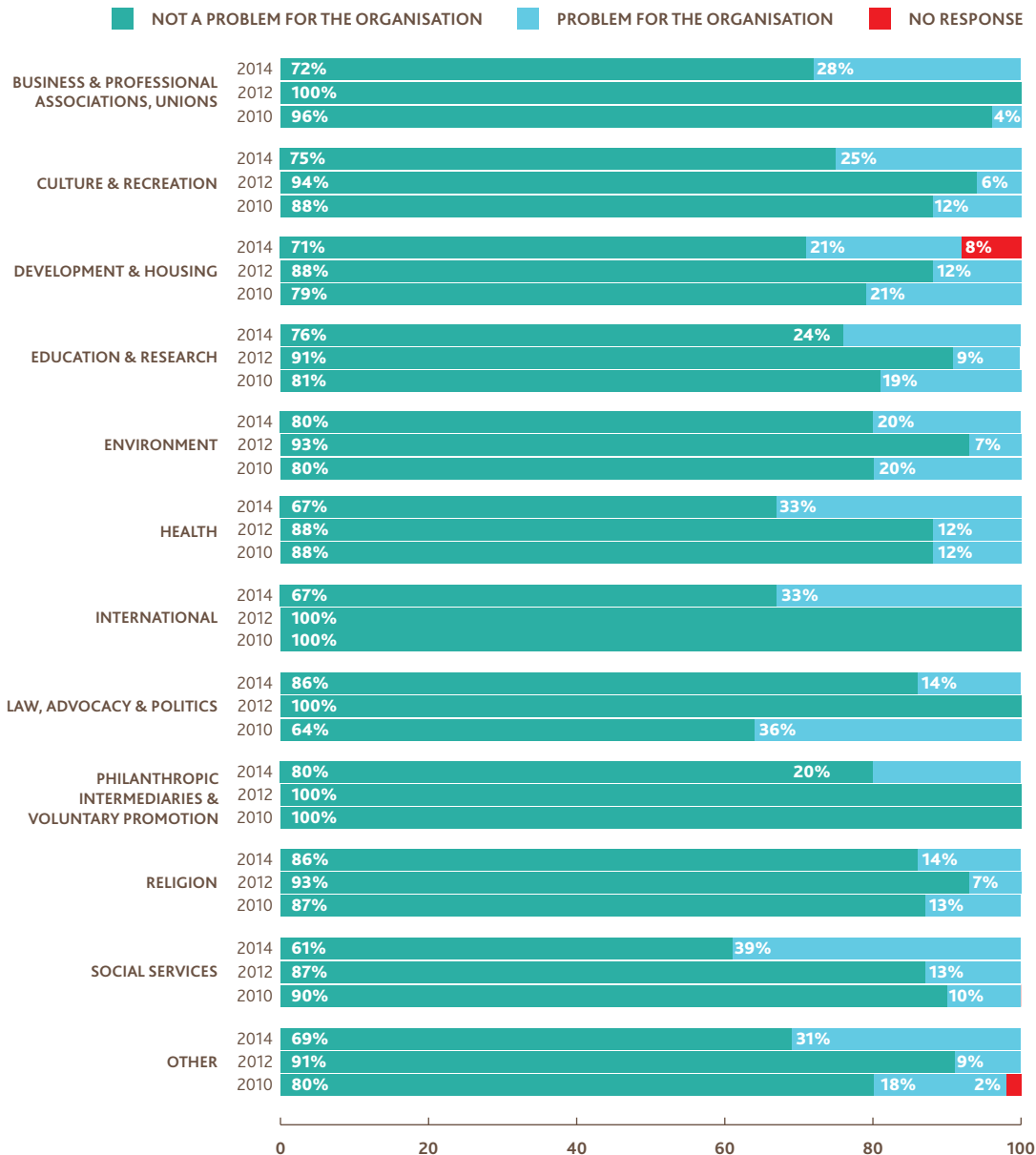
PROBLEM FOR THE ORGANISATION   NOT A PROBLEM FOR THE ORGANISATION

Turnover		
$10,000,000 +	38%	62%
$1,000,000 - $9,999,999	34%	66%
$500,000 - $999,999	17%	83%
$100,000 - $499,999	21%	79%
< $100,000	19%	81%

0   20   40   60   80   100

CHART 3.4: COMPARATIVE: FRAUD PERCEIVED TO BE A PROBLEM BY TURNOVER

■ 2014 ■ 2012 ■ 2010

Turnover	2014	2012	2010
$10,000,000 +	38%	23%	22%
$1,000,000 - $9,999,999	34%	7%	15%
$500,000 - $999,999	17%	9%	3%
$100,000 - $499,999	21%	7%	13%
< $100,000	19%	4%	9%

The perception that fraud is not a problem for some organisations, is not because fraud does not occur, it's because they have implemented prevention and detection processes.

CHART 3.5: COMPARATIVE: PERCEPTIONS OF RESPONDENTS, FRAUD AS A PROBLEM FOR THEIR ORGANISATION BY INDUSTRY GROUPING

Overall, the 2014 results show that only 28% of respondents see fraud as a problem for their organisation. This is up 20% on the previous survey in 2012. In the Social Services industry category, respondents believe fraud is a greater risk for their organisation than respondents in the other categories.

■ NOT A PROBLEM FOR THE ORGANISATION   ■ PROBLEM FOR THE ORGANISATION   ■ NO RESPONSE

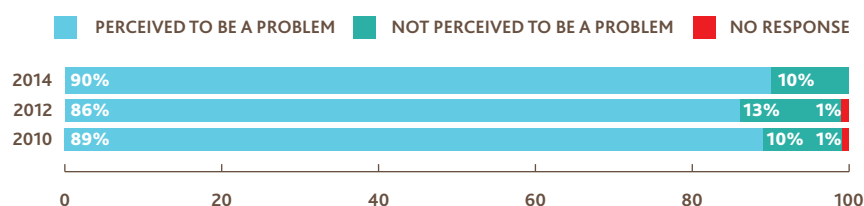|		Not a problem	Problem	No response
BUSINESS & PROFESSIONAL ASSOCIATIONS, UNIONS	2014	72%	28%	
	2012	100%		
	2010	96%	4%	
CULTURE & RECREATION	2014	75%	25%	
	2012	94%	6%	
	2010	88%	12%	
DEVELOPMENT & HOUSING	2014	71%	21%	8%
	2012	88%	12%	
	2010	79%	21%	
EDUCATION & RESEARCH	2014	76%	24%	
	2012	91%	9%	
	2010	81%	19%	
ENVIRONMENT	2014	80%	20%	
	2012	93%	7%	
	2010	80%	20%	
HEALTH	2014	67%	33%	
	2012	88%	12%	
	2010	88%	12%	
INTERNATIONAL	2014	67%	33%	
	2012	100%		
	2010	100%		
LAW, ADVOCACY & POLITICS	2014	86%	14%	
	2012	100%		
	2010	64%	36%	
PHILANTHROPIC INTERMEDIARIES & VOLUNTARY PROMOTION	2014	80%	20%	
	2012	100%		
	2010	100%		
RELIGION	2014	86%	14%	
	2012	93%	7%	
	2010	87%	13%	
SOCIAL SERVICES	2014	61%	39%	
	2012	87%	13%	
	2010	90%	10%	
OTHER	2014	69%	31%	
	2012	91%	9%	
	2010	80%	18%	2%

0   20   40   60   80   100

TABLE 3.1: COMPARATIVE: REASON FOR PERCEPTION OF FRAUD IN ORGANISATIONS (RESPONDENTS COULD SELECT MORE THAN ONE RESPONSE FOR THIS QUESTION)
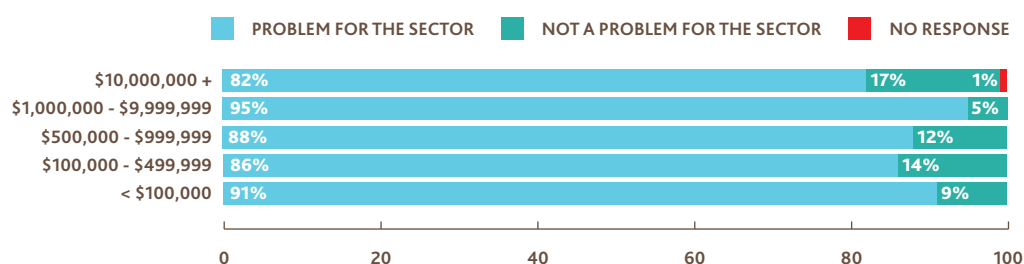
Eighty-two per cent of respondents who perceived fraud to be a problem for their organisation see fraud as an inherent problem for all organisations. Reasons for this perception included poor internal controls, poor segregation of duties, reliance on volunteers, no reporting mechanism for fraud, poor organisational culture, the prevalence of cash transactions and the difficulty of supervising staff by distance.

REASONS FOR PERCEPTION THAT FRAUD IS A PROBLEM FOR THE ORGANISATION	2014 %	2012 %	2010 %
It is an inherent problem in any organisation	82%	59%	70%
Poor internal controls	20%	35%	32%
Poor segregation of duties	33%	26%	24%
No mechanism to report fraud	16%	26%	19%
Relieve on volunteers	18%	19%	19%
Poor culture in the organisation	13%	11%	27%
Other	12%	20%	19%

CHART 3.6: COMPARATIVE: PERCEPTION OF FRAUD IN THE SECTOR

PERCEIVED TO BE A PROBLEM   NOT PERCEIVED TO BE A PROBLEM   NO RESPONSE

2014	90%	10%
2012	86%	13% 1%
2010	89%	10% 1%

0   20   40   60   80   100

CHART 3.7: PERCEPTION OF RESPONDENTS: FRAUD AS A PROBLEM FOR THE SECTOR BY TURNOVER

PROBLEM FOR THE SECTOR   NOT A PROBLEM FOR THE SECTOR   NO RESPONSE

$10,000,000 +	82%	17% 1%
$1,000,000 - $9,999,999	95%	5%
$500,000 - $999,999	88%	12%
$100,000 - $499,999	86%	14%
< $100,000	91%	9%

0   20   40   60   80   100
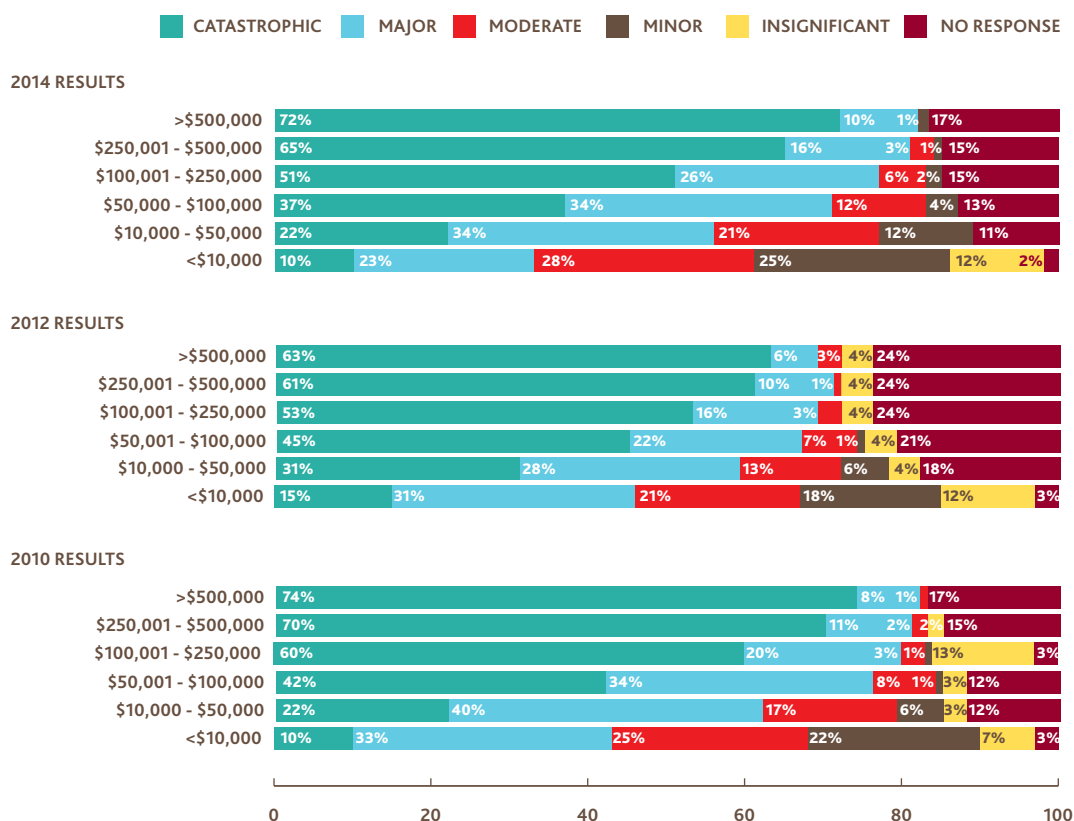
CHART 3.8: COMPARATIVE: PERCEPTION OF RESPONDENTS: FRAUD AS A PROBLEM FOR THE SECTOR BY INDUSTRY GROUPING

| | PROBLEM FOR THE SECTOR | NOT A PROBLEM FOR THE SECTOR | NO RESPONSE |

BUSINESS & PROFESSIONAL ASSOCIATIONS, UNIONS
- 2014: 88% / 12%
- 2012: 87% / 13%
- 2010: 92% / 4% 4%

CULTURE & RECREATION
- 2014: 90% / 10%
- 2012: 81% / 19%
- 2010: 82% / 18%

DEVELOPMENT & HOUSING
- 2014: 71% / 29%
- 2012: 94% / 6%
- 2010: 93% / 7%

EDUCATION & RESEARCH
- 2014: 81% / 19%
- 2012: 90% / 9% 1%
- 2010: 90% / 10%

ENVIRONMENT
- 2014: 93% / 7%
- 2012: 85% / 15%
- 2010: 80% / 20%

HEALTH
- 2014: 93% / 7%
- 2012: 88% / 12%
- 2010: 92% / 8%

INTERNATIONAL
- 2014: 100%
- 2012: 78% / 22%
- 2010: 100%

LAW, ADVOCACY & POLITICS
- 2014: 100%
- 2012: 100%
- 2010: 82% / 9% 9%

PHILANTHROPIC INTERMEDIARIES & VOLUNTARY PROMOTION
- 2014: 100%
- 2012: 80% / 20%
- 2010: 100%

RELIGION
- 2014: 91% / 9%
- 2012: 83% / 17%
- 2010: 100%

SOCIAL SERVICES
- 2014: 89% / 9% 2%
- 2012: 85% / 13% 2%
- 2010: 86% / 14%

OTHER
- 2014: 100%
- 2012: 83% / 12% 5%
- 2010: 88% / 10% 2%

0   20   40   60   80   100

TABLE 3.2: REASONS FOR PERCEPTIONS OF FRAUD AS A SECTOR BUT NOT ORGANISATIONAL PROBLEM

Of those organisations perceiving fraud as a problem for the Not-For-Profit sector but not for themselves, the majority place reliance on strict internal controls, organisational culture, trustworthy staff and external audits. Many feel comfortable that there have been no instances of fraud detected. Other reasons provided included sound corporate governance, external book-keeping services and no cash handling.

REASONS FOR PERCEPTION OF FRAUD AS A SECTOR BUT NOT ORGANISATIONAL PROBLEM	2014 %	2012 %	2010 %
Trustworthy staff	57%	71%	64%
No fraud discovered by external audit	56%	64%	68%
Good organisational culture	56%	63%	66%
Strict internal controls	59%	57%	62%
Effective internal audit	46%	51%	55%
Fraud control policy implemented	28%	28%	33%

CHART 3.9: COMPARATIVE: PERCEPTIONS OF THE IMPACT OF FRAUD BY AMOUNT

2014 RESULTS

	>$500,000	72%				10%	1%	17%
	$250,001 - $500,000	65%			16%	3%	1%	15%
	$100,001 - $250,000	51%		26%		6%	2%	15%
	$50,000 - $100,000	37%	34%		12%		4%	13%
	$10,000 - $50,000	22%	34%	21%		12%		11%
	<$10,000	10%	23%	28%	25%		12%	2%

2012 RESULTS

	>$500,000	63%			6%	3%	4%	24%
	$250,001 - $500,000	61%		10%	1%	4%	24%
	$100,001 - $250,000	53%		16%	3%	4%	24%
	$50,001 - $100,000	45%	22%	7%	1%	4%	21%
	$10,000 - $50,000	31%	28%	13%	6%	4%	18%
	<$10,000	15%	31%	21%	18%	12%	3%

2010 RESULTS

	>$500,000	74%			8%	1%	17%
	$250,001 - $500,000	70%		11%	2%	2%	15%
	$100,001 - $250,000	60%	20%	3%	1%	13%	3%
	$50,001 - $100,000	42%	34%	8%	1%	3%	12%
	$10,000 - $50,000	22%	40%	17%	6%	3%	12%
	<$10,000	10%	33%	25%	22%	7%	3%

CHART 3.10: PERCEPTION OF WHETHER A FRAUD WOULD DAMAGE AN ORGANISATION'S REPUTATION
The majority of respondents (85%) indicated that fraud would damage their organisation's reputation.
This has increased over the past surveys and continues to demonstrate that it should not be underestimated.

YES

NO

UNDECIDED

1%

14%

85%
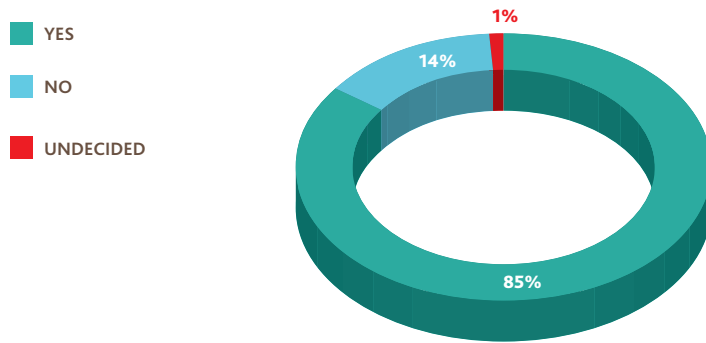
CHART 3.11: PERCEPTION OF WHETHER FRAUD WOULD DAMAGE AN ORGANISATION'S FUTURE INCOME
The majority of respondents (73%) indicated that fraud would damage their future income. This statistic has increased
by 7% since the 2012 BDO Not-For-Profit Fraud Survey.

YES

NO

27%

73%
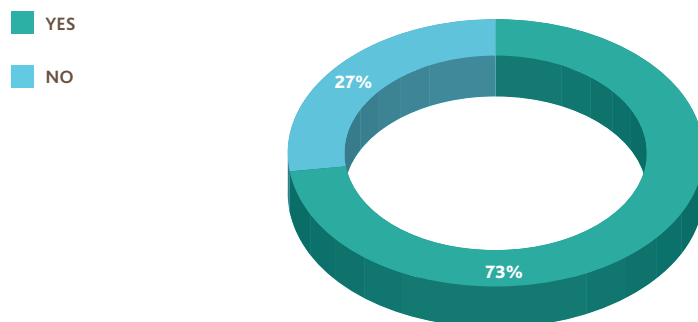
The majority of respondents indicated that fraud would damage their future income.

