

Fostering a Culture of Honesty and Transparency about Fraud



devon **audit** partnership



Auditing for achievement

Feeling / Reality?

- Many public authorities still report little or no fraud detection.
- All major publications and studies on fraud indicate that levels continue to rise.
- Losses estimated at close to £8 Billion a year in the Public Sector alone.



Is honesty the best policy?

- “There is a myth that detecting little or no fraud provides assurance that little or no fraud is being committed.”
- “Organisations that report little or no detected Fraud are generally higher risk than those that detected significant levels of fraud”
- “Fraud detection levels provide a useful indicator as to the level of commitment of individual organisations to tackle fraud”

Protecting the English Public Purse 2015

Honesty is always the best policy

How do the public expect us to react to fraud



What does your counter fraud policy, strategy and risk assessment say that you do?

Compare that with your own published Transparency Data

Ask yourself, how long until you experience a serious, damaging and public fraud?

Had you done everything you could to prevent it?

What are your losses?

Fraud losses are not just about the money, other losses can hurt you as much if not more –

- Reputational Damage
- Workplace moral
- The threat to life or serious injury
- Criminal and or Civil liability
- Ongoing Service availability

Remember who the real victims are – staff and members of the public. *

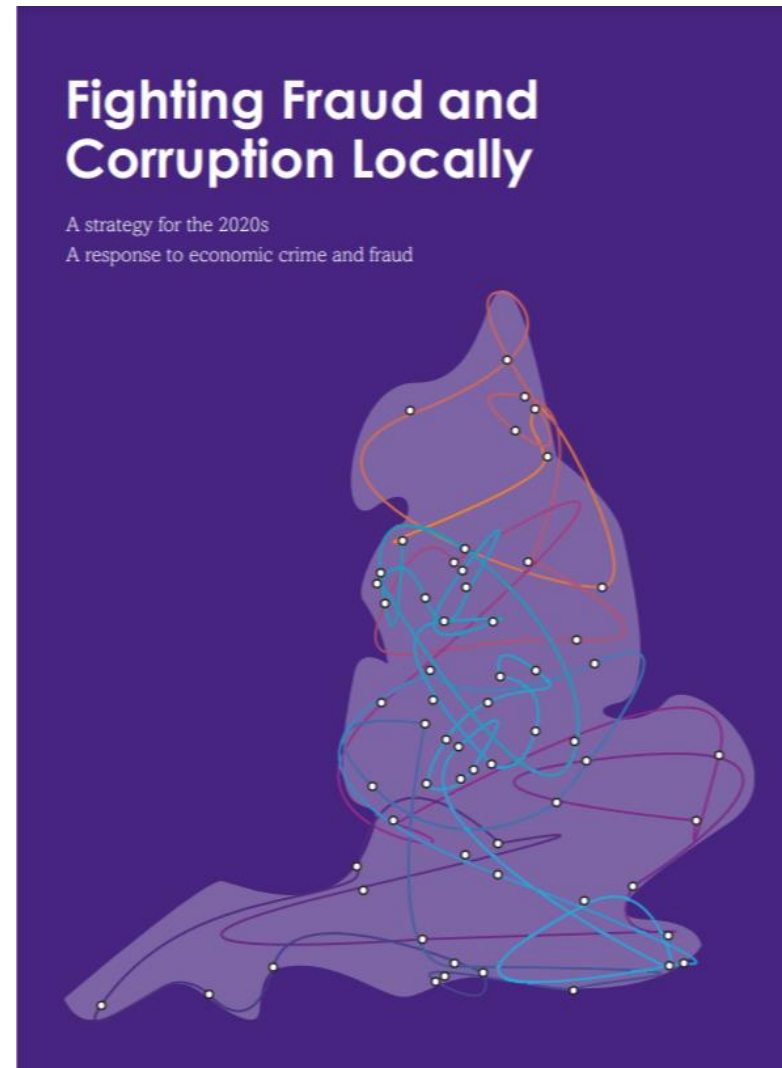
What's the up side to being honest about fraud?

