

THE ANNUAL FINANCIAL MANAGEMENT CONFERENCE FOR NOT FOR PROFIT ORGANIZATIONS (NPOs)



Theme: Exploring Future Possibilities

Venue: Sarova Whitesands Beach Hotel & Spa – Mombasa

Date: 7th – 9th November 2018

Best Practices to Preventing, Detecting and Deterring Frauds in
NPOs

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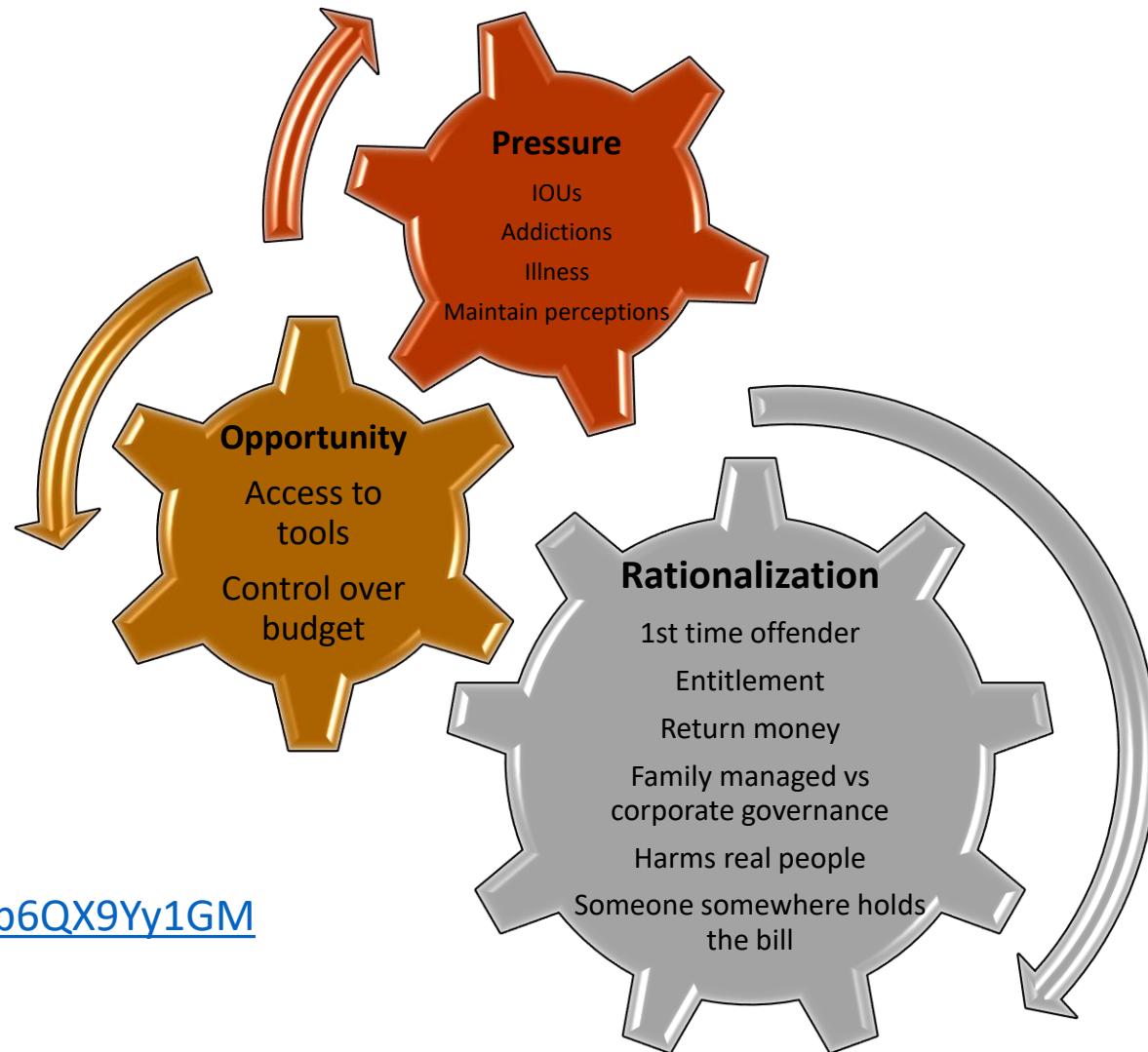
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Outline



- Introduction: Why is Fraud committed
- Why are NPOs vulnerable to Fraud
- Case Study and Exercise
- Best practices to preventing, detecting and deterring Fraud
- Conclusion

Introduction: Why is Fraud Committed



<https://youtu.be/Tb6QX9Yy1GM>

Why is Fraud Committed



Fraud Happens.....