CHART 3.12: COMPARATIVE: PERCEPTION OF FRAUD TO BE A GREATER PROBLEM IN THE FUTURE

GREATER FUTURE PROBLEM   NOT A FUTURE PROBLEM   UNDECIDED

	Greater Future Problem	Not a Future Problem	Undecided
2014	10%	47%	43%
2012	9%	61%	30%
2010	13%	43%	44%
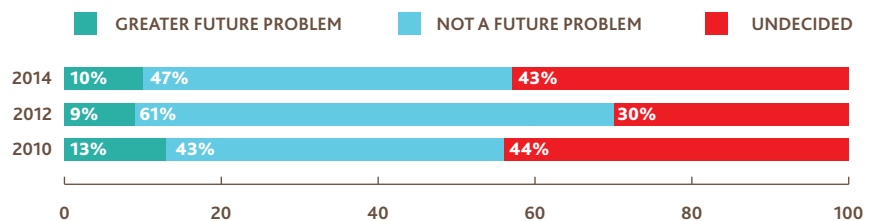
CHART 3.13: PERCEPTION OF FRAUD TO BE A GREATER PROBLEM IN THE FUTURE BY TURNOVER

GREATER FUTURE PROBLEM   NOT A FUTURE PROBLEM   UNDECIDED

	Greater Future Problem	Not a Future Problem	Undecided	No Response
$10,000,000 +	14%	42%	43%	1%
$1,000,000 - $9,999,999	11%	41%	48%	
$500,000 - $999,999	7%	60%	31%	2%
$100,000 - $499,999	11%	46%	43%	
< $100,000	5%	59%	36%	
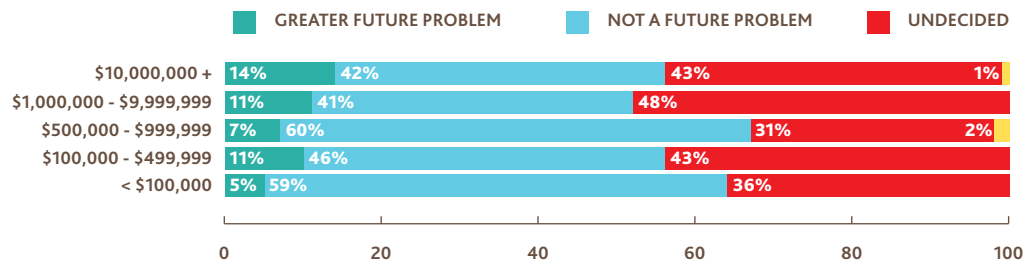
CHART 3.14: PERCEPTION OF FRAUD TO BE A GREATER PROBLEM IN THE FUTURE BY INDUSTRY GROUPING

GREATER FUTURE PROBLEM   NOT A FUTURE PROBLEM   UNDECIDED   NO RESPONSE

	Greater Future Problem	Not a Future Problem	Undecided	No Response
BUSINESS & PROFESSIONAL ASSOCIATIONS, UNIONS	11%	46%	43%	
CULTURE & RECREATION	5%	59%	36%	
DEVELOPMENT & HOUSING	7%	36%	57%	
EDUCATION & RESEARCH	10%	48%	38%	4%
ENVIRONMENT	13%	60%	27%	
HEALTH	14%	33%	53%	
INTERNATIONAL	33%	33%	33%	1%
LAW, ADVOCACY & POLITICS	29%	43%	28%	
RELIGION	64%		36%	
SOCIAL SERVICES	9%	41%	50%	
OTHER	11%	51%	38%	

Section 4: Fraud in the Not-For-Profit sector

CHART 4.1: COMPARATIVE: RESPONDENTS WHO HAVE SUFFERED A FRAUD IN THE PAST TWO YEARS
Respondents reported 141 frauds (from 43 organisations) in the past two years, representing an average fraud rate of 3.3 per organisation.

SUFFERED FRAUD   HAVE NOT SUFFERED FRAUD

2014	10% 90%
2012	12% 88%
2010	15% 85%

0   20   40   60   80   100
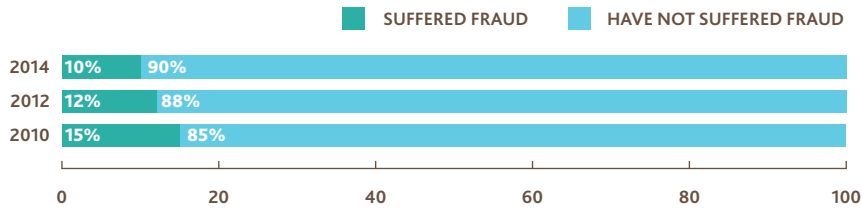
CHART 4.2: COMPARATIVE: AVERAGE AMOUNT OF FRAUD SUFFERED
In 2014, a total of $3,229,400 of fraud was suffered by 43 organisations, with an average value of $22,904 per fraud. This includes one large online payment fraud of $960,000.

2014	$22,904
2012	$8,838
2010	$14,291

$0 $5,000 $10,000 $15,000 $20,000 $25,000
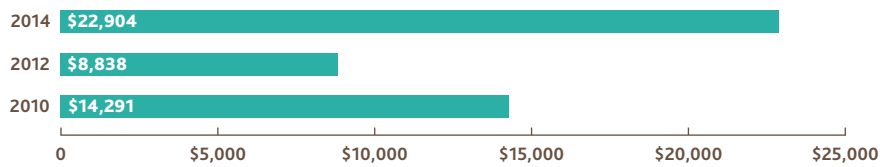
CHART 4.3: FIRST FRAUD SUFFERED

NOT THE FIRST FRAUD SUFFERED

FIRST FRAUD SUFFERED

30%

70%
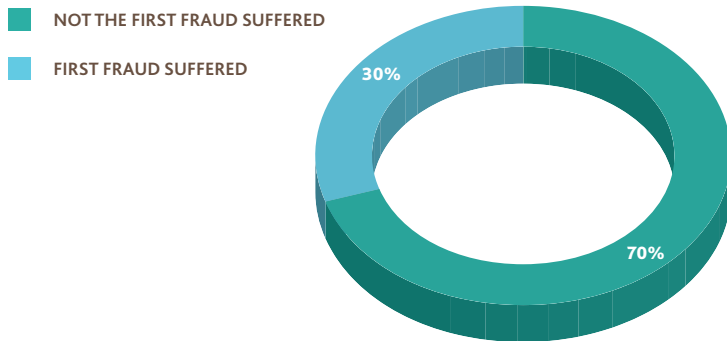
CHART 4.4: ORGANISATIONS WHO HAVE SUFFERED FRAUD IN THE PAST TWO YEARS ACCORDING TO TURNOVER

SUFFERED FRAUD   HAVE NOT SUFFERED FRAUD   NO REPSONSE

$10,000,000 +	24% 75% 1%
$1,000,000 – $9,999,999	8% 92%
$500,000 – $999,999	5% 95%
$100,000 – $499,999	7% 93%
< $100,000	7% 93%

0   20   40   60   80   100
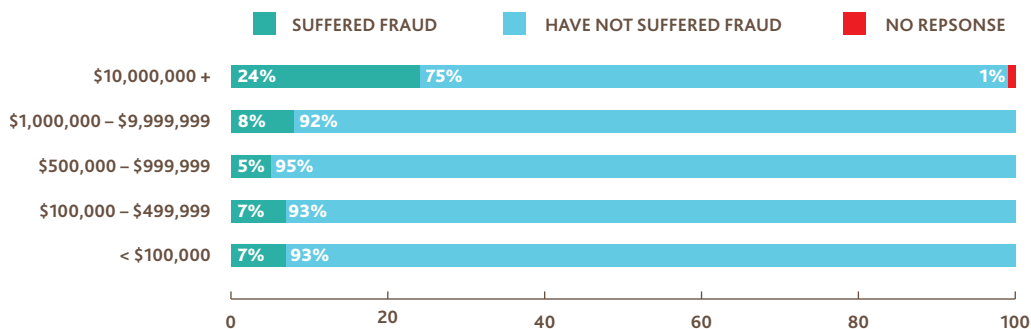
TABLE 4.1: ACTUAL FRAUDS EXPERIENCED IN THE PAST TWO YEARS ACCORDING TO TURNOVER
Table 4.1 shows that the highest average value of fraud was $57,609 which was experienced in the $1,000,000 - $9,999,999 turnover grouping.

TURNOVER	NUMBER OF RESPONDENTS WITH FRAUD	NUMBER OF FRAUDS	AVERAGE FRAUD RATE	TOTAL VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
$10,000,000 +	17	103	6.06	$1,883,050	$18,282
$1,000,000 - $9,999,999	13	22	1.69	$1,267,400	$57,609
$500,000 - $999,999	2	1	.50	$0	$0
$100,000 - $499,999	7	10	1.43	$59,300	$5,930
< $100,000	4	5	1.25	$19,650	$3,930
TOTAL	**43**	**141**		**$3,229,400**	**$22,904**

TABLE 4.2: FRAUD EXPERIENCED IN THE PAST TWO YEARS COMPARED TO NUMBER OF EMPLOYEES
Table 4.2 and 4.3 indicate that the majority of frauds were suffered by larger organisations with more than 100 employees and more than 100 volunteers. The presence of volunteers amongst the workforce of Not-For-Profit organisations does not appear to increase the likelihood of fraud.

NUMBER OF EMPLOYEES	NUMBER OF FRAUDS	TOTAL VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
100 +	102	$1,877,050	$18,402
51 to 100	4	$2,500	$625
21 to 50	14	$207,900	$14,850
1 to 20	16	$1,122,300	$70,144
None	5	$19,650	$3,930
	141	**$3,229,400**	**$22,904**

TABLE 4.3: FRAUD EXPERIENCED IN THE PAST TWO YEARS COMPARED TO NUMBER OF VOLUNTEERS

NUMBER OF VOLUNTEERS	NUMBER OF FRAUDS	TOTAL VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
100 +	100	$1,401,800	$14,018
51 to 100	10	$12,950	$1,295
21 to 50	6	$48,150	$8,025
1 to 20	12	$1,534,400	$127,867
None	13	$232,100	$17,854
	141	**$3,229,400**	**$22,904**

CHART 4.5: EMPLOYEE GENDER DISTRIBUTION OF ORGANISATIONS WHO HAVE SUFFERED FRAUD IN THE PAST TWO YEARS
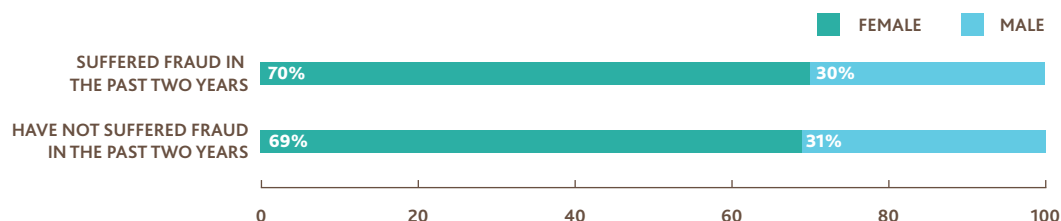
TABLE 4.4: FRAUD EXPERIENCES IN THE PAST TWO YEARS BY INDUSTRY CATEGORY

The largest number of frauds was experienced in the health industry category, with 11 organisations reporting 60 cases of fraud. The Business and Professional Associations category accounted for $2,748,100 of the total value of all frauds (or 85% of the total). The highest average fraud value was $249,827 experienced by respondents in this category.

CATEGORIES OF RESPONDENTS	NUMBER OF FRAUDS	TOTAL VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
Business & professional associations, unions	11	$2,748,100	$249,827
Culture & recreation	9	$5,600	$622
Development & housing	2	$5,000	$2,500
Education & research	5	$114,500	$22,900
Environment	1	$5,000	$5,000
Health	60	$230,000	$3,833
International	27	$34,000	$1,259
Law, advocacy & politics	0	$0	$0
Philanthropic intermediaries & voluntary promotion	1	$6,000	$6,000
Religion	2	$20,000	$10,000
Social services	21	$26,300	$1,252
Other	2	$39,900	$19,950
	141	**$3,229,400**	**$22,904**

Over the past two years, the largest number of frauds was experienced in the health industry category.

CHART 4.6: COMPARATIVE: ORGANISATIONS WHO HAVE SUFFERED FRAUD ACCORDING TO INDUSTRY CATEGORY

■ SUFFERED FRAUD   ■ DID NOT SUFFER FRAUD   ■ NO RESPONSE

BUSINESS & PROFESSIONAL ASSOCIATIONS, UNIONS
- 2014: 8% / 92%
- 2012: 10% / 90%
- 2010: 4% / 96%

CULTURE & RECREATION
- 2014: 12% / 88%
- 2012: 14% / 86%
- 2010: 24% / 76%

DEVELOPMENT & HOUSING
- 2014: 7% / 86% / 7%
- 2012: 18% / 82%
- 2010: 36% / 64%

EDUCATION & RESEARCH
- 2014: 7% / 93%
- 2012: 8% / 92%
- 2010: 14% / 86%

ENVIRONMENT
- 2014: 100%
- 2012: 4% / 96%
- 2010: 100%

HEALTH
- 2014: 13% / 87%
- 2012: 16% / 84%
- 2010: 19% / 81%

INTERNATIONAL
- 2014: 33% / 67%
- 2012: 100%
- 2010: 100%

LAW, ADVOCACY & POLITICS
- 2014: 100%
- 2012: 100%
- 2010: 9% / 91%

PHILANTHROPIC INTERMEDIARIES & VOLUNTARY PROMOTION
- 2014: 10% / 90%
- 2012: 5% / 95%
- 2010: 100%

RELIGION
- 2014: 5% / 95%
- 2012: 10% / 90%
- 2010: 13% / 87%

SOCIAL SERVICES
- 2014: 13% / 87%
- 2012: 13%
- 2010: 18% / 82%

OTHER
- 2014: 11% / 89%
- 2012: 14% / 86%
- 2010: 8% / 92%

0   20   40   60   80   100

TABLE 4.5: FRAUD EXPERIENCED IN THE PAST TWO YEARS BY LOCATION
The number of frauds experienced in the past two years is impacted by the number of respondents in each location.
Refer to Table 1.1 on page 16.

LOCATION	NUMBER OF FRAUDS	TOTAL VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
New South Wales	18	$230,550	$12,808
New Zealand	27	$1,093,100	$40,485
Queensland	59	$210,550	$3,569
South Australia	2	$11,000	$5,500
Victoria	4	$1,610,000	$402,500
Western Australia	2	$200	$100
Other	29	$74,000	$2,552
	141	**$3,229,400**	**$22,904**

CHART 4.7: COMPARATIVE: FRAUDS SUFFERED BY LOCATION
In 2014, Queensland respondents accounted for just 18% of all survey respondents.

NUMBER OF FRAUDS AS A PERCENTAGE 2014
NUMBER OF FRAUDS AS A PERCENTAGE 2012
NUMBER OF FRAUDS AS A PERCENTAGE 2010
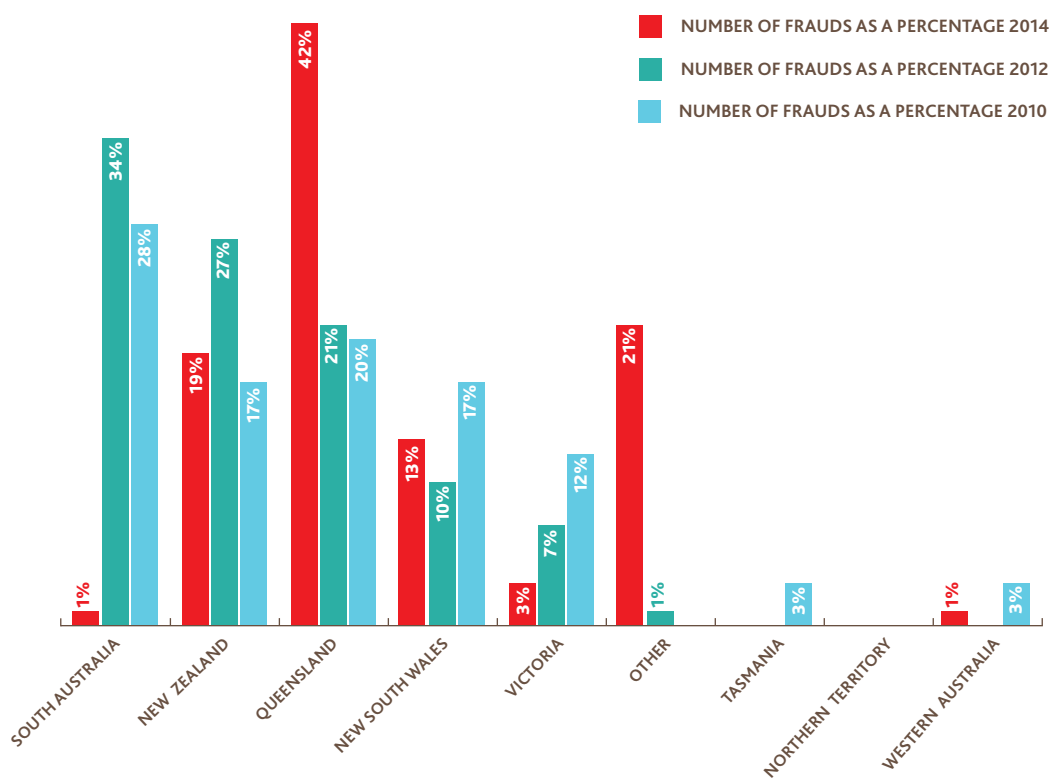
TABLE 4.6: FRAUD SUFFERED BY FUNDING SOURCE

Grants/government funding was the funding source most closely linked to the largest number of frauds. This result is not surprising considering this funding source was the primary source of funding (37%) for the respondents.

However, in 2014 for grants/government funding, the number of fraud incidences (100) is much less than in the 2012 survey which indicated 214 frauds were suffered.

PRIMARY FUNDING SOURCE	NUMBER OF FRAUDS	TOTAL VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
Grants/government funding	100	$204,800	$2,048
Business operations	13	$1,811,050	$139,312
Other	1	$5,000	$5,000
Memberships	6	$1,058,100	$176,350
Donations	2	$20,000	$10,000
Fundraising	14	$29,950	$2,139
Client fees	3	$100,000	$33,333
Bequests	1	$400	$400
Sponsorships	1	$100	$100
	141	**$3,229,400**	**$22,904**

CHART 4.8: ORGANISATIONS THAT BELIEVE SOME FRAUD IS STILL UNDETECTED

■ ORGANISATION BELIEVES SOME FRAUD IS STILL UNDETECTED
■ ORGANISATION BELIEVES ALL FRAUD HAS BEEN DETECTED

RESPONDENTS WHO HAVE SUFFERED FRAUD IN THE PAST TWO YEARS: 42% | 58%
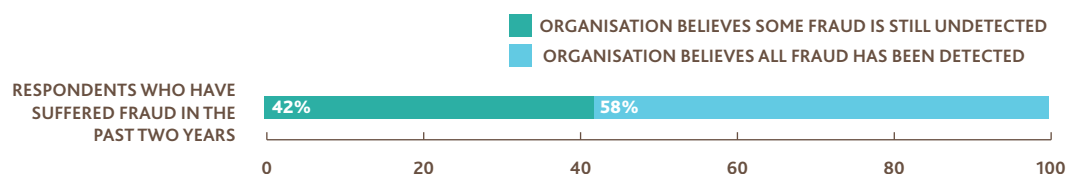
CHART 4.9: FACTORS CONTRIBUTING TO FRAUD OCCURRING

■ CONTRIBUTED TO FRAUD   ■ DID NOT CONTRIBUTE TO FRAUD

	Contributed	Did not contribute
OVERRIDING OF INTERNAL CONTROLS	51%	49%
POOR INTERNAL CONTROLS	49%	51%
LACK OF ACCOUNTABILITY WITHIN ORGANISATION	44%	56%
COLLUSION BETWEEN PARTIES	37%	63%
HAVING A POOR ORGANISATIONAL CULTURE	28%	72%
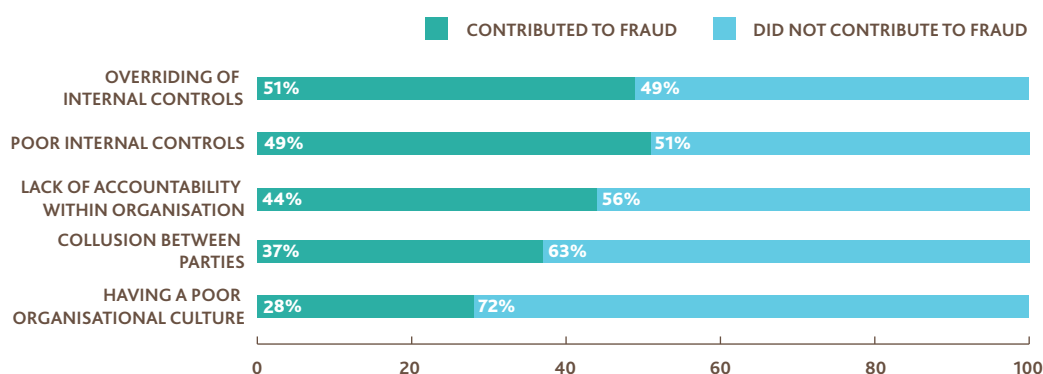
CHART 4.10: PERCEPTION OF FRAUD VERSUS INSTANCES OF FRAUD BY TURNOVER

