



Government
Counter Fraud
Function

Tackling Public Sector Fraud

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Scale of the challenge & lessons learned

- Min **£29bn** lost each year across public sector - fraud and error
- COVID-19 led to further attacks by fraudsters, stimulus support losses - **c£15bn** in addition annual losses estimated so far
- Banks and card companies prevented £1.6bn of losses in 2020, while unauthorised financial fraud losses across payment cards, remote banking and cheques totalled **£783.8m** (*UK Finance: 2021*)
- Charities reported almost **£8.6m** of lost funds in 2020/21 (*Charity Commission press release: 2021*)

Lessons learned

- Prior to the development of the Function model c2018 - silo and ad hoc support in reactive way
- Risk not at the heart of the response, tools, services
- Central coordination, codification of approach nor guidance available
- Result- very low levels of fraud detected, prevented, recovered
- Lack of capability to counter fraud (*NAO report: 2016*)

Functional model

- 1) setting cross-government strategies
- 2) setting and assuring standards
- 3) developing capability
- 4) giving expert advice
- 5) driving continuous improvement
- 6) developing and delivering services



Building capability - Building a Profession

7,000 members from **45** organisations including central and local government, and policing

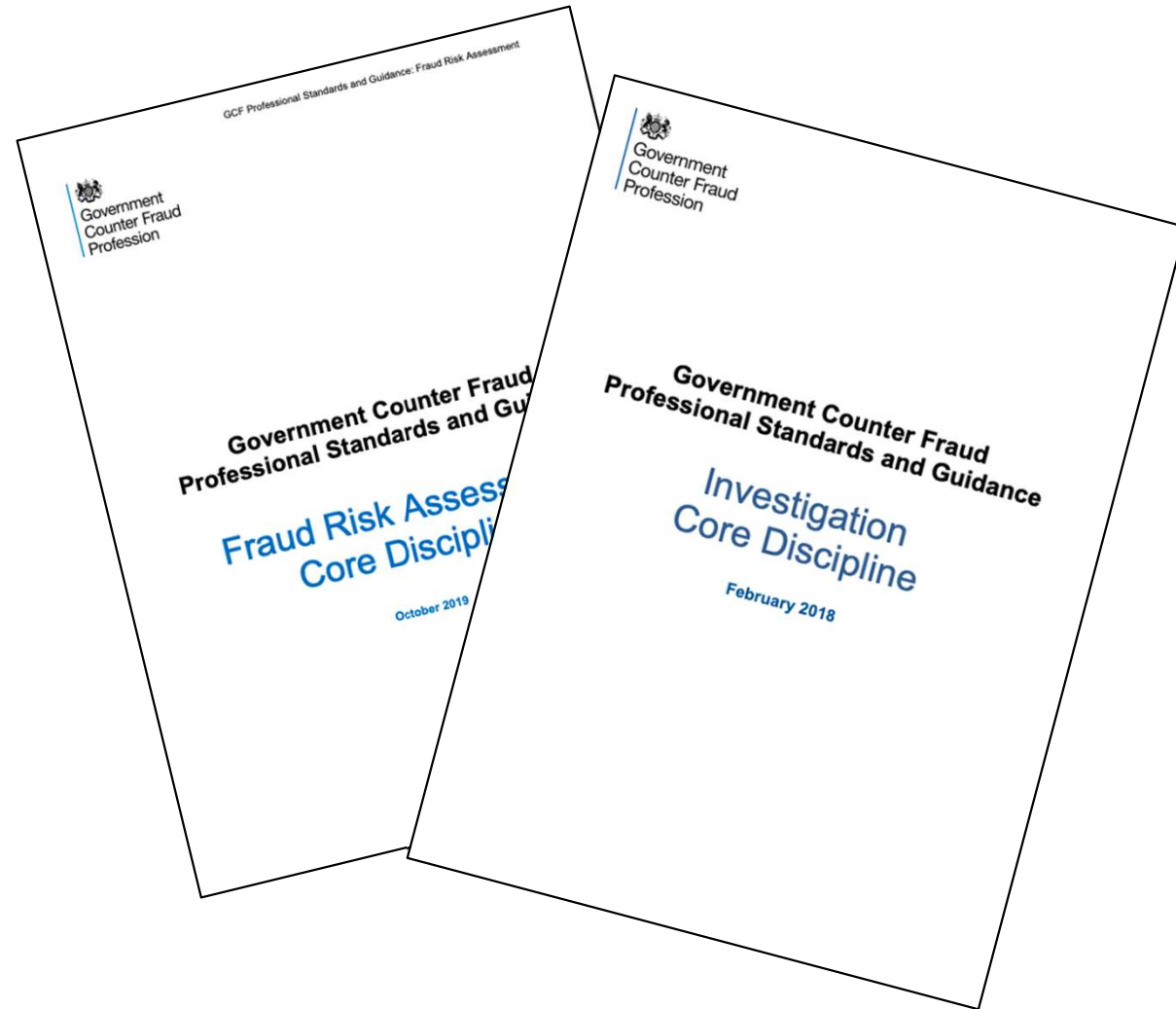
Organisational benefits

- A single shared body of knowledge
- Transparency for organisations - who has skills, deployment of specialists
- Recognition of more than one profession
- Access to learning and development and best practice
- Reduce the harm and loss caused



Setting standards

- The Investigation and Fraud Risk Assessment Professional Standards and Guidance are available on GOV.UK
- These Professional Standards contain guidance for implementing a consistent approach to Fraud Investigation and Fraud Risk Assessment in central government





Career pathways

Training the next generation of counter fraud professionals, and providing opportunities to develop a wide range of skills and continuous development of established professionals:

Counter Fraud Investigator
Apprenticeship

Functional Leadership
Development Programme

Fraud Risk Assessment
training

Government Counter Fraud Profession Membership

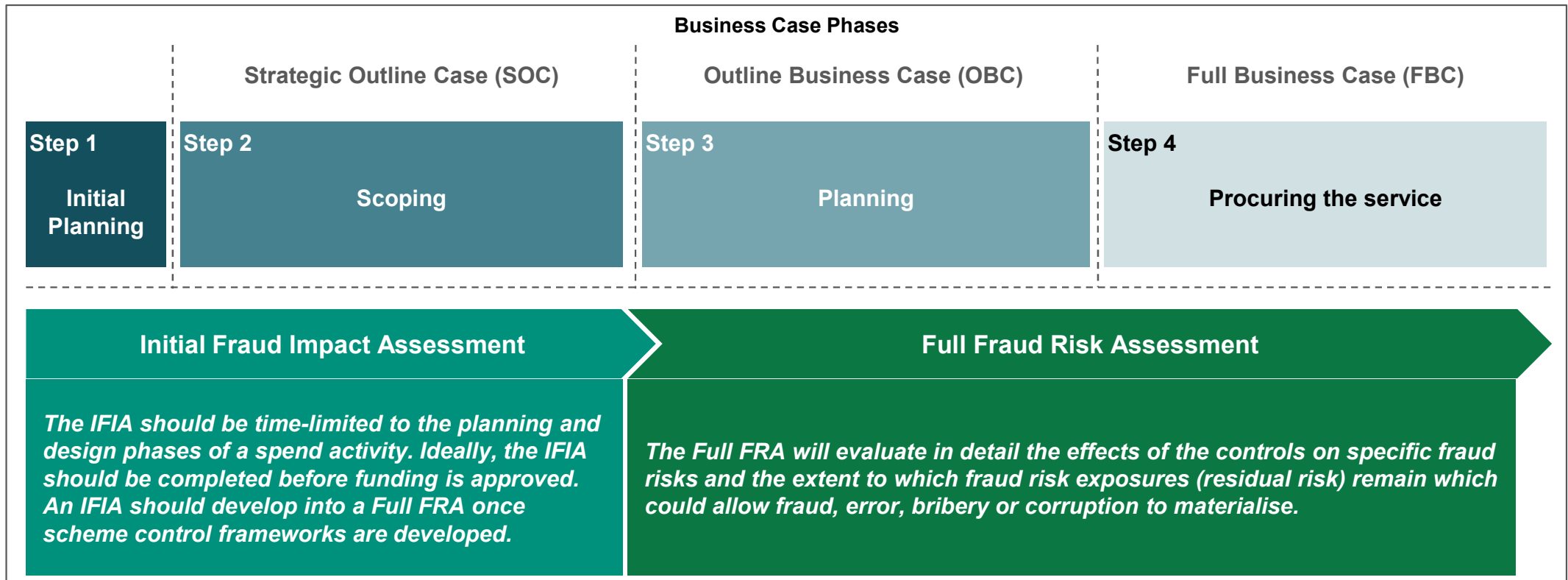
- Recognition and credibility for those with counter fraud knowledge, skills and experience.
- Access to Standards, guidance and products to help develop and build their career.
- Be part of an active community with access to regular counter fraud updates, dedicated Knowledge Hub group and the Public Sector Counter Fraud Journal.