- Assurance
- Savings
- Positive public relations
- Its what the public expect
- Improved staff moral
- Fraudsters will be deterred



Where to start?

- Governance
- Acknowledge
- Prevent
- Pursue
- Protect
- Follow the checklists. You will not get it all done today.
- Let fraudsters and the public know that fraud is on your radar and that you intend to do something about it.
- Make sure you follow through on the commitment.



Something to consider

- Section 4 Fraud Act 2006

Fraud by abuse of position

(1) A person is in breach of this section if he—

(a) occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person,

(b) dishonestly abuses that position, and

(c) intends, by means of the abuse of that position—

(i) to make a gain for themselves or another, or

(ii) to cause loss to another or to expose another to a risk of loss.

(2) A person may be regarded as having abused their position even though their conduct consisted of an **omission** rather than an act.

Public Sector (Nolan) Principles

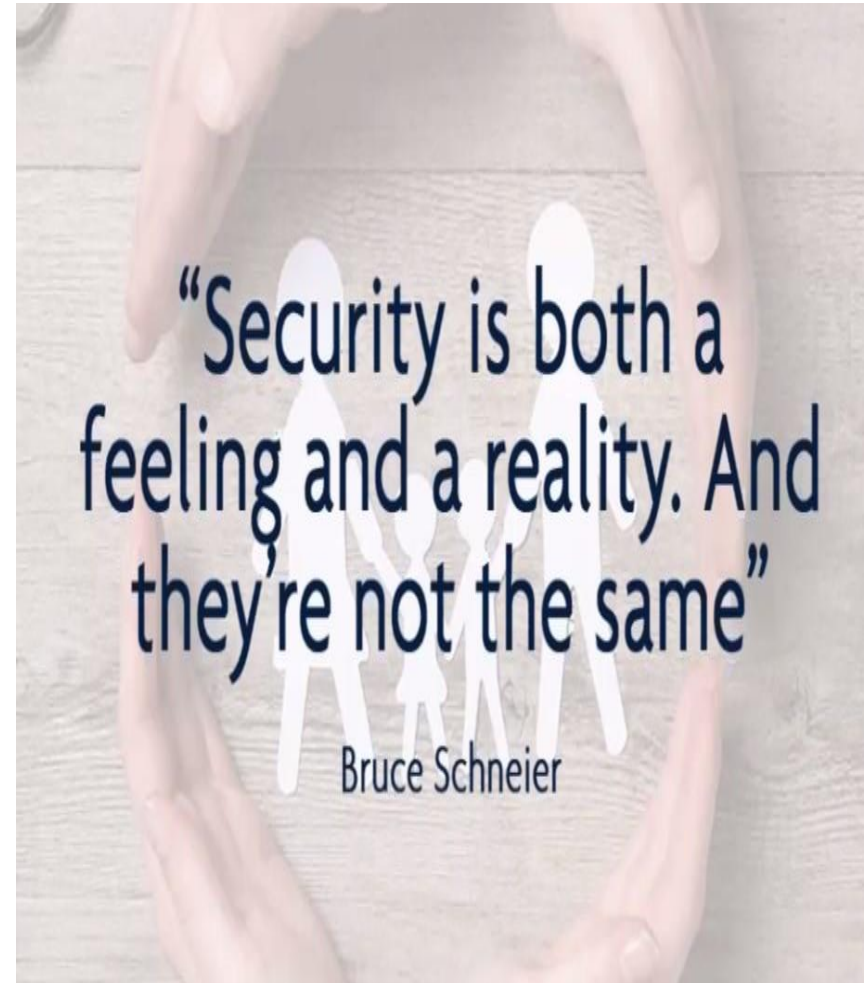
- **Selflessness** - Holders of public office should act solely in terms of the public interest.
- **Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Public Sector (Nolan) Principles

- **Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty** - Holders of public office should be truthful.
- **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Remember

- Having a Policy will not protect you on its own.
- If you don't actively look for fraud you will not find any.
- When you do find fraud, pursue the offender and publicise results.
- Use the findings to improve your fraud resilience.



Questions?

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