■ FRAUD PERCEPTION: RESPONDENTS WHO INDICATED FRAUD WAS A PROBLEM FOR THE ORGANISATION
■ INCIDENTS OF FRAUD: RESPONDENTS WHO SUFFERED A FRAUD IN THE PAST TWO YEARS

Turnover		
$10,000,000 +	38%	24%
$1,000,000 - $9,999,999	34%	8%
$500,000 - $999,999	17%	5%
$100,000 - $499,999	21%	7%
< $100,000	19%	7%
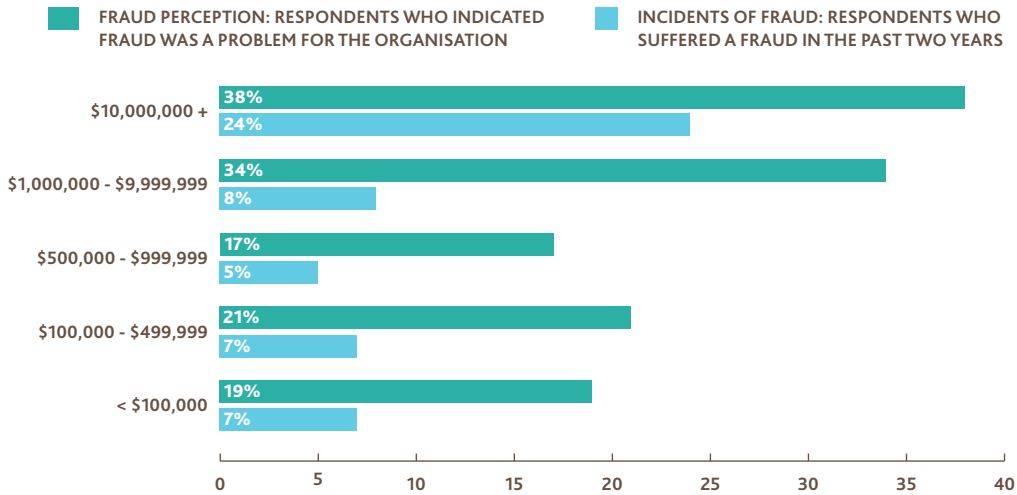
CHART 4.11: PERCEPTION OF FRAUD VERSUS INSTANCES OF FRAUD BY CATEGORY

■ FRAUD PERCEPTION: RESPONDENTS WHO INDICATED FRAUD WAS A PROBLEM FOR THE ORGANISATION
■ INCIDENTS OF FRAUD: RESPONDENTS WHO SUFFERED A FRAUD IN THE PAST TWO YEARS

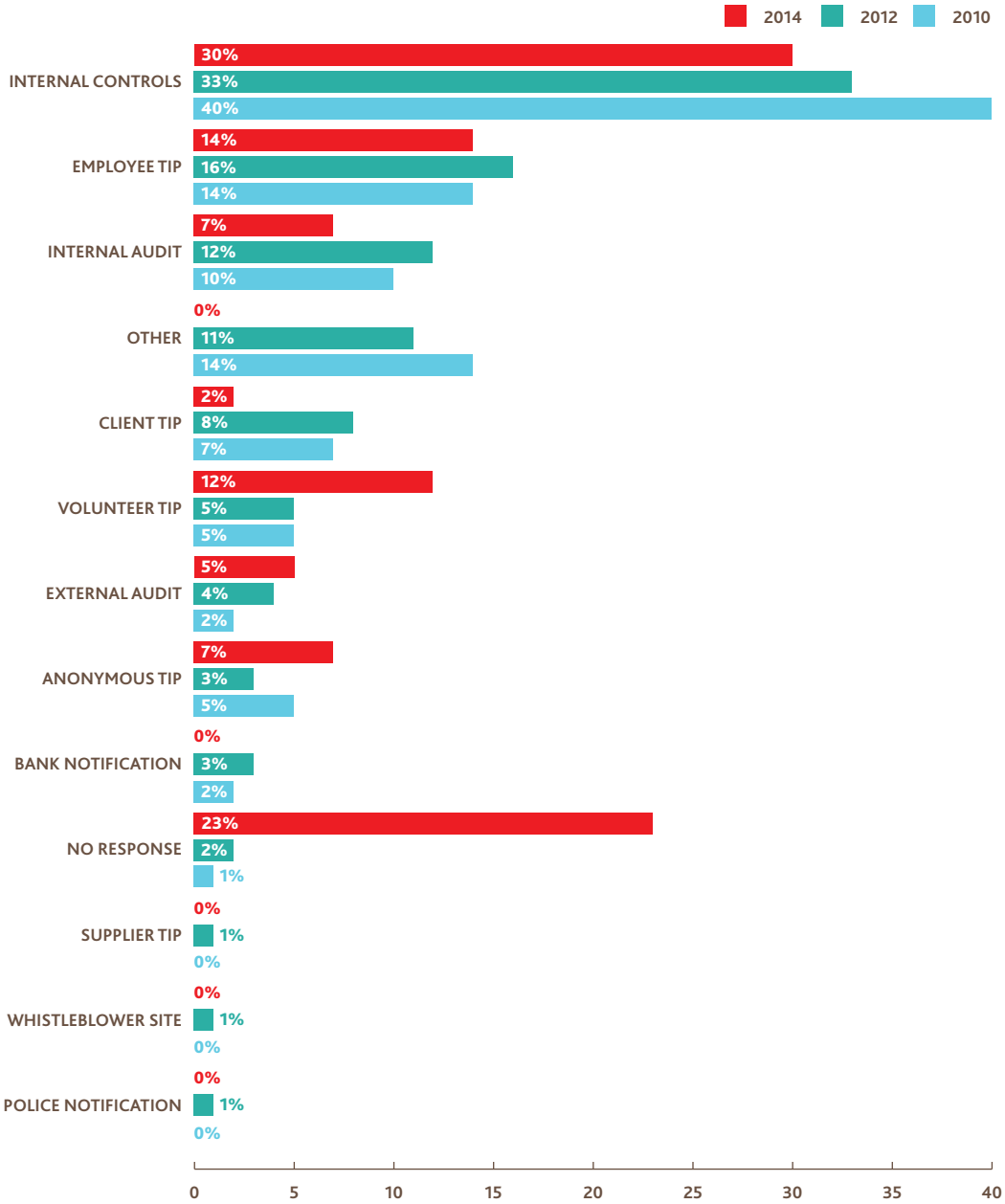| Category		
BUSINESS & PROFESSIONAL ASSOCIATIONS, UNIONS	28%	8%
CULTURE & RECREATION	25%	12%
DEVELOPMENT & HOUSING	21%	7%
EDUCATION & RESEARCH	24%	7%
ENVIRONMENT	20%	0%
HEALTH	33%	13%
INTERNATIONAL	33%	33%
LAW, ADVOCACY & POLITICS	14%	0%
PHILANTHROPIC INTERMEDIARIES & VOLUNTARY PROMOTION	20%	10%
RELIGION	14%	5%
SOCIAL SERVICES	39%	13%
OTHER	31%	11%

Section 5: Specific fraud

CHART 5.1: TYPES OF FRAUD
Each respondent had the opportunity to describe their largest fraud, and the survey recorded a total 37 frauds. Of these frauds, cash theft is the most common type of fraud (30% of respondents), which was also the main fraud experienced by the 2012 and 2010 respondents. Cash in many Not-For-Profits can be handled by anyone including a volunteer, a contractor, or an employee. It is also understandable when considering the difficulties that exist for Not-For-Profits to place controls on the collection of cash, for example, consider a street stall, a volunteer collecting donations or sales from thrift shops.

	2014	**2012**	**2010**

Type	2014	2012	2010
CASH THEFT[2]	30%	40%	24%
PAYROLL FRAUD	9%	14%	7%
CREDIT CARD FRAUD	2%	10%	0%
OTHER	12%	8%	20%
EXPENSE ACCOUNT FRAUD	5%	5%	10%
THEFT OF ASSETS	5%	4%	7%
CHEQUE FORGERY	0%	4%	2%
KICKBACKS & BRIBERY	12%	4%	7%
ONLINE PAYMENTS[3]	5%	4%	2%
THEFT OF INVENTORY	5%	3%	12%
BRAND FRAUD	2%	1%	0%
DATABASE FRAUD	0%	1%	0%
FINANCIAL STATEMENT FRAUD	9%	1%	5%
INTELLECTUAL PROPERTY	0%	1%	0%
LOTTERY PRIZE FRAUD	0%	0%	2%
ADVOCACY RELATED FRAUD	0%	0%	2%

2. Includes all types of types of cash theft and the misappropriation of cash by deception (for example larceny and embezzlement).
3. Includes all electronic fund transfers and online banking. cash by deception (for example larceny and embezzlement).

TABLE 5.1: MOST COMMON TYPES OF FRAUD PER INDUSTRY CATEGORY

It is important for each Not-For-Profit organisation to recognise the most common fraud methods encountered in their industry when implementing proactive fraud control policies.

	CASH THEFT	PAYROLL FRAUD	CREDIT CARD FRAUD	OTHER	EXPENSE ACCOUNT FRAUD	THEFT OF ASSETS	KICKBACKS & BRIBERY	ONLINE PAYMENTS	THEFT OF INVENTORY	BRAND FRAUD	MONEY LAUNDERING	FINANCIAL STATEMENT FRAUD	NO RESPONSE
Business & professional associations, unions	17%	17%		16%	17%			33%					
Culture & recreation	43%	14%				14%	14%						15%
Development & housing						100%							
Education & research	25%						25%			25%		25%	
Health	18%	9%	9%	9%			18%		9%			27%	1%
International								100%					
Philanthropic intermediaries & voluntary promotion	100%												
Religion				100%									
Social services	43%			29%	14%				14%				
Other	50%	25%									25%		

CHART 5.2: POSITION OF PERPETRATOR BY INDUSTRY CATEGORY
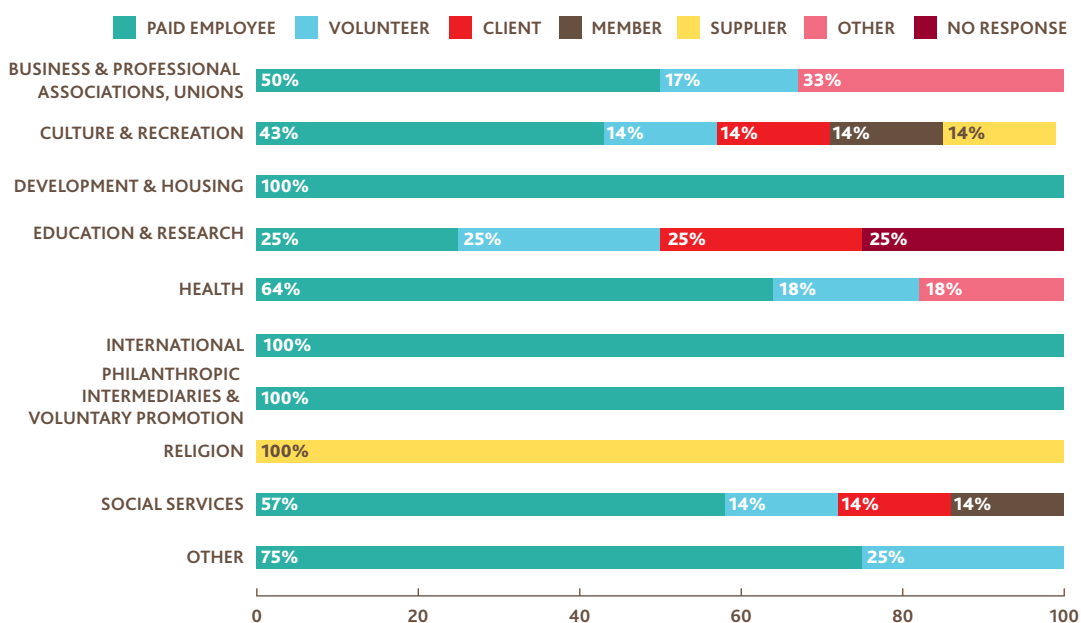
CHART 5.3: COMPARATIVE: EMPLOYMENT STATUS OF PERPETRATOR

PAID EMPLOYEE   VOLUNTEER   CLIENT   OTHER   NO RESPONSE

Year	Paid Employee	Volunteer	Client	Other	No Response
2014	56%	16%	7%	19%	2%
2012	72%	9%	8%	9%	2%
2010	79%	12%	2%	7%	
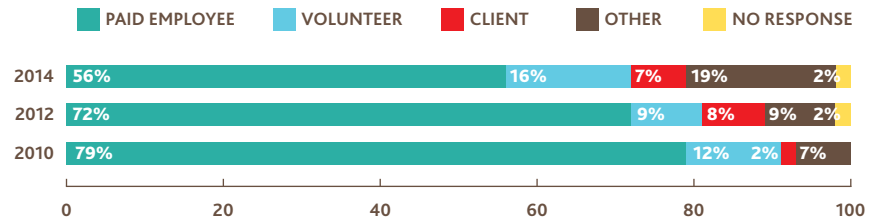
CHART 5.4: COMPARATIVE: GENDER OF PERPETRATOR
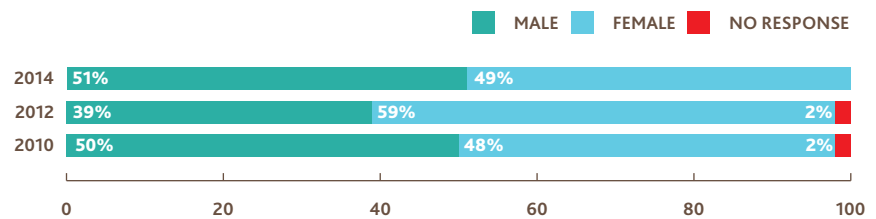
MALE   FEMALE   NO RESPONSE

Year	Male	Female	No Response
2014	51%	49%	
2012	39%	59%	2%
2010	50%	48%	2%

It is important for each Not-For-Profit organisation to recognise the most common fraud methods encountered in their industry when implementing proactive fraud control policies.

CHART 5.5: COMPARATIVE: AGE OF PERPETRATOR
Each respondent had the opportunity to describe their largest fraud, and the survey recorded a total 37 frauds.
Of these, the typical fraudster was aged over 50 and was a paid employee in a non-accounting role.

Legend: ■ 50+ ■ 40-49 ■ 30-39 ■ <30 ■ NO RESPONSE

Year	50+	40-49	30-39	<30	NO RESPONSE
2014	37%	28%	23%	9%	3%
2012	25%	33%	20%	15%	7%
2010	17%	33%	38%	10%	2%
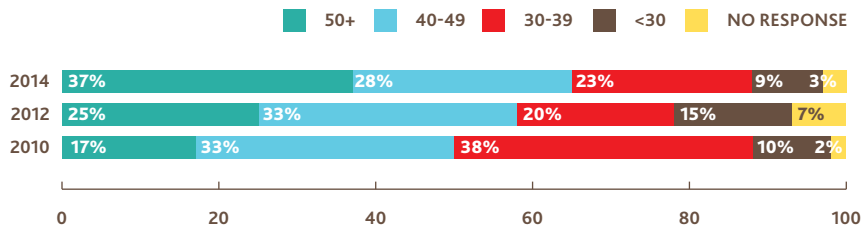
CHART 5.6: POSITION OF PERPETRATOR

Legend: ■ 2014 ■ 2012 ■ 2010

Position	2014	2012	2010
NON-ACCOUNTING POSITION	37%	36%	43%
EXTERNAL PARTY	16%	16%	10%
NON-EXECUTIVE MANAGEMENT	5%	15%	17%
ACCOUNTING POSITION	7%	15%	2%
CEO	7%	7%	12%
VOLUNTEER	16%	6%	12%
BOARD MEMBER	7%	5%	2%
NO RESPONSE	5%	0%	2%
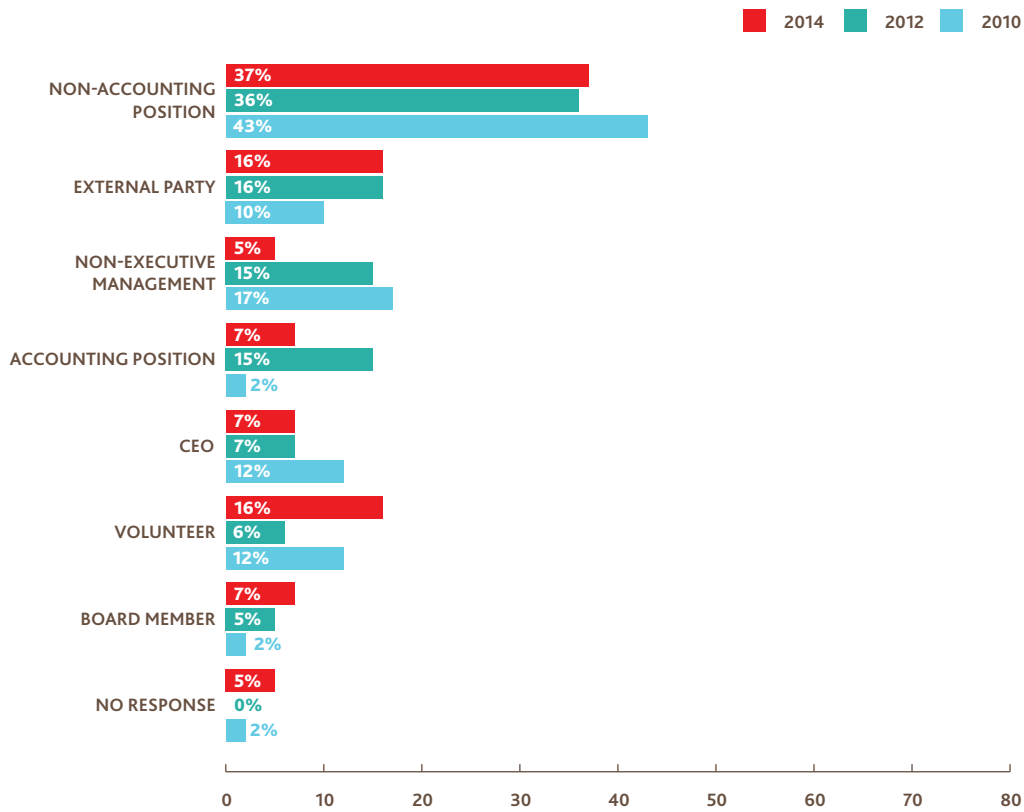
CHART 5.7: COMPARATIVE: WAS COLLUSION INVOLVED?

