



# Charity Commercial Insurance Profile

## First Quarter 2021

### Protecting Organisations From Fraud During the Pandemic

While charities and not-for-profit organisations may be in the midst of trying to help others during a difficult year, it is an unfortunate truth that there are those who hope to take advantage of that goodwill.

Perpetrators planning to commit fraud and exploit charitable organisations are a serious threat that must be recognised, assessed and prepared for. Given that donations may also be down for many charities and not-for-profits this year, the potential for financial loss stemming from fraudulent acts may be even more devastating.

While there may currently be reason for optimism regarding the pandemic in 2021 due to the new vaccine, economic recovery will still take time. There will still be financial struggles in the future. As such, it is important for organisations to be aware of common fraud threats, such as:

- **Insider fraud**—Employees and volunteers within a charity may be facing financial stress that could push them to defraud or steal from the organisation.
- **Cyber-attacks**—Cyber-threats are a constant concern for charities, but may have become even more sophisticated and dangerous during the coronavirus pandemic. Phishing emails, social engineering schemes and other cyber-attacks may explicitly mention COVID-19 in an attempt to bait the target.
- **Financial statement fraud**—Employees within an organisation that is facing financial challenges may be tempted to make fraudulent adjustments to their financial documentation.
- **Procurement fraud**—During difficult times, employees, contractors, suppliers and other partners may be more likely to commit illegal or unethical activity, such as bribes or collusion.