- 4 words **precede** EVERY fraud

“It can’t happen here”

- 8 words **follow** EVERY fraud

“We didn't think it could happen to us”

Why are NPOs vulnerable to fraud



A Weak Internal controls?

B Use of Volunteers?

C Hiring employees on the basis of trust?

D No direct connection between input (\$\$) and output?

E Weak Governance?

F An “it cant happen here” attitude?

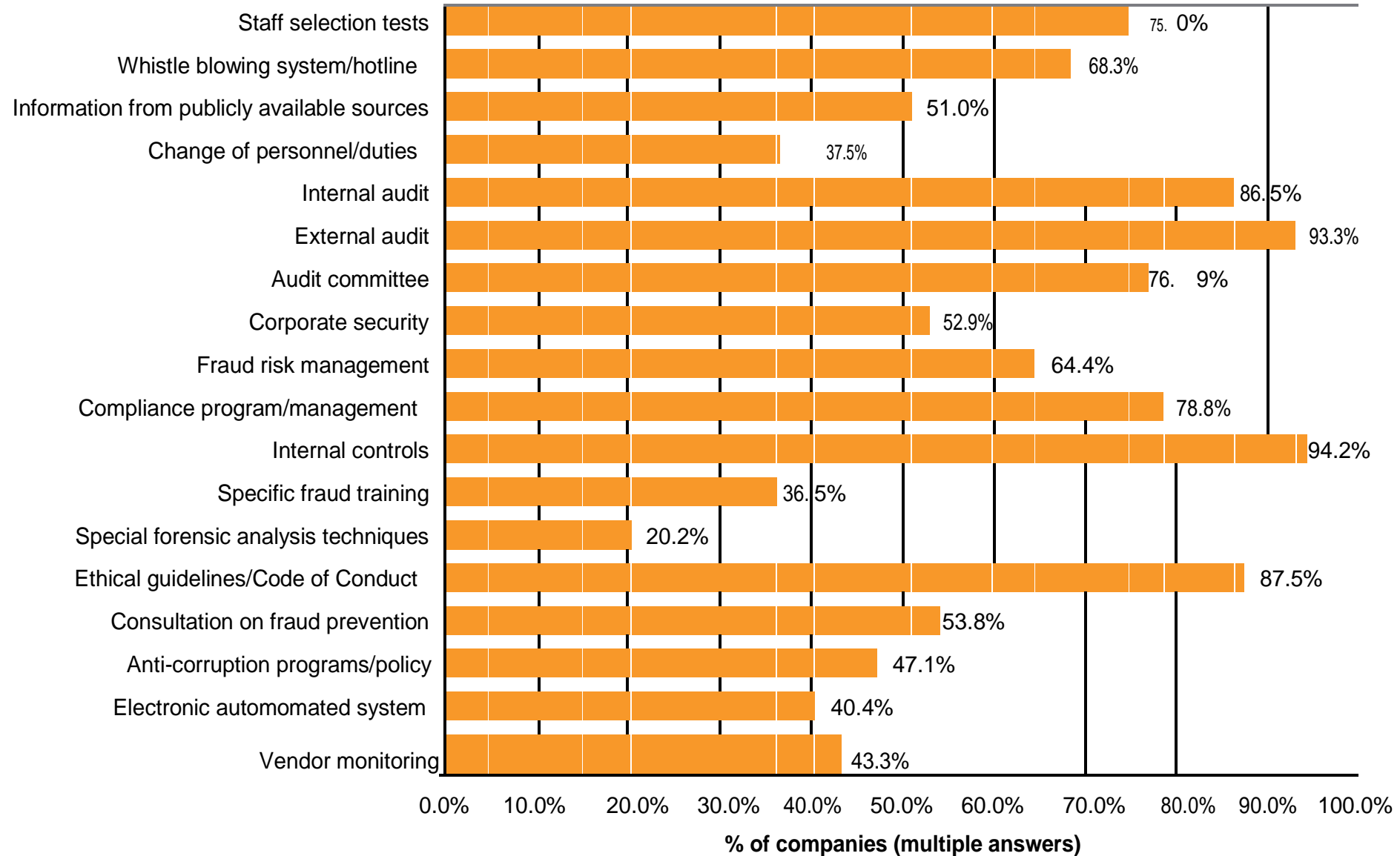
FRAUD CONTROL



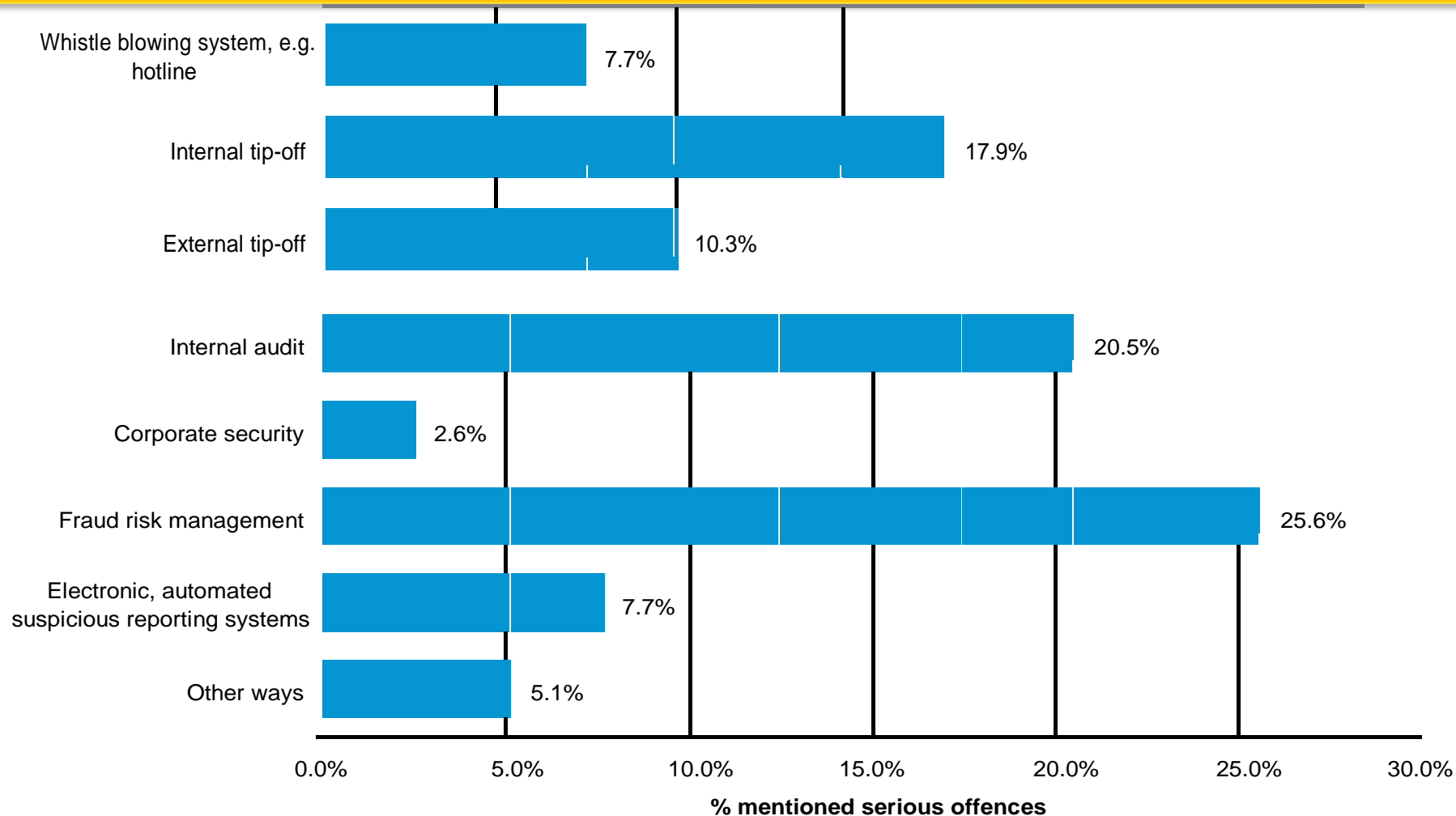
Case Study and Exercise

Fraud prevention techniques

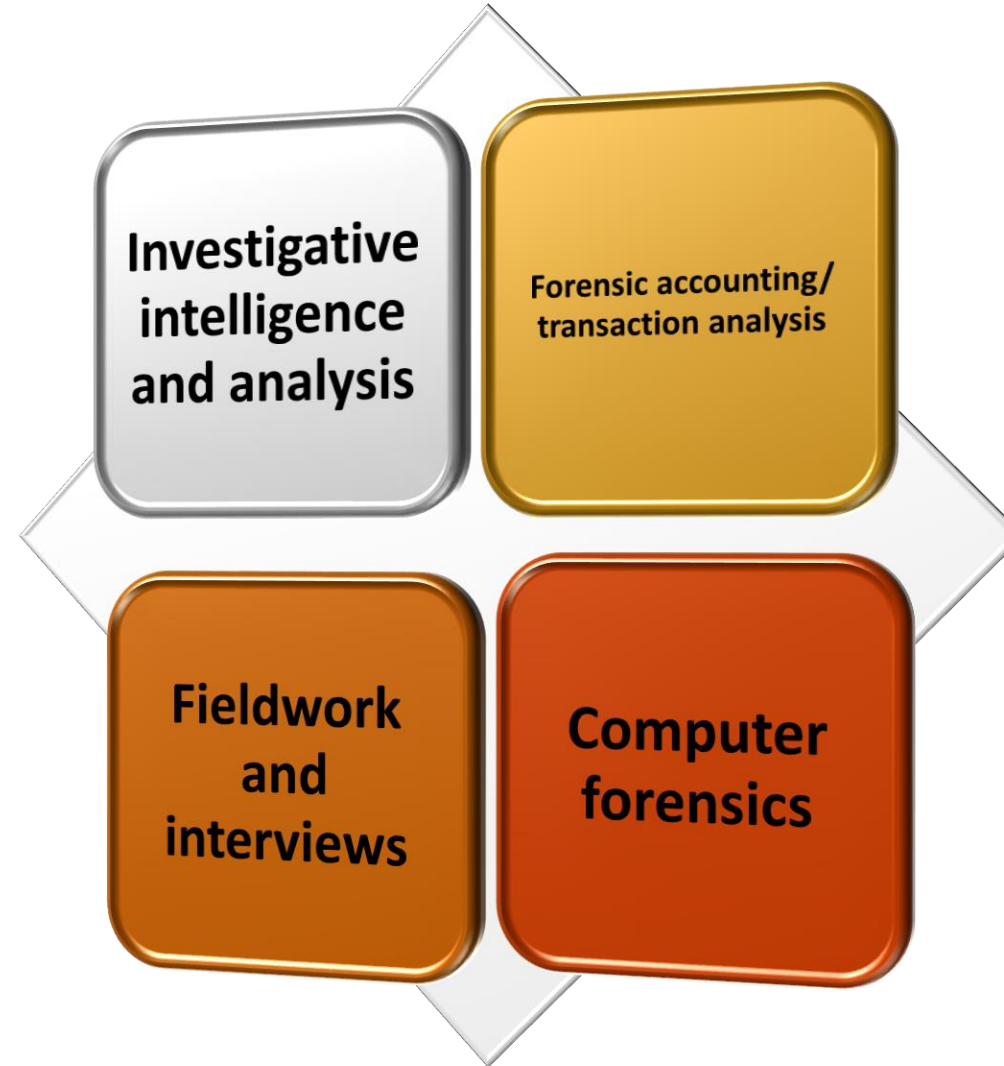
PricewaterhouseCoopers *Economic Crime Survey 2007.*



Proactive fraud detection is based on a simple fact: the vast majority of successful cases occur as a result of apparent accident or tip-off.



Fraud deterrence generally fall into four categories or skill-sets.



Conclusion



- Dealing with fraud **can be constructive, and forward-thinking**, and can position an organization in a **leadership role** within its industry or business segment.
- Strong, effective, and well-run organizations exist because management takes **proactive steps** to anticipate issues before they occur and to take action to prevent undesired results.
- The dynamics of any organization require an **ongoing reassessment** of fraud exposures and responses in light of the changing environment the organization encounters.
- Fraud is not a subject that any organization wants to **deal** with but the reality is most organizations experience fraud to some degree.

Safaricom sacks 43 employees over fraud, steps up risk assessment

TUESDAY, OCTOBER 30, 2018 20:43


The company made the disclosure in its 2018 sustainability report.

“Regrettably, we recognize that it is unlikely a business the size of ours will ever be free from fraud entirely and that **the better we get at detecting it, the more effectively it is concealed,**” says Safaricom in the report.

This year, the company added, it will conduct risk assessments at the departmental level, rather than divisional level, which will triple the number of assessments conducted within the year.

Although the firm did not specify the type of offences leading to each dismissal, some of the more common cases of fraud in the company in recent years have tended to involve **theft, asset misappropriation and unauthorized access to data systems.**





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Tales from Outside the Classroom