When collusion is involved in a fraud, it will usually mean it is more difficult to detect. For example, if two people are involved in the payroll process and duties have already been segregated, if they decide to collude the control is no longer effective and fraud can easily be committed. Of the largest frauds (37 large frauds were described by respondents), the survey found that 31% of colluders were Board members. Nearly a quarter of colluders were external parties (23%). Consider the example of an employee being provided with kickbacks from a supplier – the employee buys products solely from this supplier as a result of receiving the kickback even though the supplier's product is priced significantly higher than other suppliers.
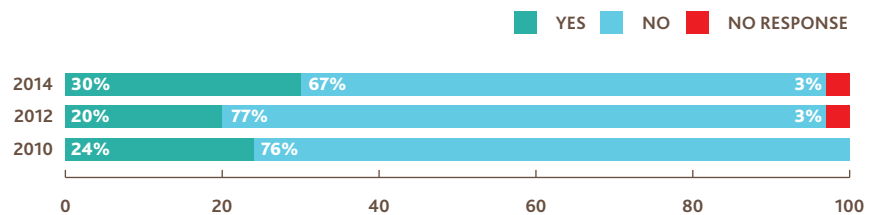
CHART 5.8: COMPARATIVE: GENDER OF COLLUDER
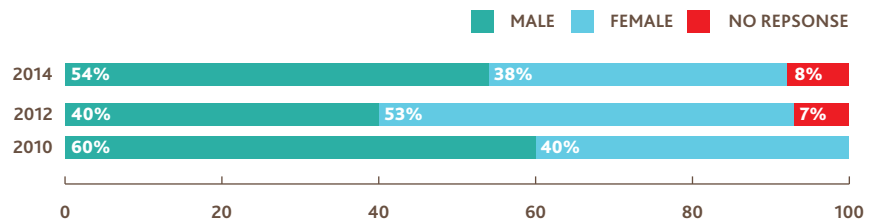
CHART 5.9: COMPARATIVE: AGE OF COLLUDER

| | 50+ | 40-49 | 30-39 | <30 | NO RESPONSE |

2014	38%	31%	31%
2012	33%	27%	33%	7%
2010	20%	30%	50%

0   20   40   60   80   100
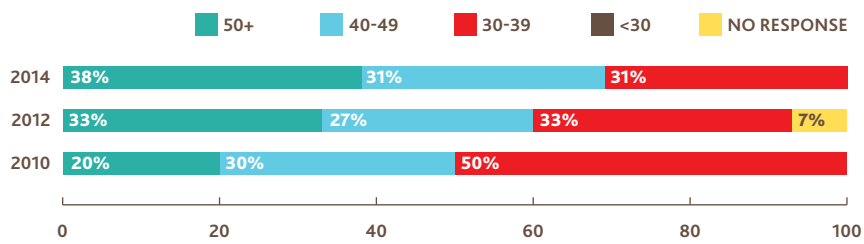
CHART 5.10: COMPARATIVE: EMPLOYMENT STATUS OF COLLUDER
Board member is included in the 'member/external party' category.

| | PAID EMPLOYEE | VOLUNTEER | CLIENT | MEMBER/EXTERNAL PARTY | NO RESPONSE |

2014	38%	15%	8%	39%
2012	33%	7%	7%	27%	26%
2010	80%	20%

0   20   40   60   80   100
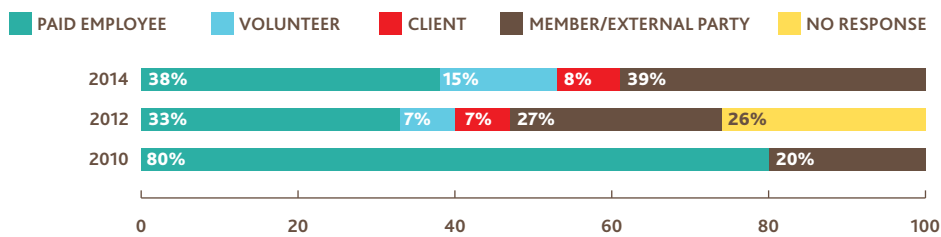
TABLE 5.2: VALUE OF LARGEST FRAUD BY TURNOVER

TURNOVER	NUMBER OF FRAUDS	VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
< $100,000	4	$19,650	$4,913
$100,000 - $500,000	5	$58,300	$11,660
$501,000 - $1,000,000	0	$0	$0
$1,000,001 - $10,000,000	11	$1,025,700	$93,245
$10,000,000 +	17	$1,718,510	$101,089
TOTAL	**37**	**$2,822,160**	**$76,275**

TABLE 5.3: VALUE OF LARGEST FRAUD BY INDUSTRY CATEGORY

INDUSTRY GROUPING	NUMBER OF FRAUDS	VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
Business & professional associations, unions	5	$2,507,600	$501,520
Culture & recreation	5	$35,500	$7,100
Development & housing	1	$2,000	$2,000
Education & research	3	$114,500	$38,167
Environment	0	$0	$0
Health	10	$81,500	$8,150
International	1	$1,100	$1,100
Law, advocacy & politics	0	$0	$0
Philanthropic intermediaries & voluntary promotion	1	$6,000	$6,000
Religion	1	$20,000	$20,000
Social services	6	$14,060	$2,343
Other	4	$39,900	$9,975
TOTAL	**37**	**$2,822,160**	**$76,275**

TABLE 5.4: VALUE OF LARGEST FRAUD BY TYPE

Each respondent had the opportunity to describe their largest fraud, and the survey recorded a total 37 frauds. While financial statement fraud and cash theft are the most common type of fraud, it is interesting to consider fraud from an average perspective. In 2014, payroll fraud was the second highest average value of fraud being $510,000. The highest, was a significant online payments fraud for $960,000.

FRAUD TYPE	NUMBER OF FRAUDS	VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
Cash theft	12	$37,550	$3,129
Payroll	3	$1,530,000	$510,000
Credit card	1	$5,000	$5,000
Expense account	2	$8,100	$4,050
Assets	2	$2,150	$1,075
Kickbacks & bribery	5	$161,300	$32,260
Online payments	1	$960,000	$960,000
Inventory	2	$2,860	$1,430
Financial statement	4	$50,000	$12,500
Money Laundering	1	$10,000	$10,000
Other	3	$50,200	$16,733
No response	1	$5,000	$5,000
TOTAL	**37**	**$2,822,160**	**$76,275**

CHART 5.11: COMPARATIVE: HOW THE FRAUDS WERE DISCOVERED

From the 37 largest frauds described by survey respondents, effective internal controls are the most successful method of discovering fraud, with 30% of frauds discovered this way. Tips from employees, volunteers and other parties, account for 35% of fraud discovered. Internal audits can also be effective means of discovering fraud (7%).

	2014	2012	2010
INTERNAL CONTROLS	30%	33%	40%
EMPLOYEE TIP	14%	16%	14%
INTERNAL AUDIT	7%	12%	10%
OTHER	0%	11%	14%
CLIENT TIP	2%	8%	7%
VOLUNTEER TIP	12%	5%	5%
EXTERNAL AUDIT	5%	4%	2%
ANONYMOUS TIP	7%	3%	5%
BANK NOTIFICATION	0%	3%	2%
NO RESPONSE	23%	2%	1%
SUPPLIER TIP	0%	1%	0%
WHISTLEBLOWER SITE	0%	1%	0%
POLICE NOTIFICATION	0%	1%	0%

CHART 5.12: COMPARATIVE: AVERAGE DURATION OF FRAUD (IN MONTHS) BY TURNOVER

It is extremely encouraging that the average duration of the reported frauds was 14 months, thus reducing the potential value of the fraud significantly. This is a major factor contributing to the average fraud value being under $100,000. A lack of fraud detection controls can result in fraud continuing for extended periods. The longer the fraud continues the higher the value of the fraud. Perpetrators sometimes test the water with small value fraud and when this is not discovered they increase not only their level of activity but the value of each offence.

Legend: ■ 2014 ■ 2012 ■ 2010

Turnover	2014	2012	2010
$10,000,000 +	13 months	17.5 months	9.9 months
$1,000,000 - $9,999,999	20 months	11.5 months	10.1 months
$500,000 - $999,999	1 month	15.4 months	6.5 months
$100,000 - $499,999	10 months	7.4 months	13 months
< $100,000	10 months	18.1 months	6 months
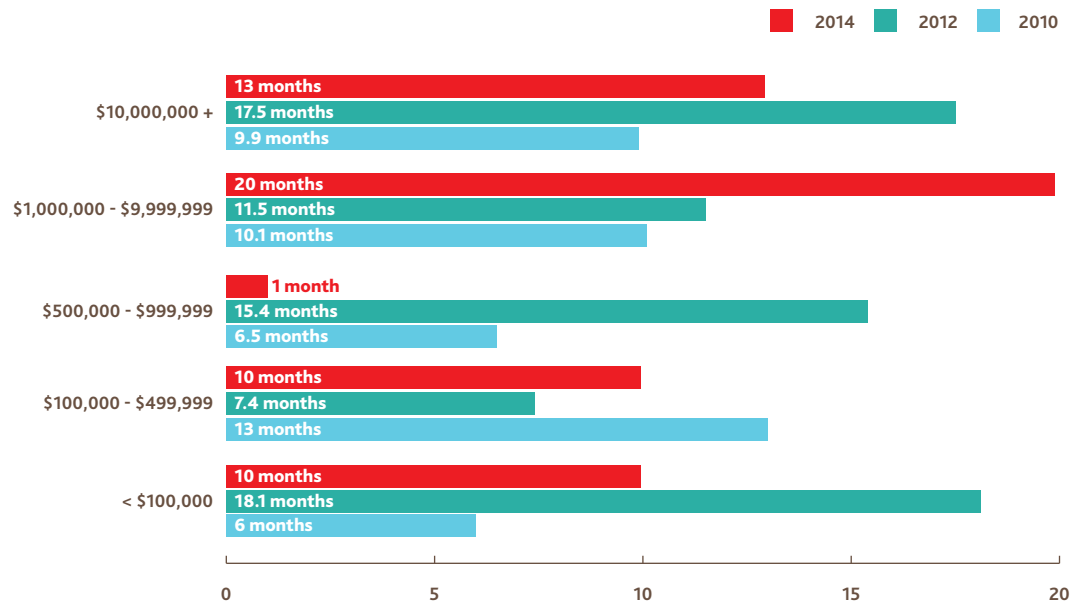
Perpetrators sometimes test the water with small value fraud and when this is not discovered they increase not only their level of activity, but the value of each offence.

CHART 5.13: COMPARATIVE: MOTIVATION BEHIND FRAUD COMMITTED

Reasons for committing fraud can generally be grouped into two types: perpetrators who feel they are forced into committing fraud because they believe there are no other alternatives available, for example, those who become overwhelmed by financial pressures and commit fraud to escape debts; and perpetrators who offend as a form of revenge or greed, for example, those who feel they have been treated unfairly or are supporting a level of lifestyle they would normally not be able to afford.

Legend: ■ 2014 ■ 2012 ■ 2010

Motivation	2014	2012	2010
GAMBLING PROBLEMS	8%	11%	17%
FINANCIAL PROBLEMS/PRESSURES	32%	25%	24%
REVENGE AGAINST THE ORGANISATION	3%	5%	2%
LACK OF REWARDS	0%	4%	0%
MAINTAINING A LIFESTYLE	24%	21%	14%
FAMILY PRESSURES	8%	4%	0%
OTHER	22%	27%	38%
DRUGS	0%	0%	2%
NO RESPONSE	3%	3%	3%
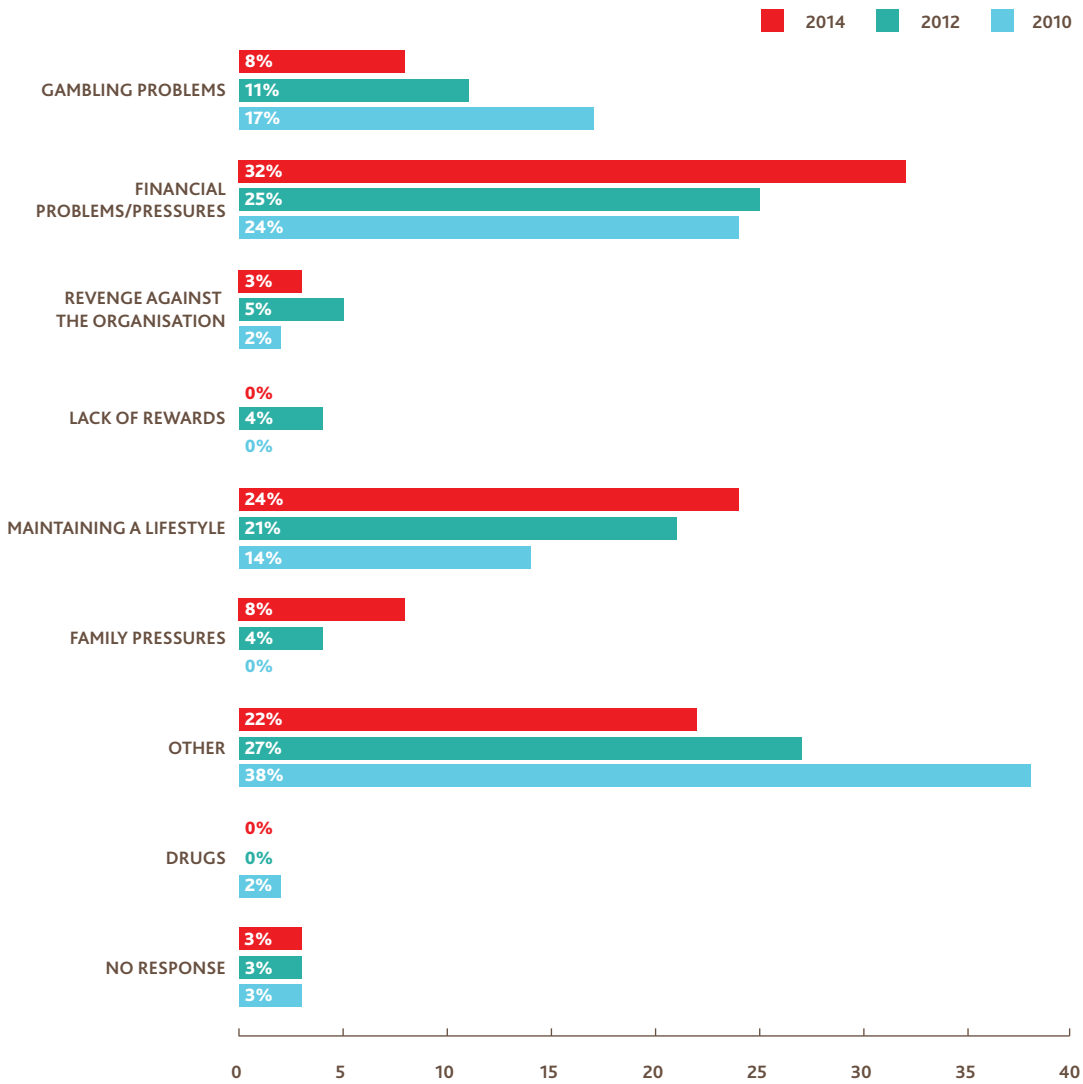
TABLE 5.5: COMPARATIVE: MOTIVATION BEHIND FRAUD COMMITTED BY VALUE

PRIMARY MOTIVATION BEHIND FRAUD	NUMBER OF FRAUDS	VALUE OF FRAUDS	AVERAGE VALUE OF FRAUD
Gambling problems	3	$1,520,500	$506,833
Financial problems/pressures	12	$176,600	$14,717
Revenge against the organisation	1	$30,000	$30,000
Maintain a lifestyle	9	$986,450	$109,606
Family pressures	3	$26,200	$8,733
Other	8	$82,360	$10,295
No response	1	$50	$50
TOTAL	37	$2,822,160	$76,275

CHART 5.14: COMPARATIVE: FRAUD REPORTED TO THE POLICE
In 2014, some of the reasons given by respondents for not reporting the matter to Police included:
- *"The priority was getting money back, not laying charges"*
- *"We were able to deal with it internally"*
- *"The money was recovered, individual resigned and they had significant remorse."*
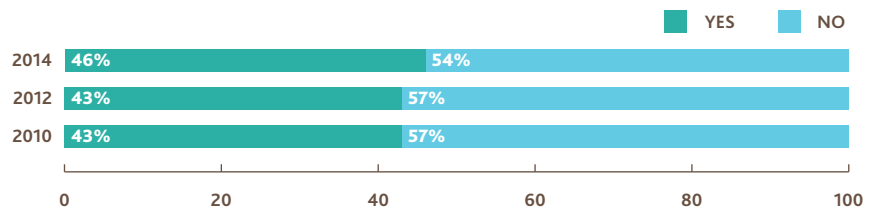
CHART 5.15: COMPARATIVE: DURATION OF POLICE INVESTIGATION
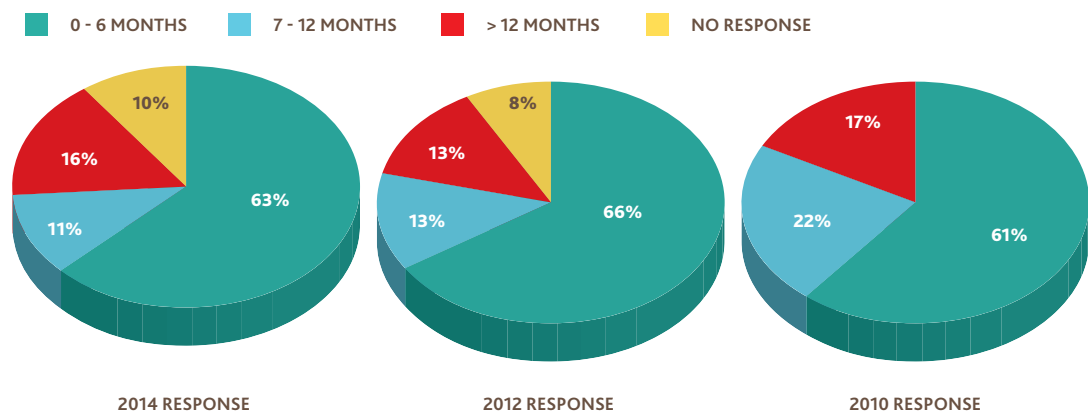
CHART 5.16: COMPARATIVE: DURATION OF COURT MATTER

■ 0 - 6 MONTHS	■ 7 - 12 MONTHS	■ 13 - 24 MONTHS	■ STILL BEFORE COURTS	■ OTHER	■ NO RESPONSE

2014 RESPONSE
- 11%
- 21%
- 16%
- 16%
- 37%

2012 RESPONSE
- 5%
- 19%
- 13%
- 3%
- 19%
- 41%

2010 RESPONSE
- 16%
- 17%
- 11%
- 6%
- 50%
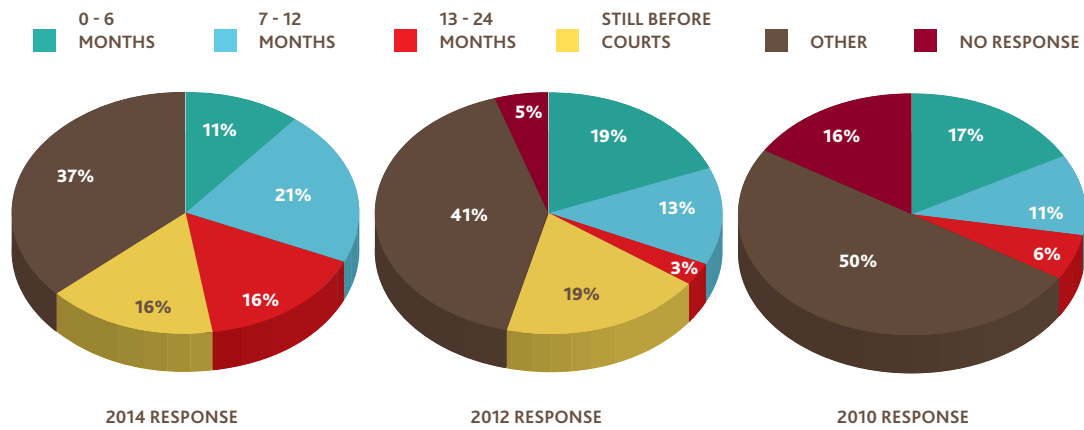
CHART 5.17: COMPARATIVE: ORGANISATIONS CONDUCTING INTERNAL FRAUD INVESTIGATIONS

Of the 37 largest frauds described by survey respondents, the majority of fraud incidents (74%) were investigated internally by the organisation. Nearly half (47%) were investigated by the chief executive officer or the chief financial officer. Other parties involved in these investigations included internal auditors, other senior managers or external parties (such as forensic accountants) working with internal investigators. Where the frauds were investigated externally, the Police and forensic accountants conducted these investigations.

