

## Media Release

**4 February 2008**

**Strict embargo until Tuesday 5 February 2008**

### **Older workers defrauding not-for-profit sector**

Fraudsters who target not-for-profit organisations across Australia and New Zealand are men and women in their 40s who work in a non-accountancy role but have ready access to cash.

The finding is contained in the 2008 BDO not-for-profit fraud survey which has been released today. (Tuesday 5 February)

This differs from the widespread perception that fraud is perpetrated by younger people working in a business, BDO Kendalls partner Lisa Bundesen said.

Ms Bundesen warned the state of the world economy is also impacting on fraud in the sector.

“Some of the reasons cited by fraudsters were financial problems/pressures and the maintenance of a lifestyle,” she said.

“So while you may not think that rising interest rates, rising house prices and the issues in the US economy are relevant to not-for-profit businesses, think again.

“In times like this, more people will face financial pressures and are more likely to succumb to the opportunity to ease the stress of their financial situation.

She said the largest number of frauds reported among the 384 respondents occurred in organisations in the \$1m to nearly \$10m turnover group with 186 individual fraud cases reported.

Other key findings include:

- the average value of the largest frauds in not-for-profit organisations was \$45,527;
- only 8 per cent of fraud was committed by unpaid volunteers;
- the most common motivator for fraud was financial problems and pressures;
- the majority of respondents did not report the fraud to police;
- 20 per cent of organisations did not sack the person who had committed the fraud; and
- cash theft and kickbacks/bribery were the most common types of fraud perpetrated.

Ms Bundesen said since the last survey was released in 2006, the dollar value of the fraud had increased but the number of organisations suffering from fraud had decreased from 19 to 16 per cent.

She said organisations in the \$34 billion sector are recognising they have been “too trusting” of their employees and volunteers.

“They also realise the damage that fraud causes to the brand and reputation of the organisation,” she said.

Ms Bundesen said while the results of the survey were positive overall, there was still room for improvement.

“A not-for-profit organisation should not become complacent, vigilance will always be imperative,” she said.

The survey was produced in conjunction with the Not-For-Profit Network, an organisation providing specialised services, publications and events that facilitate the sharing of information, skills, experiences and resources within the sector, Sherrena Buckby of the Queensland University of Technology and Professor Peter Best of the University of Southern Queensland.

Ends.

**For further information please contact:**

Helen Pham of BDO Kendalls on 07 3237 5713 or 0413 727 242

Nadia Farha of Three Plus Consulting on 07 3503 5700 or 0408 535 993.

**Note to editors:**

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