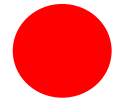


Welcome to:

We will start in a few minutes



Webinar briefing on
Creating an anti
fraud culture

A bit about me...

... and a bit
about logistics



Chat panel

How can we talk?



Key areas to cover:

- Landscape
- What is an anti fraud culture?
- Why is it important ?
- How do you create it?
- Roles and responsibilities
- How do you measure it?
- The CIPFA CFC

Landscape

- Fraud is on the increase
- UK Annual Fraud Indicator : £52bn
2013
- Kroll study: 70% of companies
reported at least 1 type of fraud in
2013

Types of fraud

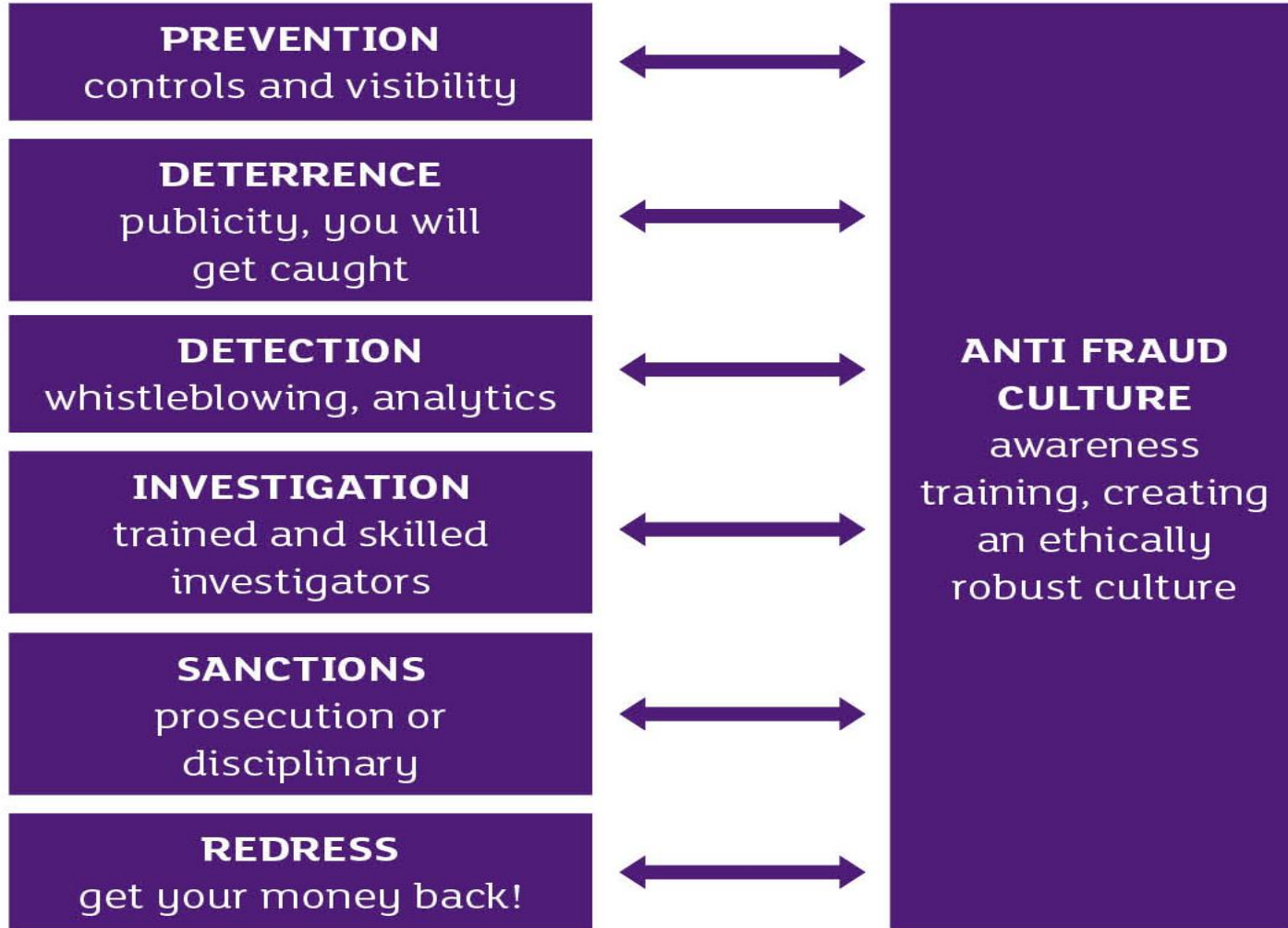
- UK : Insider, procurement, grants, information theft, cyber, enablers: identity, false documents. Fraud against charities, fraud against individual
- Across the world: Procurement, Insider, Information Theft, Cyber.
- Can having a robust anti fraud culture make a difference?