■ YES	■ NO	■ NO RESPONSE

2014 RESPONSE
- 26%
- 74%

2012 RESPONSE
- 2%
- 17%
- 81%

2010 RESPONSE
- 24%
- 76%
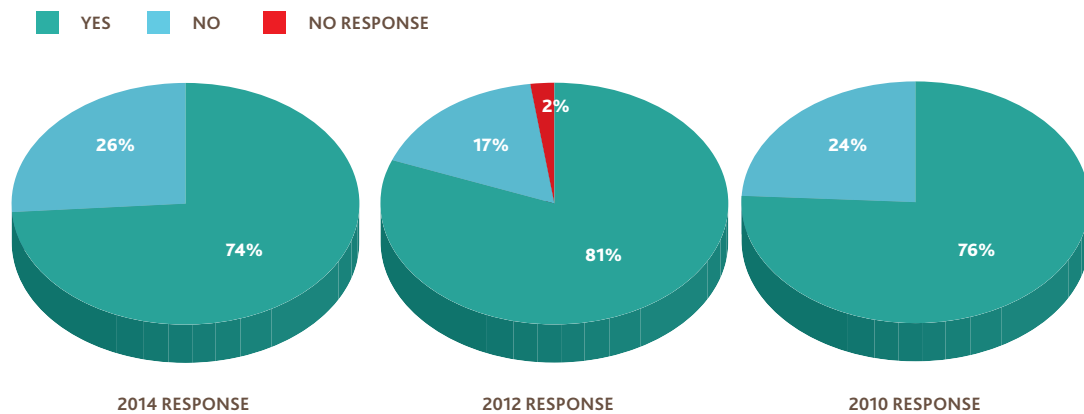
CHART 5.18: COMPARATIVE: INTERNAL INVESTIGATORS OF FRAUD

Legend: ■ 2014 ■ 2012 ■ 2010

Category	2014	2012	2010
OTHER	31%	38%	22%
CEO	25%	30%	38%
CFO	22%	18%	16%
INTERNAL AUDITOR	22%	10%	16%
NO RESPONSE	0%	4%	8%
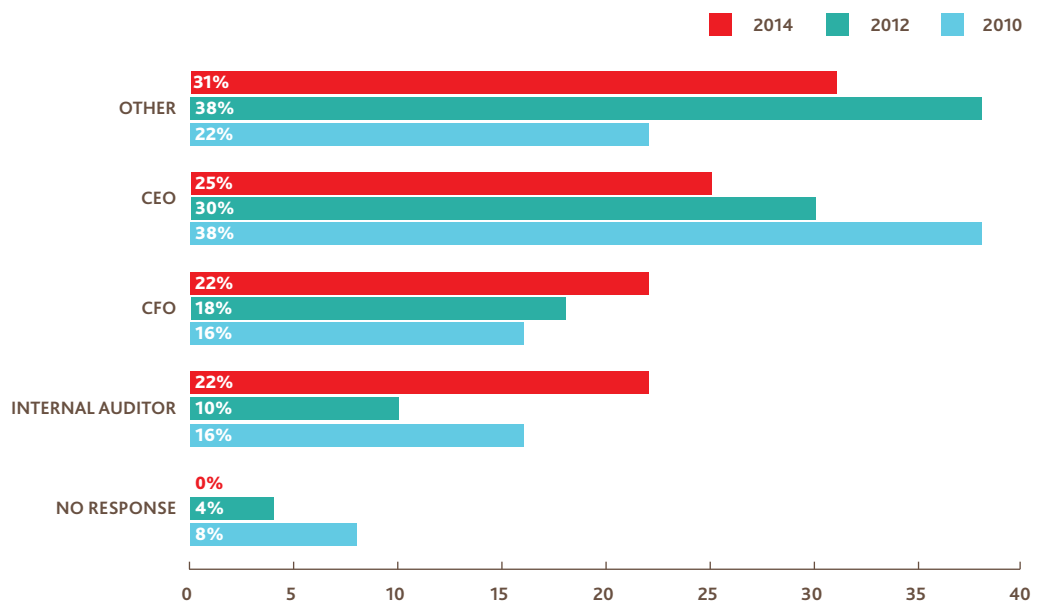
CHART 5.19: COMPARATIVE: WAS THE EMPLOYMENT OF THE PERPETRATOR TERMINATED?

Of the 37 largest frauds described by survey respondents, it is interesting to note that 37% of organisations did not terminate the employment of the person who committed the fraud. Respondents indicated that the main reasons were due to the fact that the perpetrator had already resigned, or allowed to resign due to length of service.

Legend: ■ YES ■ NO ■ NO RESPONSE

Year	YES	NO	NO RESPONSE
2014	63%	37%	
2012	71%	27%	2%
2010	64%	36%	
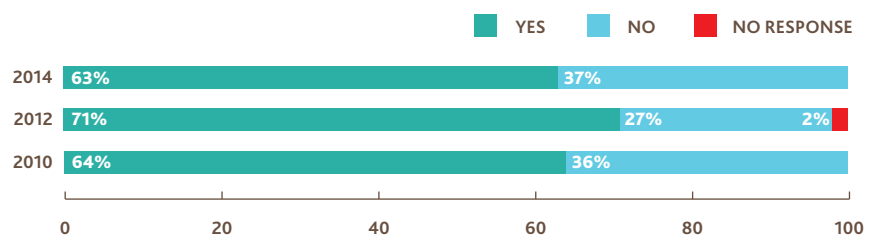
CHART 5.20: COMPARATIVE: PERCENTAGE OF LOSS RECOVERED

■ 2014 ■ 2012 ■ 2010

NONE
- 53%
- 55%
- 67%

76 - 100%
- 30%
- 27%
- 19%

51 - 75%
- 2%
- 0%
- 2%

26 - 50%
- 0%
- 4%
- 10%

1 - 25%
- 12%
- 7%
- 2%

NO RESPONSE
- 3%
- 7%
- 0%

0 10 20 30 40 50 60 70 80
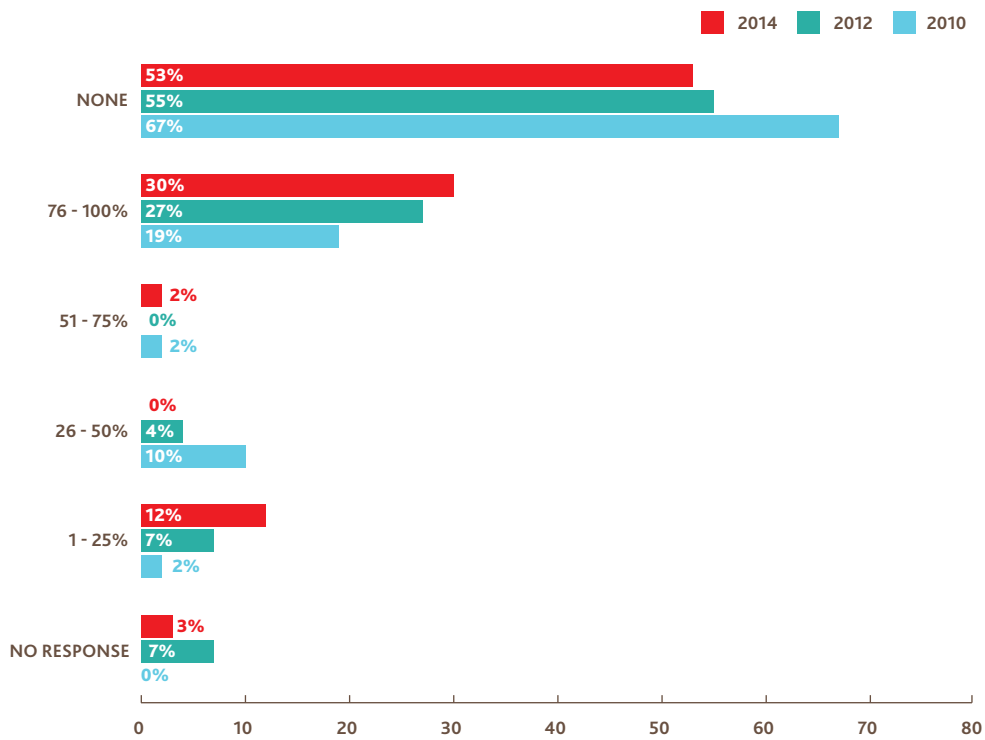
CHART 5.21: WAS CIVIL ACTION PURSUED?

■ YES ■ NO

2014 16% 84%

0 20 40 60 80 100
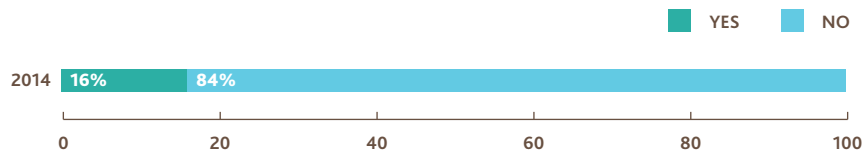
Section 6: Fraud prevention

CHART 6.1: PERCEPTIONS OF THE IMPORTANCE OF FRAUD PREVENTION

Legend: EXTREMELY IMPORTANT | VERY IMPORTANT | IMPORTANT | SLIGHTLY IMPORTANT | NOT IMPORTANT | NO RESPONSE

	Extremely Important	Very Important	Important	Slightly Important	Not Important	No Response
ALL	31%	26%	26%	7%	3%	7%
RESPONDENTS WITH FRAUD IN THE PAST TWO YEARS	42%	35%	14%	5%	5%	
RESPONDENTS WITHOUT FRAUD IN THE PAST TWO YEARS	29%	25%	28%	7%	3%	8%
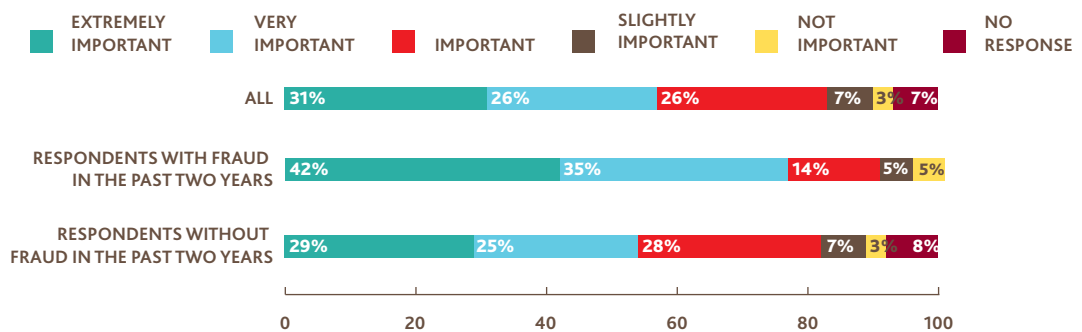
CHART 6.2: COMPARATIVE: PERCEPTION OF FRAUD PREVENTION

As expected, whether an organisation had recently suffered a fraud influenced their perception of whether fraud prevention was important. The survey findings show that 42% of organisations who had suffered a fraud in the past two years thought fraud prevention was extremely important, as opposed to 29% of organisations who had not suffered a fraud.

Legend: EXTREMELY IMPORTANT | VERY IMPORTANT | IMPORTANT | SLIGHTLY IMPORTANT | NOT IMPORTANT | NO RESPONSE

	Extremely Important	Very Important	Important	Slightly Important	Not Important	No Response
2014	31%	26%	26%	7%	3%	7%
2012	28%	25%	30%	9%	7%	1%
2010	32%	24%	31%	8%	4%	1%
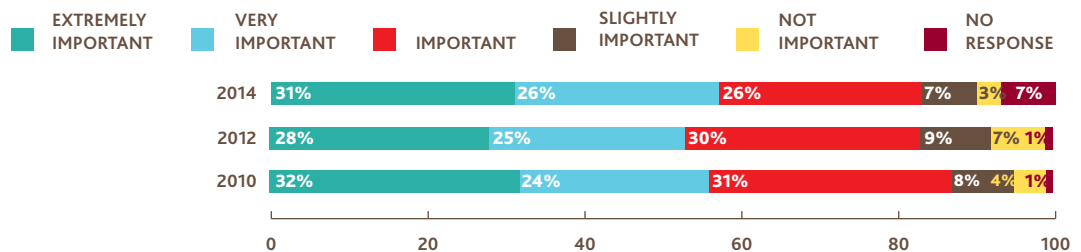
CHART 6.3: COMPARATIVE: PERCEPTION OF FRAUD PREVENTION BY TURNOVER

Legend: EXTREMELY IMPORTANT | VERY IMPORTANT | IMPORTANT | SLIGHTLY IMPORTANT | NOT IMPORTANT | NO RESPONSE

	Extremely Important	Very Important	Important	Slightly Important	Not Important	No Response
$10,000,000 +	29%	38%	25%	3%	1%	4%
$1,000,000 - $9,999,999	34%	28%	28%	3%	1%	6%
$500,000 - $999,999	33%	29%	24%	12%		2%
$100,000 - $499,999	26%	21%	26%	12%	3%	12%
< $100,000	28%	12%	28%	12%	10%	10%
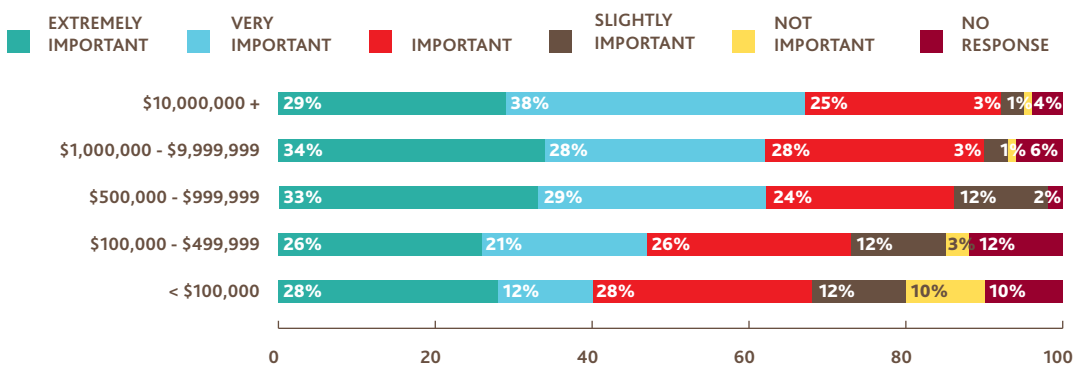
CHART 6.4: PRIMARY FACTORS REDUCING THE RISK OF FRAUD (RESPONDENTS COULD SELECT MORE THAN ONE RESPONSE)

	% OF RESPONDENTS	% OF RESPONDENTS WITH FRAUD
EXTERNAL AUDIT	83%	60%
STRONG INTERNAL CONTROLS	77%	72%
ETHICAL ORGANISATIONAL CULTURE	81%	84%
TOP MANAGEMENT/ BOARD SUPPORT	73%	65%
INTERNAL AUDITS	65%	67%
FRAUD RISK ASSESSMENT	37%	58%
STRONG FRAUD CONTROL POLICY	32%	49%
WHISTLEBLOWER HOTLINE/TIP OFFS	9%	17%
PROSECUTION OF OFFENDERS	10%	30%
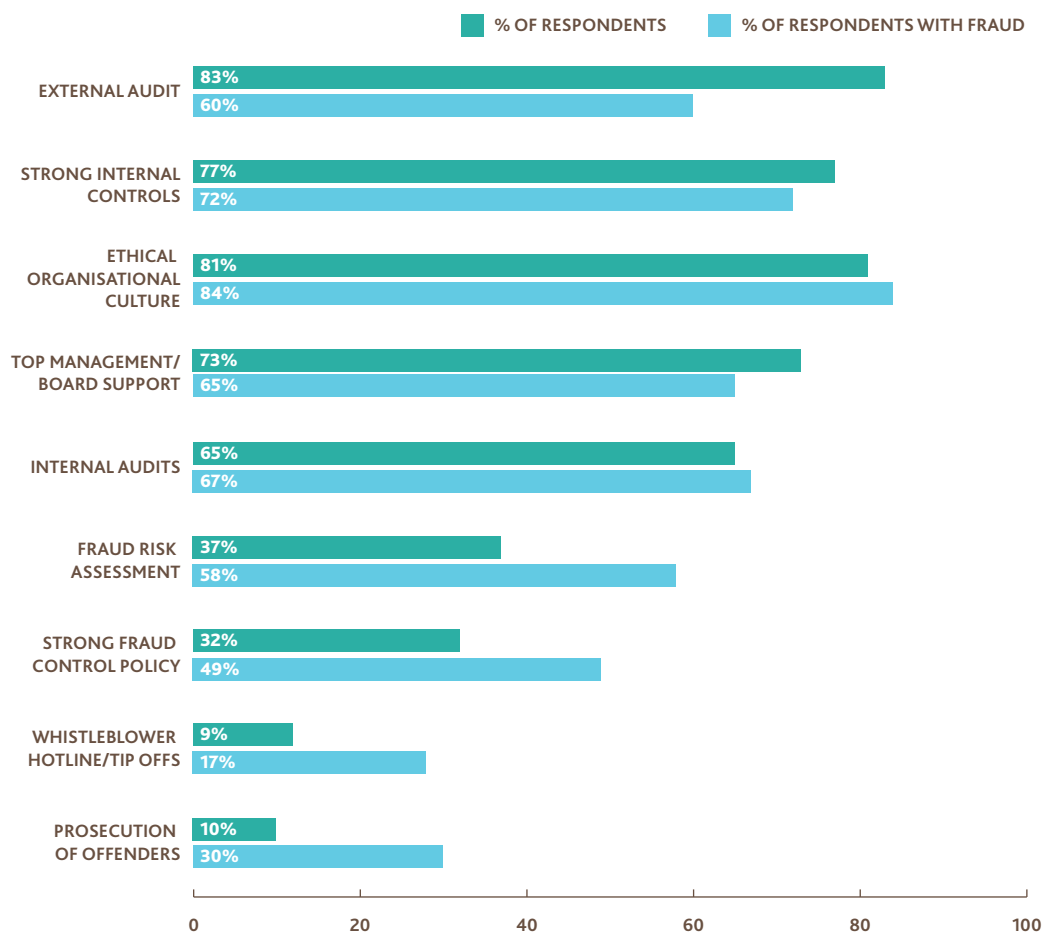
CHART 6.5: COMPARATIVE: PRIMARY FACTORS REDUCING THE RISK OF FRAUD (RESPONDENTS COULD SELECT MORE THAN ONE RESPONSE)

Legend: ■ 2014 ■ 2012 ■ 2010

Factor	2014	2012	2010
EXTERNAL AUDIT	83%	72%	75%
STRONG INTERNAL CONTROLS	77%	71%	79%
ETHICAL ORGANISATIONAL CULTURE	81%	70%	75%
TOP MANAGEMENT/BOARD SUPPORT	73%	66%	71%
INTERNAL AUDITS	65%	58%	66%
FRAUD RISK ASSESSMENT	37%	27%	36%
STRONG FRAUD CONTROL POLICY	32%	27%	29%
WHISTLEBLOWER HOTLINE/TIP OFFS	12%	9%	9%
PROSECUTION OF OFFENDERS	10%	7%	10%
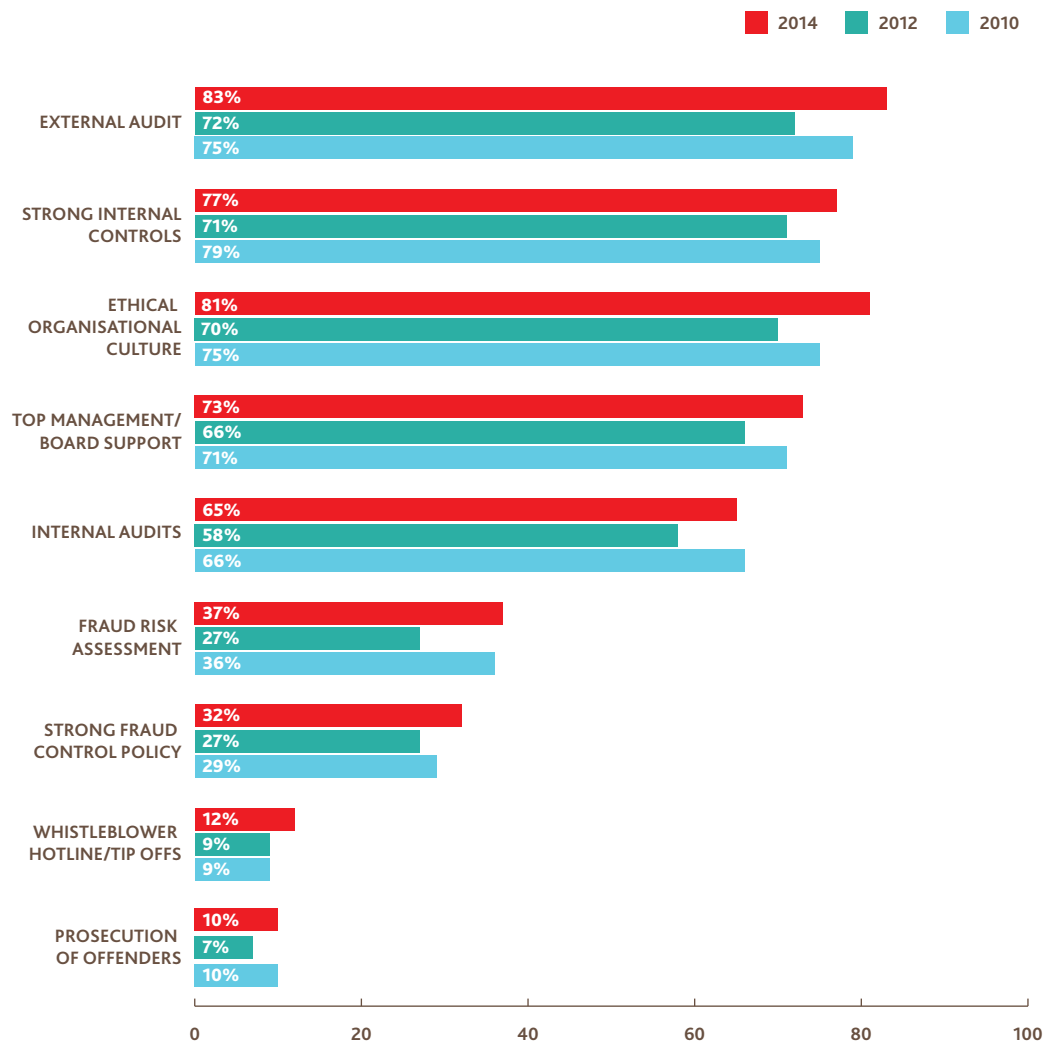
CHART 6.6: COMPARATIVE: METHODS TO REDUCE THE RISK OF FRAUD AND DISCOVER FRAUDS THAT HAVE OCCURRED
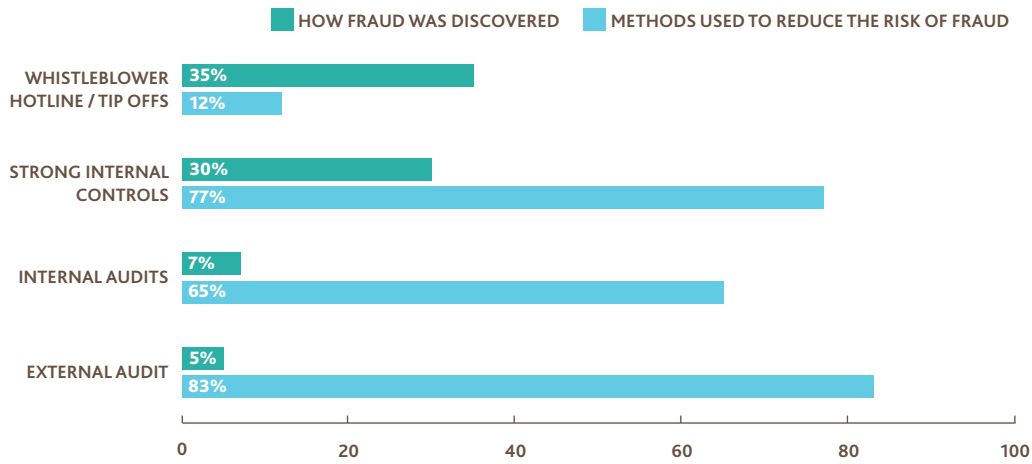
CHART 6.7: COMPARATIVE: WHISTLEBLOWER HOTLINE/TIP OFFS