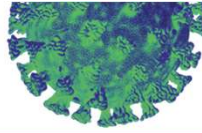
Fraud Risk and IFIA

- An Initial Fraud Impact Assessment (IFIA) is a high level fraud, bribery and corruption impact assessment that gives an overview of some of the main fraud risks and challenges facing an individual business unit, project or programme.
- The IFIA is a specific recommendation by the Public Accounts Committee (PAC). They recommended to “introduce mandatory [initial] fraud impact assessments that require formal sign off from the Counter Fraud Function for all Government Major Project Portfolio programmes”
- IFIAs will provide early assessment of the need to resource counter fraud activity, including mapping out counter fraud requirements throughout the project life cycle. It should help to identify when the proposed design needs to be adapted or changed in relation to counter fraud concerns.
- It will help to drive prioritisation of a Full Fraud Risk Assessment, which must be undertaken once scheme control frameworks are designed.

Risk at the heart of counter fraud

The process flow below illustrates when an IFIA and Full FRA should be completed against the different phases of business case development.





COVID-19 Principles for Controlling Fraud in an Emergency Situation

1

Accept there is inherently a high risk of fraud, and likely to happen

2

Integrate fraud control resources into the policy and process design to build awareness of fraud risks

3

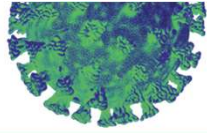
The business and fraud control should work together to introduce low friction countermeasures to prevent fraud risk wherever possible

4

Carry out targeted post event assurance to look for fraud, ensuring access to fraud investigation resources

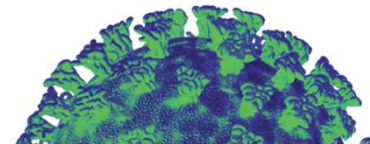
5

Be mindful of the shift from emergency payments into longer term services and revisit the control framework - especially where large sums are invested



What are the key lessons learned during COVID- 19?

1. **Trusted expertise** is critical
2. **Trusted structures** to identify different types of counter fraud expertise
3. **Challenges for less mature organisations** to react quickly - especially with a broader threat
4. **Up front fraud risk assessment** - at pace and longer term detailed assessments
5. Seeking to **resource fraud and compliance up front** in high risk areas
6. Accountability and **incentive structures**
7. Having a **can do mindset** - understand the problem, but make a difference



Future state - how we can do more

1. Continue to **build and invest in capability**
2. **Bring more structure and practice** to key areas - fraud risk assessment, scheme design
3. **Focus on evidenced outcomes** from our counter fraud work
4. **Work together with common cause** - across organisations, sectors and countries
5. **Continue to get better with data** - putting it in the hands of decision makers and counter fraud/compliance units
6. **Rethink our response**
7. Be **'can do'** in our approach





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Questions ?

For further information contact the team

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