

Please provide us with answers to the fraud questions. The link for guidance to assist with this is as follows: <https://www.crowe.com/uk/insights/fraud-risk-assessment-non-profit> . however a list of the minimum number of questions we need answers are below:

• **What, in your view, are the risks of fraud in the entity? Both misappropriation of assets and fraud relating to financial reporting?**

We feel that the overall risks are low for both these areas. The general risk is low as there are not large-scale cash transactions, long supply chains, international transactions, complex instruments or grant making (in UK or internationally).

The limited risks we do have are mitigated by dual authorisation, budget setting with reference to historic actuals, quarterly monitoring by Committee and monthly accounts with budget variance analysis.

We recognise that criminal collusion between 2 or more staff could result in losses to the charity arising from fraud. This is a risk to any organisation and it is not possible to mitigate against it. Our sense is that whilst the impact could be high, the *likelihood* is low based on our knowledge and experience of our employed team and the requirement for there to be two people working together to plan and enact a one-off large scale fraud (theft) of this nature. Mitigation in this case would be after the event and include police and the criminal justice system.

Our internal measures also reduce the risk of a long term regular smaller scale fraud, such as payments made to non-existent staff or non-existent suppliers. Staff are set up by HR with payroll and recruitment segregated, the new recruitment software requires new staff to be approved by the CEO, The Director of People and the (Contract) Finance Director.

Payroll is prepared by HR team and scrutinised by the Director of People, the CEO and the (Contract) Finance Director. It is authorised for payment by two people, generally the CEO and the (Contract) Finance Director, but alternatively the Director of Operations.

Suppliers are set up by finance and payments are scrutinised by two authorising individuals. Background budgets, history and variance review by the (Contract) Finance Director and subsequently via the Finance and Resources Committee adds to security.

There are no obvious incentives for fraudulent financial reporting as we do not have performance related payments or other rationales for misstatements.

• **What are the general risks of fraud in this business sector, and how does this entity mitigate them?**

The Hospice sector comprises many small and local charities who each provide vital end of life care to a defined geography free to the users. The sector is funded partly by Govt grants (around 30%) and largely by donation, legacy, retail and lottery income, as we are. The general risk is low as noted above, with no large-scale cash transactions, long supply chains or international transactions etc.

The risks are low and our mitigations include dual authorisation, budget setting with reference to historic actuals, quarterly monitoring by Committee and monthly accounts with budget variance analysis.

• **How do you monitor and review management's process for identifying and responding to the risks of fraud in the entity?**

This is included on the Finance Risk Register and reviewed at alternate Committee meetings. It is included on the Corporate Risk Register and reviewed at alternate Board Meetings.

• **To what extent do you understand the controls management has put in place to mitigate those risks?**

The controls of dual authorisation (alongside approved authorisation levels) are understood as is the budget monitoring and variance analysis and reporting that is undertaken for the Committee and Board reports.

• **Has there been any actual or suspected fraud during the year? If so, please provide details.**

NONE

- Have there been any allegations of fraud during the year? If so, please provide details.

NONE