While the 2014 results indicate that tip offs (35%) were the most effective way to discover fraud, only 12% of respondents considered this a primary factor in reducing the risk of fraud. We have found this to be a consistent trend when comparing with the 2010 and 2012 results.
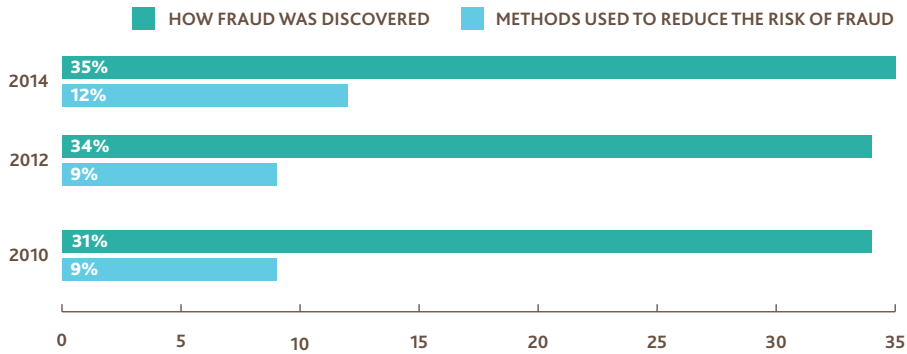
CHART 6.8: COMPARATIVE: EXTERNAL AUDIT

As seen in prior years, respondents placed a high reliance on both external and internal audits in reducing the risk of fraud occurring. Traditionally, however, external and internal audits have unearthed only a small percentage of frauds.
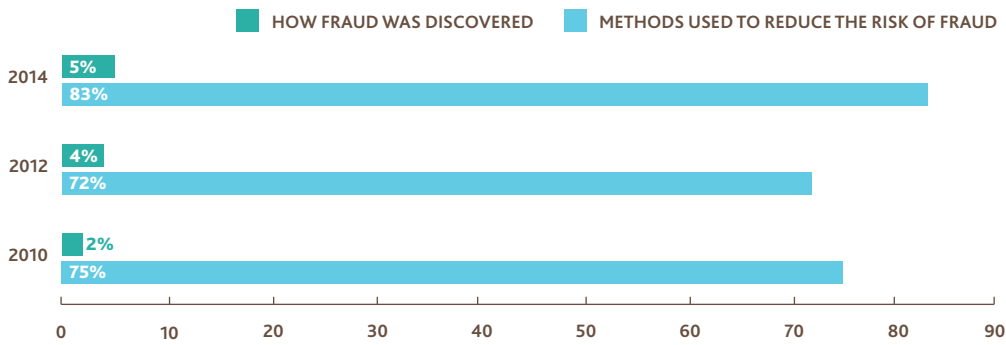
CHART 6.9: COMPARATIVE: INTERNAL AUDIT

■ HOW FRAUD WAS DISCOVERED   ■ METHODS USED TO REDUCE THE RISK OF FRAUD

2014
7%
65%

2012
12%
58%

2010
10%
66%

0 10 20 30 40 50 60 70 80
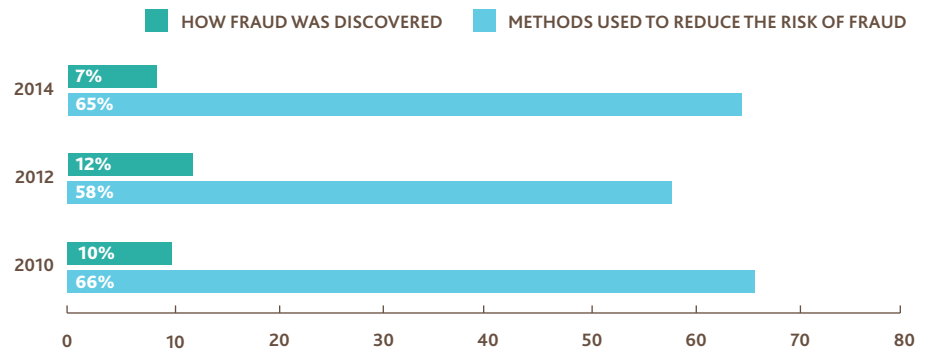
CHART 6.10: PREVENTATIVE MEASURES IMPLEMENTED BY RESPONDENTS (RESPONDENTS COULD SELECT MORE THAN ONE RESPONSE)
Not surprisingly, organisations who have suffered a fraud in the past two years had a higher implementation rate for preventative measures.

■ % OF RESPONDENTS   ■ % OF RESPONDENTS WITH FRAUD

CONTROLS REVIEW
78%
79%

CODE OF CONDUCT
55%
70%

FRAUD CONTROL POLICY
29%
40%

FRAUD RISK ASSESSMENT
25%
40%

WHISTLEBLOWER POLICY
18%
33%

FRAUD CONTROL PLAN
18%
21%

FRAUD TRAINING
18%
21%

FRAUD RISK REGISTER
13%
19%

0 10 20 30 40 50 60 70 80
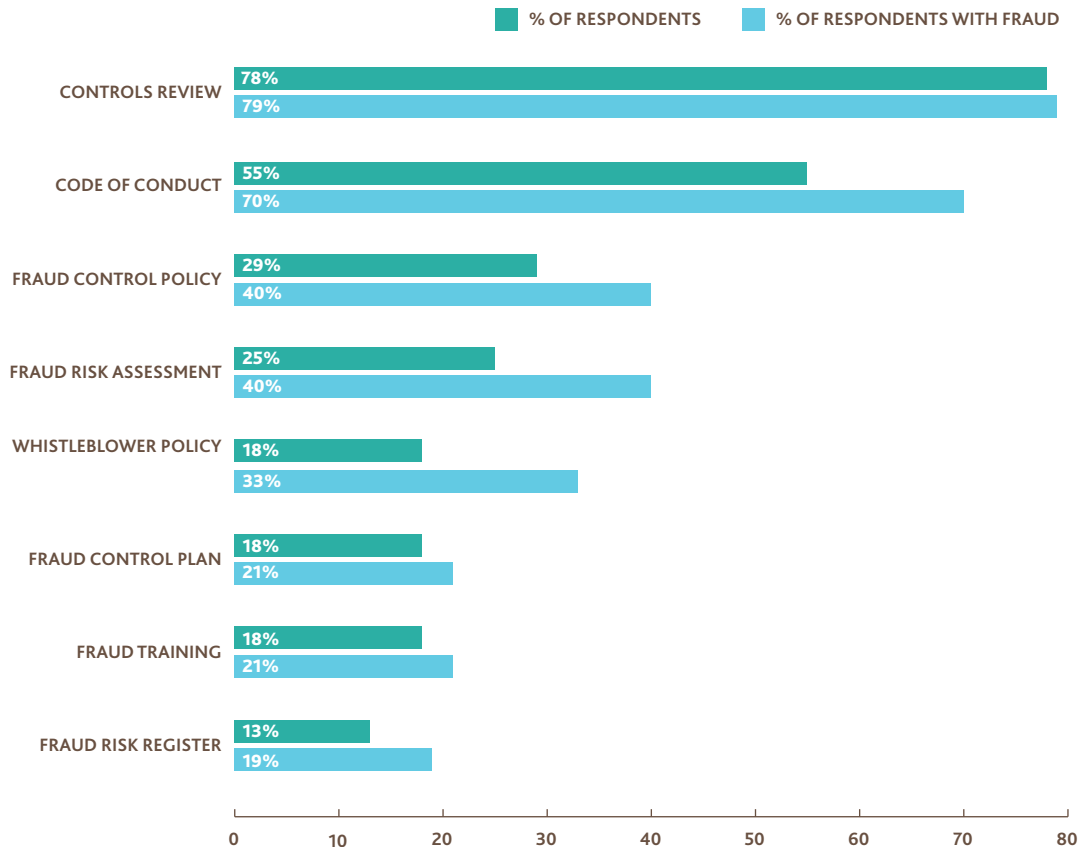
CHART 6.11: PREVENTATIVE MEASURES REVIEWED IN THE PAST TWO YEARS

Legend: YES | NO | NO RESPONSE

	YES	NO	NO RESPONSE
ALL RESPONDENTS	68%	24%	8%
RESPONDENTS WHO SUFFERED FRAUD IN THE PAST TWO YEARS	77%	19%	4%

(axis: 0, 20, 40, 60, 80, 100)
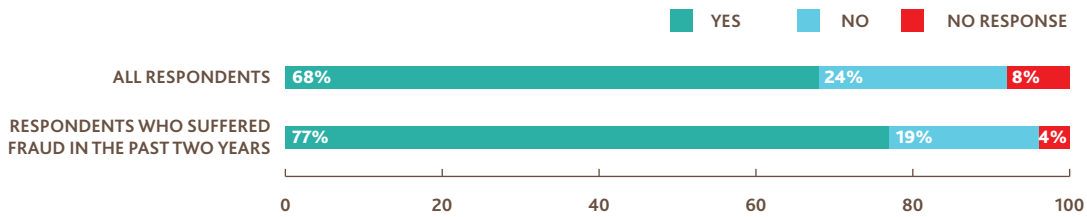
CHART 6.12: PREVENTATIVE MEASURES PLANNED FOR IMPLEMENTATION

Legend: ALL RESPONDENTS | RESPONDENTS WHO SUFFERED FRAUD IN THE PAST TWO YEARS

	ALL RESPONDENTS	RESPONDENTS WHO SUFFERED FRAUD IN THE PAST TWO YEARS
CODE OF CONDUCT	4%	2%
FRAUD CONTROL PLAN	6%	9%
FRAUD CONTROL POLICY	7%	9%
WHISTLEBLOWER POLICY	3%	7%
FRAUD RISK ASSESSMENT	10%	14%
FRAUD RISK REGISTER	7%	7%
FRAUD TRAINING	6%	16%
CONTROLS REVIEW	10%	12%
EXTERNAL REVIEW	5%	5%

(axis: 0, 5, 10, 15, 20)
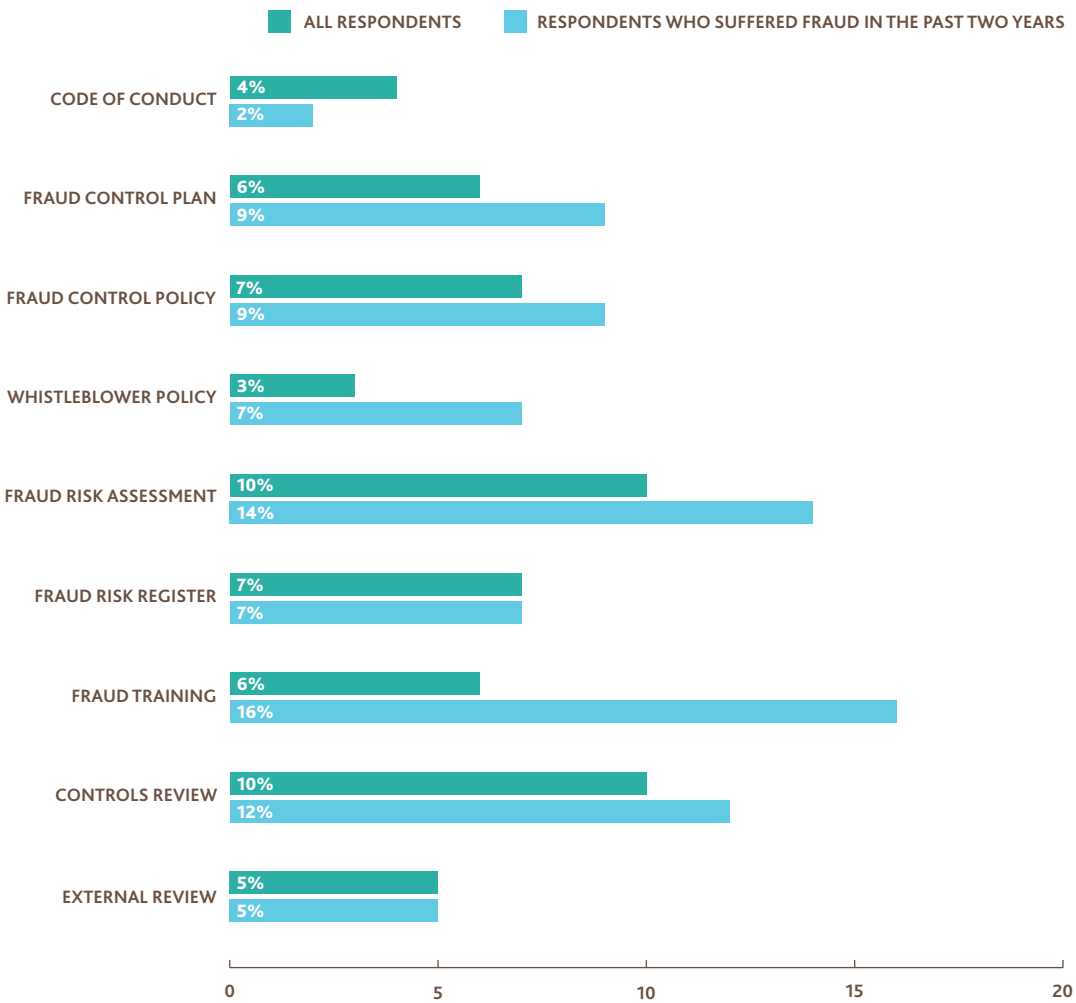
Section 7: Long term trends

CHART 7.1: COMPARATIVE: PERCEPTION OF FRAUD IN INDIVIDUAL ORGANISATIONS

In 2014, only 28% of respondents see fraud as a problem for their organisation. This is up 20% on the previous survey, which indicates the sector is becoming increasingly aware of fraud threats and vulnerabilities and recognising how they can impact their own organisation.
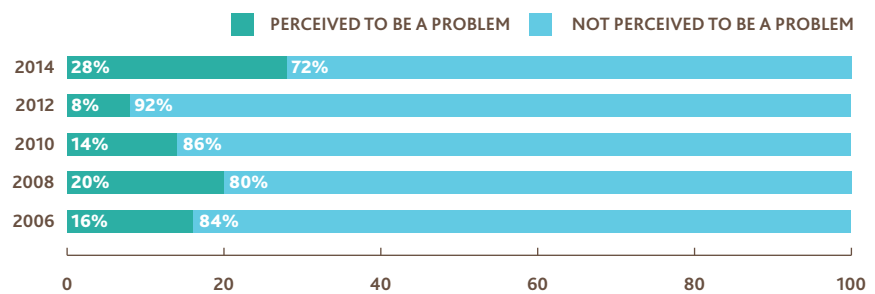
CHART 7.2: COMPARATIVE: REASON FOR PERCEPTION OF FRAUD IN ORGANISATIONS (RESPONDENTS COULD SELECT MORE THAN ONE RESPONSE)

There has been a significant increase from 59% to 82% over the past two years of organisations believing fraud is an inherent problem in any organisation.
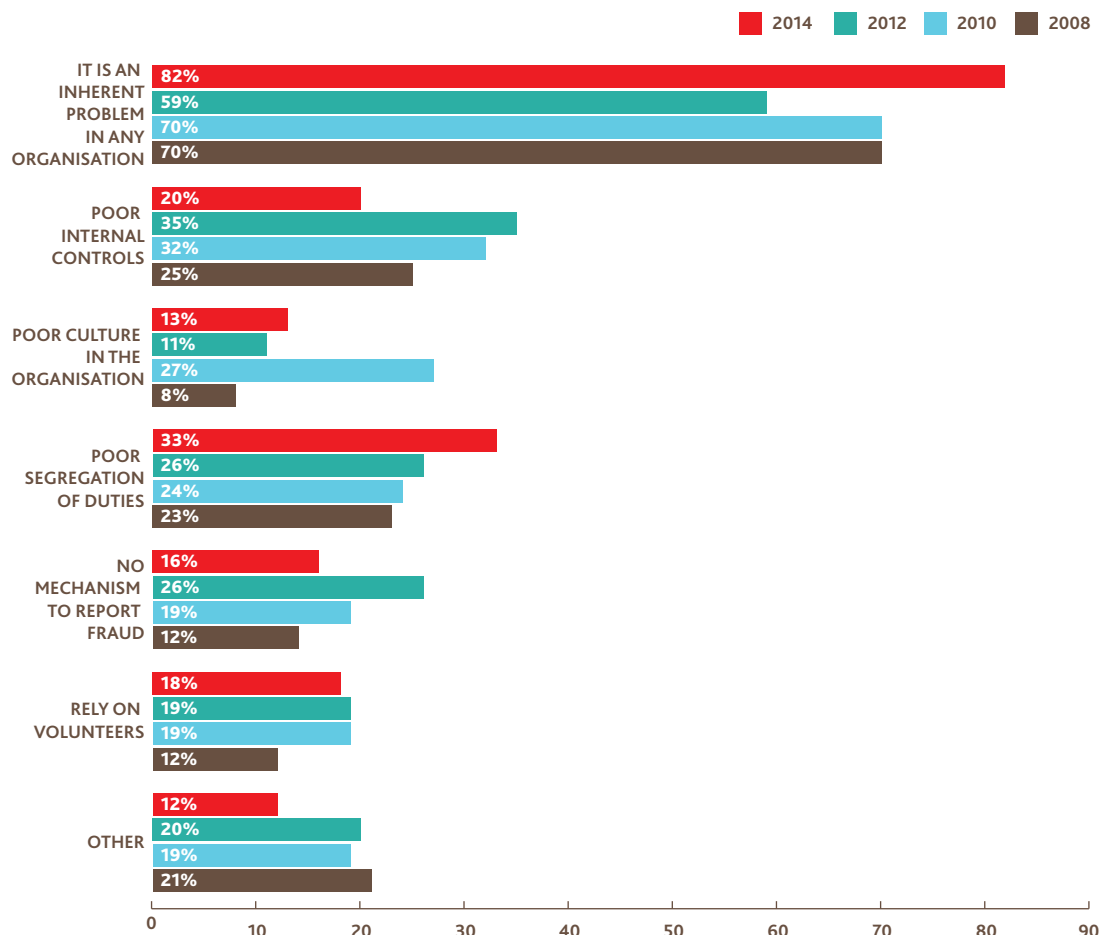
CHART 7.3: COMPARATIVE: INTERNAL CONTROLS

■ 2014 ■ 2012 ■ 2010 ■ 2008

FRAUD NOT A PROBLEM DUE TO RELIANCE ON INTERNAL CONTROLS
- 59%
- 57%
- 62%
- 76%

FRAUD IS A PROBLEM FOR THE INDIVIDUAL ORGANISATION DUE TO POOR INTERNAL CONTROLS
- 20%
- 35%
- 32%
- 25%

0 10 20 30 40 50 60 70 80
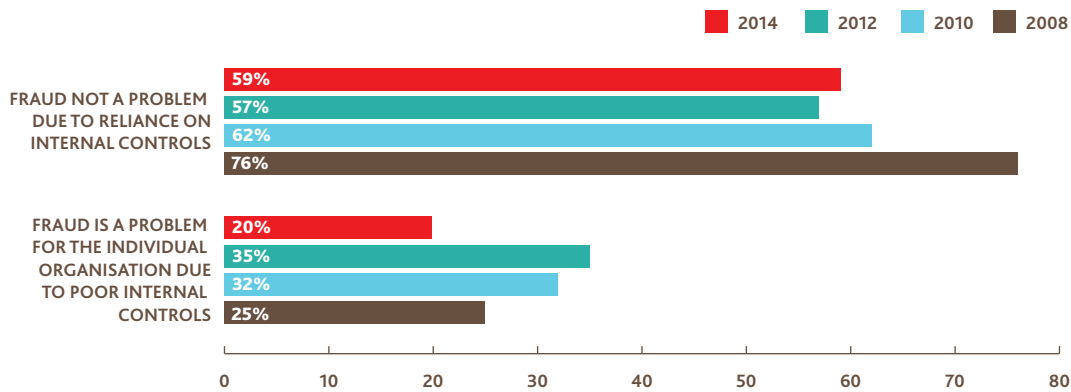
CHART 7.4: COMPARATIVE: PERCEPTION AS TO WHY FRAUD IS NOT A PROBLEM FOR ORGANISATIONS

Respondents who did not see fraud as a problem for their own organisation rely on strict internal controls, a good organisational culture, trustworthy staff, and external audits to manage their fraud risk. However, not all of these are reliable methods for preventing and detecting fraud. For example, it is important to consider that an external audit is not intended to detect fraud, but rather identify and assess the risk of material misstatement in the financial report due to fraud and obtain sufficient audit evidence about the risk. Also, while it is important to be able to trust the people you work with, personal circumstances can change – financial pressure was the most common motivation for fraud with 32% of fraud committed for this reason.

