

Internal Audit & Loss Prevention in Charities

Charities have existed for a long time and as time has progressed there has also been some advancement in the manner that charities have used the media and other forms of advertisement and promotion to attract more and more donations. However, in the sophisticated world today where corruption is rampant in certain sections of society and where white collar crimes are becoming increasingly abundant day by day there is cause for concern that charities also be regulated. The Charities Act of 2006 in the United Kingdom has defined a charity to be an institution that has been designed and established as a charitable organization and for such proposes (Great Britain). A charitable purpose may be many but the broader ones that are defined by the Act are those purposes which would help in prevention of poverty, for the advancement or religion, education health and other forms of good that would help an individual to help improve their way of life.

Charities have existed in every nation across the globe. Some are making headways in the elimination of starvation in the African nation while others are working to provide health care. Many charities are established for the purpose of the promotion of religious activities. Now there has been concern over the amount of corruption that has been on the rise in charities and that a lack of any impartial auditing in charities has led to rampant corruption. In the United Kingdom a Bribery Act 2010 has been enacted in order to minimize the risk of bribes taking place (Ministry of Justice). Bribery was already considered to be a crime after the enactment of the Corruption Acts 1889 -1916 and the common law also provided some stiff obstacles. The law was, however, outdated and needed a reformation and due to the seriousness of the offence on the rise at a daily basis there was a need to improve on the law that was outdated, fragmented