■ 2014 ■ 2012 ■ 2010 ■ 2008

TRUSTWORTHY STAFF
- 57%
- 71%
- 64%
- 61%

NO FRAUD DISCOVERED BY EXTERNAL AUDIT
- 56%
- 64%
- 68%
- 61%

GOOD ORGANISATIONAL CULTURE
- 56%
- 63%
- 66%
- 64%

STRICT INTERNAL CONTROLS
- 59%
- 57%
- 62%
- 76%

EFFECTIVE INTERNAL AUDIT
- 46%
- 51%
- 55%
- 41%

FRAUD CONTROL POLICY IMPLEMENTED
- 28%
- 28%
- 33%
- 20%

0 10 20 30 40 50 60 70 80
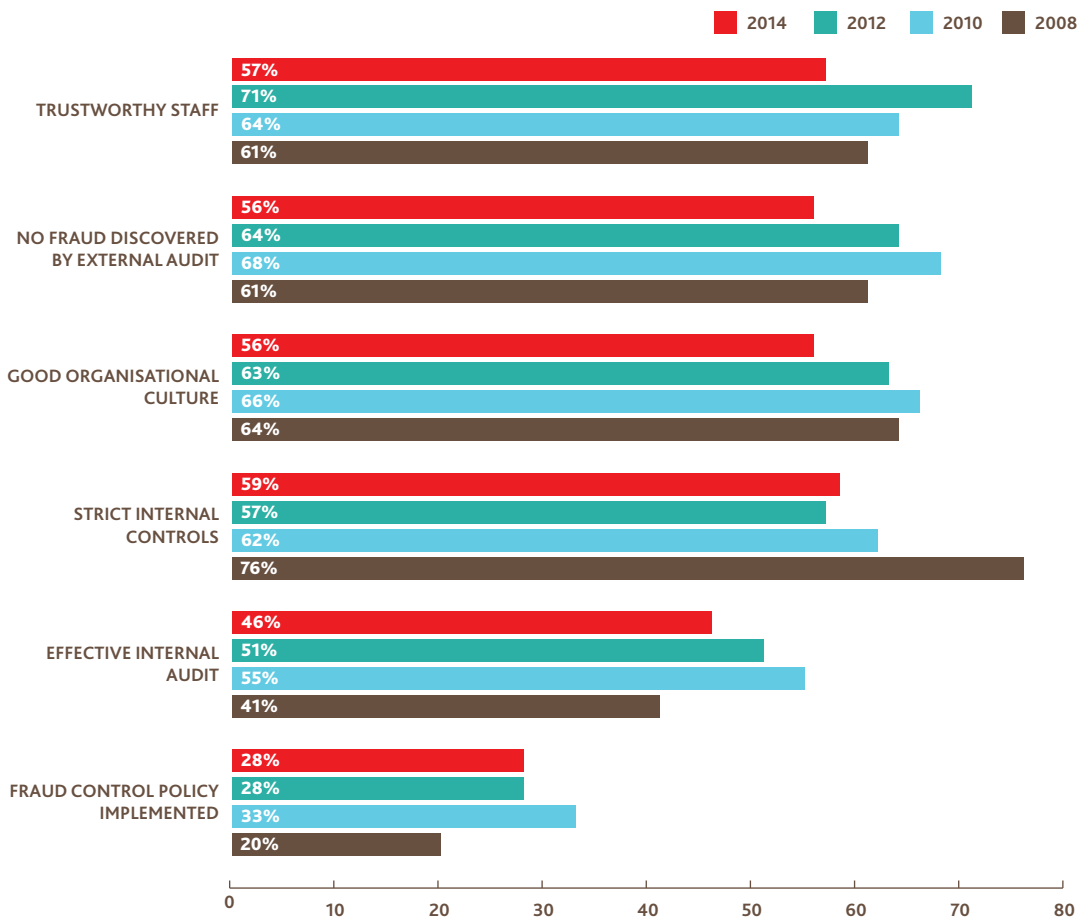
CHART 7.5: COMPARATIVE: ORGANISATIONS WHO HAVE SUFFERED FRAUD

Chart 7.5 shows a steady decline in the number of respondents who have suffered a fraud since the inception of the survey. This is a very positive result, although the sector should not become complacent. There remains a risk that the decline is due to the failure to detect fraud.

■ SUFFERED FRAUD   ■ HAVE NOT SUFFERED FRAUD

Year	Suffered Fraud	Have Not Suffered Fraud
2014	10%	90%
2012	12%	88%
2010	15%	85%
2008	16%	84%
2006	19%	81%
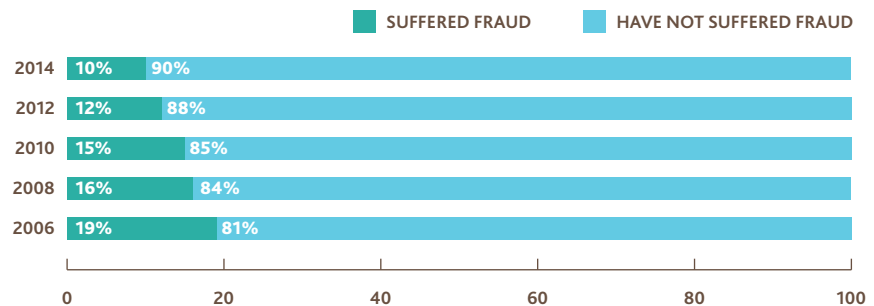
CHART 7.6: COMPARATIVE: RESPONDENTS WHO HAVE SUFFERED FRAUD BY TURNOVER

The frequency of the fraud increasing as the level of turnover increases has been a consistent trend since the inception of the BDO Not-For-Profit Fraud Survey.

■ 2014   ■ 2012   ■ 2010   ■ 2008   ■ 2006

Turnover	2014	2012	2010	2008	2006
$10,000,000 +	24%	30%	34%	34%	38%
$1,000,000 - $9,999,999	8%	10%	15%	16%	20%
$500,000 - $999,999	5%	17%	5%	11%	18%
$100,000 - $499,999	7%	9%	10%	9%	13%
< $100,000	7%	5%	5%	3%	5%
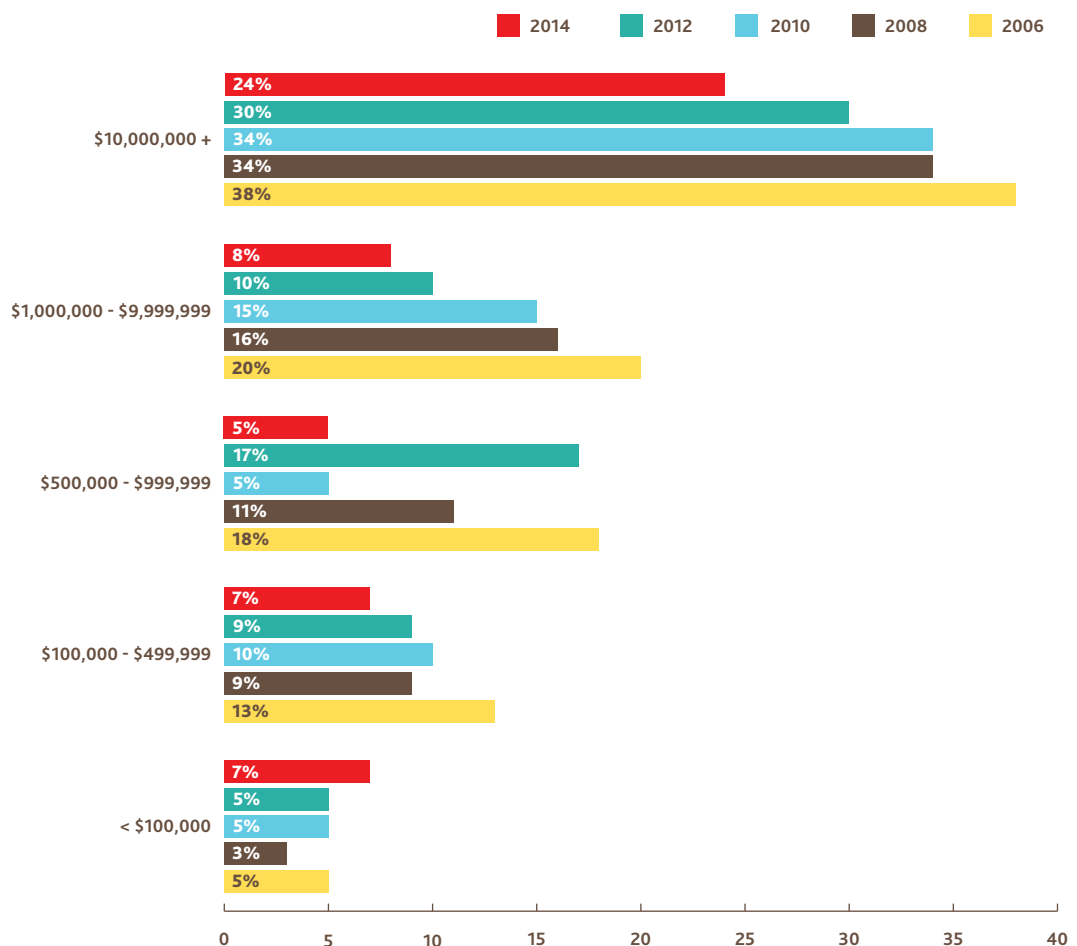
TABLE 7.1: AVERAGE FRAUD SUFFERED BY TURNOVER

AVERAGE VALUE OF FRAUD BY TURNOVER	2014	2012	2010	2008
$10,000,000 +	$18,282	$11,070	$8,462	$31,937
$1,000,000 – $9,999,999	$57,609	$3,138	$28,841	$11,364
$500,000 – $999,999	$0	$13,107	$5,150	$10,604
$100,000 – $499,999	$5,930	$4,781	$12,050	$4,649
< $100,000	$3,930	$6,829	$10,000	$6,000
AVERAGE VALUE OF FRAUDS	**$22,904**	**$8,838**	**$14,291**	**$14,422**

CHART 7.7: COMPARATIVE: TYPES OF FRAUD REPORTED

Since 2008, cash theft has been reported as the most common type of fraud suffered by survey respondents.
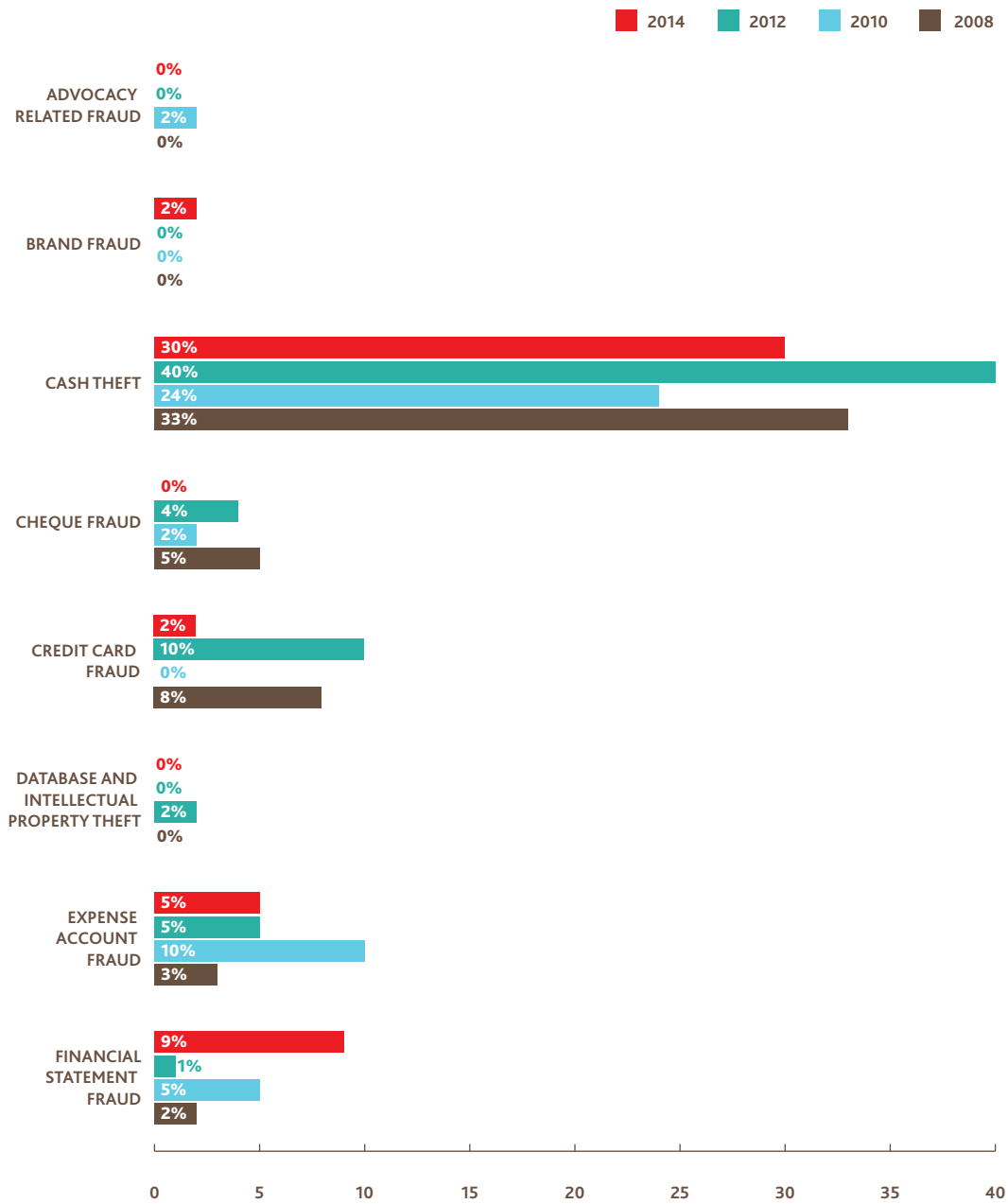
CONTINUED **CHART 7.7: COMPARATIVE: TYPES OF FRAUD REPORTED**

■ 2014 ■ 2012 ■ 2010 ■ 2008

KICKBACK BRIBERY & FRAUDULENT PERSONAL BENEFITS
- 12%
- 4%
- 7%
- 12%

LOTTERY PRIZE FRAUD
- 0%
- 0%
- 2%
- 0%

MONEY LAUNDERING
- 2%
- 0%
- 0%
- 0%

NO RESPONSE
- 2%
- 0%
- 0%
- 0%

ONLINE PAYMENT FRAUD
- 5%
- 4%
- 2%
- 8%

OTHER
- 12%
- 8%
- 20%
- 13%

PAYROLL FRAUD
- 9%
- 14%
- 7%
- 3%

THEFT OF ASSETS
- 5%
- 4%
- 7%
- 5%

THEFT OF INVENTORY
- 5%
- 4%
- 12%
- 8%

0 5 10 15 20 25 30 35 40
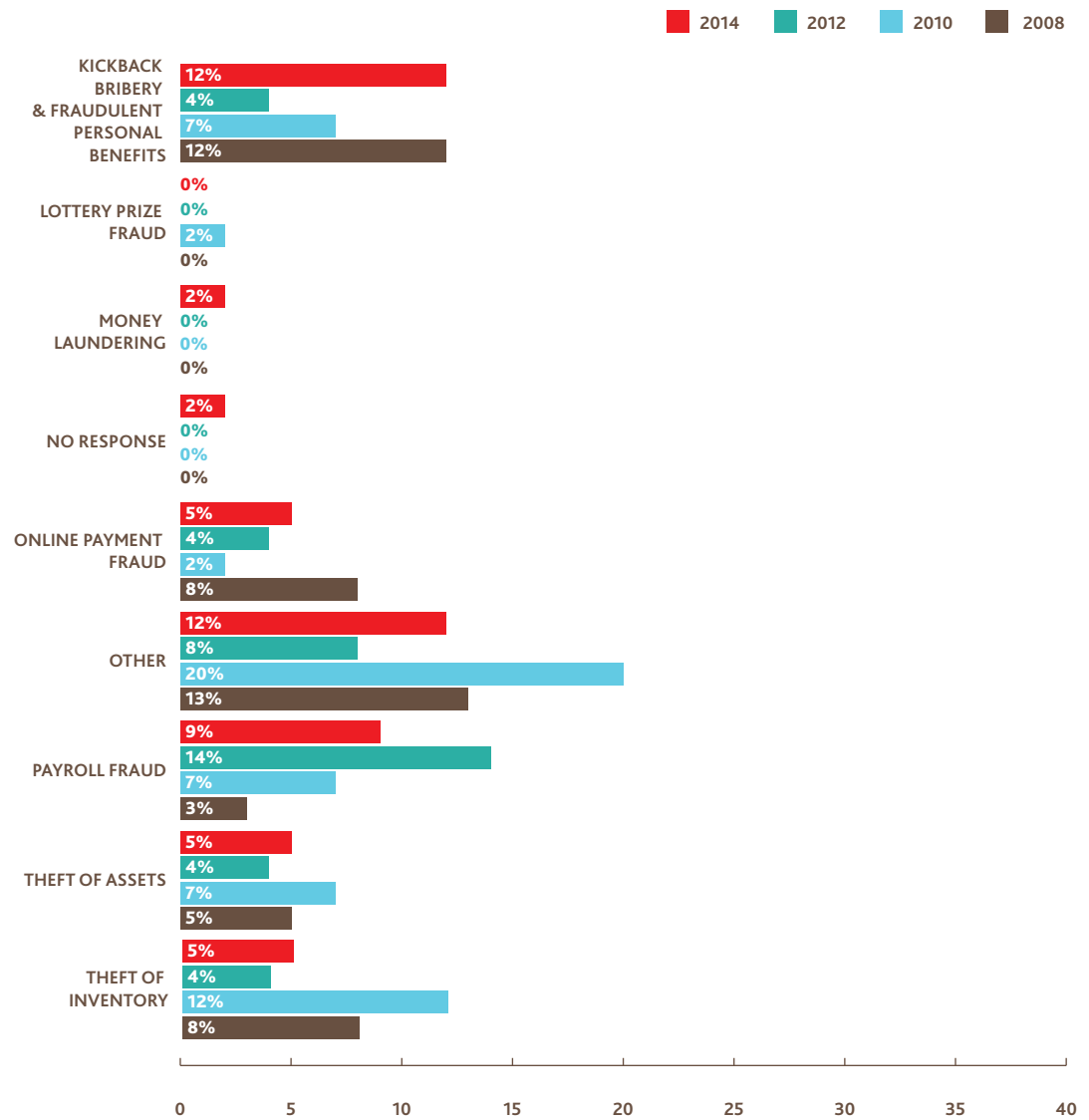
CHART 7.8: COMPARATIVE: POSITION OF PERPETRATOR

Since 2006, employees in non-accounting roles have continued to be the highest percentage of perpetrators.
Unfortunately, this year we have seen an increase in volunteer positions from 7% in 2012 to 16% in 2014.

Legend: ■ 2014 ■ 2012 ■ 2010 ■ 2008 ■ 2006

NON-ACCOUNTING
- 2014: 37%
- 2012: 36%
- 2010: 43%
- 2008: 36%
- 2006: 28%

EXTERNAL PARTY
- 2014: 16%
- 2012: 16%
- 2010: 10%
- 2008: 16%
- 2006: 7%

NON-EXECUTIVE
- 2014: 5%
- 2012: 15%
- 2010: 17%
- 2008: 10%
- 2006: 10%

ACCOUNTING POSITION
- 2014: 7%
- 2012: 15%
- 2010: 2%
- 2008: 10%
- 2006: 16%

CEO/CFO
- 2014: 7%
- 2012: 7%
- 2010: 12%
- 2008: 19%
- 2006: 17%

VOLUNTEER
- 2014: 16%
- 2012: 7%
- 2010: 12%
- 2008: 0%
- 2006: 15%

BOARD MEMBER
- 2014: 7%
- 2012: 4%
- 2010: 2%
- 2008: 2%
- 2006: 7%

NO RESPONSE
- 2014: 5%
- 2012: 0%
- 2010: 2%
- 2008: 7%
- 2006: 0%

X-axis: 0, 10, 20, 30, 40, 50

CHART 7.9: COMPARATIVE: WAS COLLUSION INVOLVED?

For each biennial survey, respondents were asked to describe their largest fraud, and of these frauds, collusion has been present in between 19% and 30% of fraud cases reported.

	YES	NO	NO RESPONSE

Year		
2014	30%	67%	3%
2012	20%	77%	3%
2010	24%	76%	
2008	25%	72%	3%
2006	19%	81%	
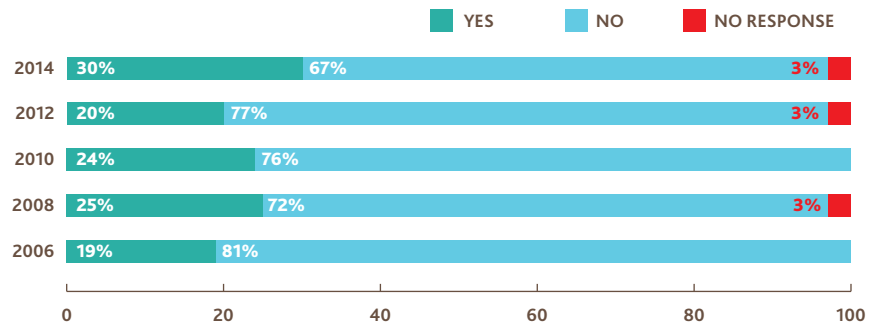
Interestingly – or more concerning – collusion was present in 30% of the largest fraud cases, with a board member involved in 31% of those cases.

CHART 7.10: COMPARATIVE: HOW WAS THE FRAUD DISCOVERED?

Internal controls and tip offs consistently rank as the most successful ways of discovering fraud. The results again highlight the importance of implementing effective internal controls and whistleblower facilities.

Legend: 2014 | 2012 | 2010 | 2008 | 2006

INTERNAL CONTROLS
- 2014: 30%
- 2012: 33%
- 2010: 40%
- 2008: 36%
- 2006: 34%

EMPLOYEE TIP
- 2014: 14%
- 2012: 16%
- 2010: 14%
- 2008: 18%
- 2006: 19%

OTHER
- 2014: 0%
- 2012: 14%
- 2010: 14%
- 2008: 0%
- 2006: 15%

INTERNAL AUDIT
- 2014: 7%
- 2012: 12%
- 2010: 10%
- 2008: 13%
- 2006: 11%

CLIENT TIPS
- 2014: 2%
- 2012: 8%
- 2010: 7%
- 2008: 5%
- 2006: 5%

VOLUNTEER TIPS
- 2014: 12%
- 2012: 5%
- 2010: 5%
- 2008: 7%
- 2006: 8%

EXTERNAL AUDIT
- 2014: 5%
- 2012: 4%
- 2010: 2%
- 2008: 5%
- 2006: 3%

ANONYMOUS TIP
- 2014: 7%
- 2012: 3%
- 2010: 5%
- 2008: 0%
- 2006: 3%

BANK NOTIFICATION
- 2014: 0%
- 2012: 3%
- 2010: 2%
- 2008: 5%
- 2006: 1%

SUPPLIER TIPS
- 2014: 0%
- 2012: 1%
- 2010: 0%
- 2008: 3%
- 2006: 1%

NO RESPONSE
- 2014: 20%
- 2012: 1%
- 2010: 1%
- 2008: 8%
- 2006: 0%
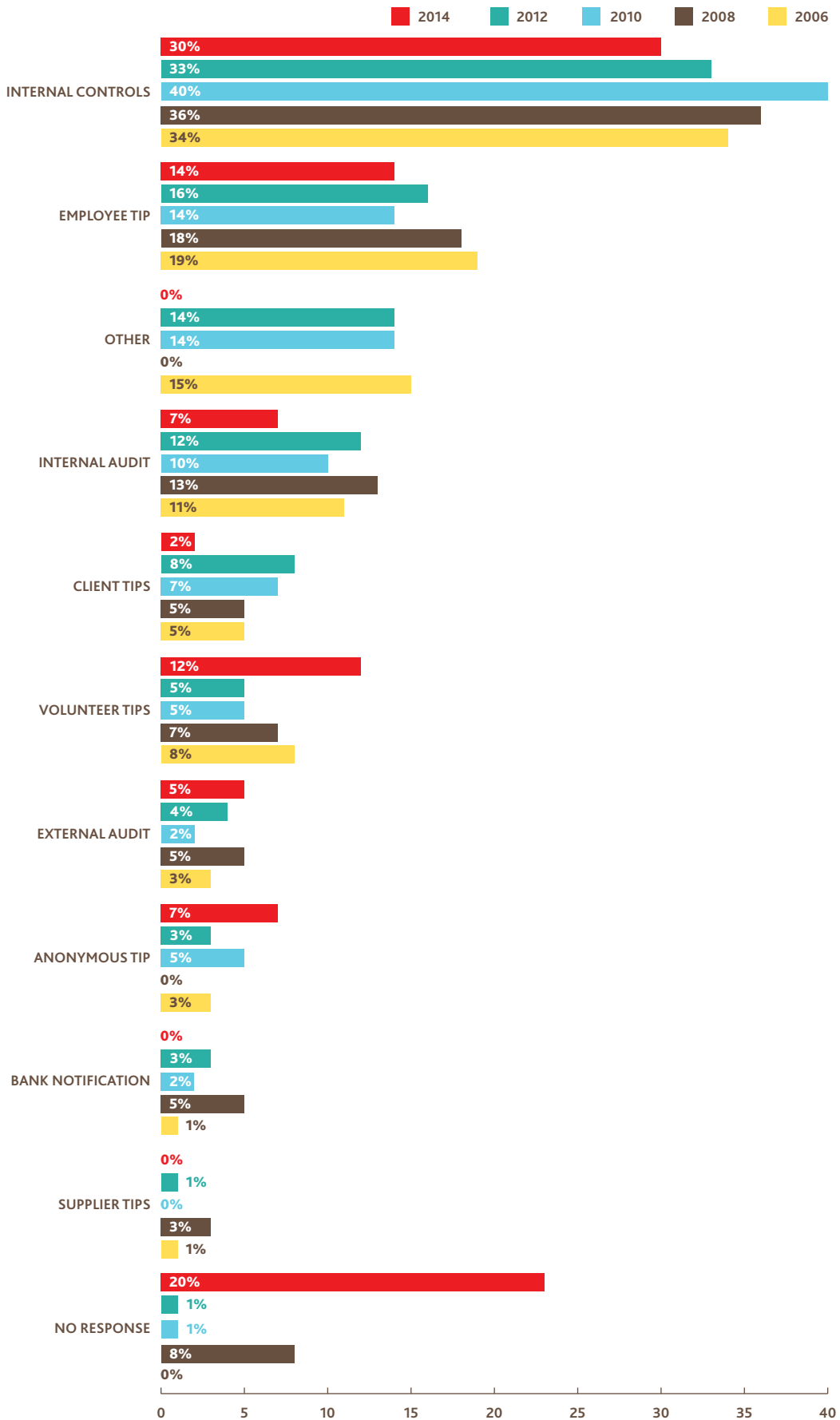
The results again highlight the importance of implementing effective internal controls and whistleblower facilities.

APPENDIX B

List of charts & tables

APPENDIX C

Classifications

International classification of not-for-profit organisations:

Detailed table[1]

Group 1 – Culture and recreation

1 100 Culture and arts

Media and communications. Production and dissemination of information and communication; includes radio and TV stations, publishing of books, journals, newspapers and newsletters, film production, and libraries.

Visual arts, architecture, ceramic art. Production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centres and architectural associations.

Performing arts. Performing arts centres, companies and associations; includes theatre, dance, ballet, opera, orchestras, chorals and music ensembles.

Historical, literary and humanistic societies. Promotion and appreciation of the humanities, preservation of historical and cultural artefacts and commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials and commemorative funds, and associations.

Museums. General and specialised museums covering art, history, sciences, technology, and culture.

Zoos and aquariums.

1 200 Sports
Provision of amateur sport, training, physical fitness and sport competition services and events; includes fitness and wellness centres.

1 300 Other recreation and social clubs
Recreation and social clubs. Provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men's and women's clubs, touring clubs, and leisure clubs.

Service clubs. Membership organisations providing services to members and local communities, for example, Lions, Zonta International, Rotary Club, and Kiwanis.

Group 2 – Education and research

2 100 Primary and secondary education
Elementary, primary and secondary education. Education at elementary, primary and secondary levels; includes pre-school organisations other than day care.

2 200 Higher education
Higher education. Higher learning, providing academic degrees; includes universities, business management schools, law schools, and medical schools.

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1. Adapted from Lester Salamon, Helmut Anheier, Regina List, Stefan Toepler, S. Wojciech Sokolowski and associates, Global Civil Society: Dimensions of the Non-profit Sector. (Baltimore: Johns Hopkins Center for Civil Society Studies, 1999).

2 300 Other education

Vocational/technical schools. Technical and vocational training specifically geared towards gaining employment; includes trade schools, paralegal training, and secretarial schools.

Adult/continuing education. Institutions engaged in providing education and training in addition to the formal education system; includes schools of continuing studies, correspondence schools, night schools, and sponsored literacy and reading programmes.

2 400 Research

Medical research. Research in the medical field; includes research on specific diseases, disorders or medical disciplines.

Science and technology. Research in the physical and life sciences and engineering and technology.

Social sciences, policy studies. Research and analysis in the social sciences and policy area.

Group 3 – Health

3 100 Hospitals and rehabilitation

Hospitals. Primarily inpatient medical care and treatment.

Rehabilitation. Inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect or disease and requiring extensive physiotherapy or similar forms of care.

3 200 Nursing homes

Nursing homes. Inpatient convalescent care and residential care, as well as primary health-care services; includes homes for the frail, elderly, and nursing homes for the severely handicapped.

3 300 Mental health and crisis intervention

Psychiatric hospitals. Inpatient care and treatment for the mentally ill.

Mental health treatment. Outpatient treatment for mentally ill patients; includes community mental health centres and halfway homes.

Crisis intervention. Outpatient services for counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

3 400 Other health services

Public health and wellness education. Public health promotion and health education; includes sanitation screening for potential health hazards, first aid training and services, and family planning services.

Health treatment, primarily outpatient. Organisations that provide primarily outpatient health services, e.g. health clinics and vaccination centres.

Rehabilitative medical services. Outpatient therapeutic care; includes nature cure centres, yoga clinics, and physical therapy centres.

Emergency medical services. Services to persons in need of immediate care; includes ambulatory services and paramedical emergency care, shock/trauma programmes, lifeline, and ambulance services.

Group 4 – Social Services

4 100 Social services

Child welfare, child services and day care. Services to children, adoption services, child development centres, foster care; includes infant-care centres and nurseries.

Youth services and youth welfare. Services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centres and clubs and job programmes for youth; includes YMCA, YWCA, Boy Scouts, Girl Scouts, and Big Brothers/ Big Sisters.

Family services. Services to families; includes family life/parent education, single parent agencies and services, and family violence shelters and services.

Services for people with disabilities. Services for people with disabilities; includes homes, other than nursing homes, transport facilities, recreation, and other specialised services.

Services for the elderly. Organisations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programmes, and other services geared towards senior citizens (does not include residential nursing homes).

Self-help and other personal social services. Programmes and services for self-help and personal development; includes support groups, personal counselling, and credit counselling/money management services.

4 200 Emergency and relief

Disaster/emergency prevention and control. Organisations that work to prevent, predict, control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or to provide relief to disaster victims; includes volunteer fire departments, life boat services, etc.

Temporary shelters. Organisations providing temporary shelters to the homeless; includes travellers aid and temporary housing.

Refugee assistance. Organisations providing food, clothing, shelter and services to refugees and immigrants

4 300 Income support and maintenance

Income support and maintenance. Organisations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.

Material assistance. Organisations providing food, clothing, transport, and other forms of assistance; includes food banks and clothing distribution centres.

Group 5 – Environment

5 100 Environment

Pollution abatement and control. Organisations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, treatment of hazardous wastes and toxic substances, and solid waste management and recycling programmes.

Natural resources conservation and protection. Conservation and preservation of natural resources, including land, water, energy, and plant resources for the general use and enjoyment of the public.

Environmental beautification and open spaces. Botanical gardens, arboreta, horticultural programmes and landscape services; organisations promoting anti-litter campaigns; programmes to preserve the parks, green spaces and open spaces, in urban or rural areas; as well as city and highway beatification programmes.

5 200 Animal protection

Animal protection and welfare. Animal protection and welfare services; includes animal shelters and humane societies.

Wildlife preservation and protection. Wildlife preservation and protection; includes sanctuaries and refuges.

Veterinary services. Animal hospitals and services providing care to farm and household animals and pets.

Group 6 – Development and housing

6 100 Economic, social and community development

Community and neighbourhood organisations. Organisations working towards improving the quality of life within communities or neighbourhoods, e.g. squatters' associations, local development organisations, and poor people's cooperatives.

Economic development. Programmes and services to improve economic infrastructure and capacity; includes building and infrastructure, such as roads, and financial services, such as credit and savings associations, entrepreneurial programmes, technical and managerial consulting, and rural development assistance.

Social development. Organisations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well-being.

6 200 Housing

Housing associations. Development, construction, management, leasing, financing, and rehabilitation of housing.

Housing assistance. Organisations providing housing search, legal services, and related assistance.

6 300 Employment and training

Job training programmes. Organisations providing and supporting apprenticeships, internships, on-the-job training, and other training programmes.

Vocational counselling and guidance. Vocational training and guidance, career counselling, testing, and related services.

Vocational rehabilitation and sheltered workshops. Organisations that promote self-sufficiency and income generation through job training and employment.

Group 7 – Law, advocacy and politics

7 100 Civic and advocacy organisations

Advocacy organisations. Organisations that protect the rights and promote the interests of specific groups of people, e.g. the physically handicapped, the elderly, children, and women.

Civil rights associations. Organisations that work to protect or preserve individual civil liberties and human rights.

Ethnic associations. Organisations that promote the interests of or provide services to members belonging to a specific ethnic heritage.

Civic associations. Programmes and services to encourage and spread civic mindedness.

7 200 Law and legal services

Legal services. Legal services, advice and assistance in dispute resolution and court-related matters.

Crime prevention and public policy. Crime prevention to promote safety and precautionary measures among citizens.

Rehabilitation of offenders. Programmes and services to reintegrate offenders; includes halfway houses, probation and parole programmes, and prison alternatives.

Victim support. Services, counsel, and advice to victims of crime.

Consumer protection associations. Protection of consumer rights and the improvement of product control and quality.

7 300 Political organisations

Political parties and organisations. Activities and services to support the placing of particular candidates into political office; includes dissemination of information, public relations, and political fund-raising.

Group 8 – Philanthropic intermediaries and voluntarism promotion

8 100 Grant-making foundations
Grant-making foundations. Private foundations, including corporate foundations, community foundations, and independent public-law foundations.

8 200 Other philanthropic intermediaries and voluntarism promotion
Volunteerism promotion and support. Organisations that recruit, train, and place volunteers and promote volunteering.

Fund-raising organisations. Federated, collective fund-raising organisations; includes lotteries.

Group 9 – International

9 100 International activities
Exchange/friendship/cultural programmes. Programmes and services designed to encourage mutual respect and friendship internationally.

Development assistance associations. Programmes and projects that promote social and economic development abroad.

International disaster and relief organisations. Organisations that collect, channel and provide aid to other countries during times of disaster or emergency.

International human rights and peace organisations. Organisations which promote and monitor human rights and peace internationally.

Group 10 – Religion

10 100 Religious congregations and associations
Congregations. Churches, synagogues, temples, mosques, shrines, monasteries, seminaries, and similar organisations promoting religious beliefs and administering religious services and rituals.

Associations of congregations. Associations and auxiliaries of religious congregations and organisations supporting and promoting religious beliefs, services and rituals.

Group 11 – Business and professional associations, unions

11 100 Business associations
Business associations. Organisations that work to promote, regulate, and safeguard the interests of special branches of business, e.g. manufacturers' association, farmers' association, and bankers' association.

11 200 Professional associations
Professional associations. Organisations promoting, regulating and protecting professional interests, e.g. bar associations and medical associations.

11 300 Labour unions
Labour unions. Organisations that promote, protect, and regulate the rights and interests of employees.

Group 12 – (Not elsewhere classified)

12 100 Not elsewhere classified

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NFP Management Solutions Pty Ltd is the idea of Joanne Redburn and Lisa Bundesen. Both Joanne and Lisa have extensive experience working with non-profits and being involved with non-profits from a board, committee and volunteer perspective. Joanne and Lisa's combined legal and accounting qualifications and experience have allowed them to develop unique products and services for the sector.

NFP Management Solutions understand that managers, volunteers, staff, board or committee members of non-profits have limited time and resources to manage the business of their non-profit organisation. NFP Management Solutions also understand that non-profits are of varying size, from very small to very large, and in a diverse range of sectors. Non-profits also have different legal structures. With this in mind NFP Management Solutions provide:

- a series of NFP Toolkits complete with templates, polices, procedures and supporting documentation to assist non-profits to manage the business of their non-profit organisation
- training and workshops designed to inform and support board members, staff, volunteers and managers in managing and operating their non-profit
- consultancy services to support for non-profits on administration, governance, risk and accountability systems.

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AUSTRALASIAN SOCIETY OF ASSOCIATION EXECUTIVES (AUSAE)

The Australasian Society of Association Executives (AuSAE) is the peak professional association for Chief Executive Officers and other senior staff working in the Australasian non-profit sector. AuSAE is working hard in New Zealand and Australia to have association management recognised and respected as a profession. The AuSAE community comprises current senior association executives as well as aspiring association executives. Our members come from the broad spectrum of associations including business, professional, technical, trade, sporting, social service and civil society associations. We also have members from charitable, religious, educational and other interest associations and from various non-profit financial institutions.

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Excellence, integrity and innovation drive Clubs Queensland to:
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