A robust strategy

- Anti Fraud Culture
- Prevention
- Detection
- Deterrence
- Investigations
- Sanctions
- Redress

What do they mean?

- The tone from the top.....



Prevention and Detection

- Closing the gateway
 - Controls
 - Publicity
 - Knowing your risks
 - Whistleblowing
 - Sharing information
 - Pre-employment screening



Case Study - Transparency

- As part of a transparency initiative an organisation put details of suppliers on line. They were called by the supplier asking to change their bank details.
- The staff member took the details and changed the account, the next 2 payments went to the fraudster before it was raised - when the genuine supplier called up to find out where their money was!
- If there had been training and publicity about this type of fraud it could have been prevented

Mandate Fraud

EVERYONE WAS HIT

- Losses ranged from £138 up to £1,101,165 in construction
- One LA stopped £2.6m,
- KPMG reported a case of up to £5m
- National Employment Savings Trust £1.4m

Case Study – Duplicate /False Invoices

- Construction company won a contract and submitted invoices for work.
- A charge on an invoice was accidentally paid twice by the organisation to the supplier.
- Supplier realised mistake had not been spotted so started to submit invoices with exaggerated amounts and went on to submit invoices for work not carried out.
- Staff realised the project was over budget with work incomplete and began querying payments
- Construction company went bankrupt
- Could have been prevented by controls and fraud awareness

Some solutions

- Ask for it in writing
- Don't put all details on line
- Check your contractors
- Use of analytics
- Revolving door policy
- All staff awareness
- Whistleblowing
- Understanding bribery and corruption
- Controls
 - Vote



Top ten tips for preventing employee fraud

1. Prevention is better than cure.

On average, it costs over £4,000 to recruit someone (source: CIPD).

2. Use a risk-based approach.

Recognise that screening is a part of (albeit, an important part of) insider threat management.

3. Identity is the most important check.

Failure to check someone's identity renders any further checks based on uncorroborated identity worthless.

4. Use a number of sources to ensure reliability.

Don't rely on only one check. Reliability is significantly improved by checking several factors.

5. Know the source of any reference.

Don't rely on employment, professional, academic references from uncorroborated individuals or organisations.

6. Check the authenticity of official documents and numbers.

Top Ten tips

6. Check the authenticity of official documents and numbers.

7. Use the right Criminal Record Checks where appropriate.

More detailed information about criminal history is required for (and restricted to) specific occupations and work environments.

8. Share information about former employees lawfully.

Instead, consider using controlled, transparent, consensual, and secure registers to check candidates' previous conduct.

9. Use readily available research tools.

10. Check existing employees, contactors and temporary workers regularly.

Employees' circumstances change over time, so renew checks at appropriately regular intervals, and apply relevant checks to specific risks rather than a purely hierarchical approach.

Vote

Deterrence

- Sending out the message that fraudsters will be caught
 - Publicity
 - Whistleblowing
 - Awareness campaigns
 - Culture workshops
 - Transparency
 - Tone from the top
 - There are consequences

Insider

Sheriff found guilty of fraud

"A former sheriff of Nottingham was yesterday found guilty of masterminding a fraud to steal thousands of pounds from public funds."

£10,681 after forging signatures on expenses cheques and making false expenses claims, the court had heard. The jury at Birmingham Crown Court took nearly three days to find him guilty on seven charges of fraud and four charges of theft.

Also a local politician transferred a large amount of grant aid, intended for community groups, into his own bank account.

Investigations, Sanctions and Redress

- Investigations where appropriate
 - Publicity
 - Properly trained staff
 - Outcomes
 - Criminal, civil, disciplinaries
- Get your money back and let people know about it know!



Insider Fraud

A new caretaker was employed. The vetting officer noticed an issue on the birth certificate.

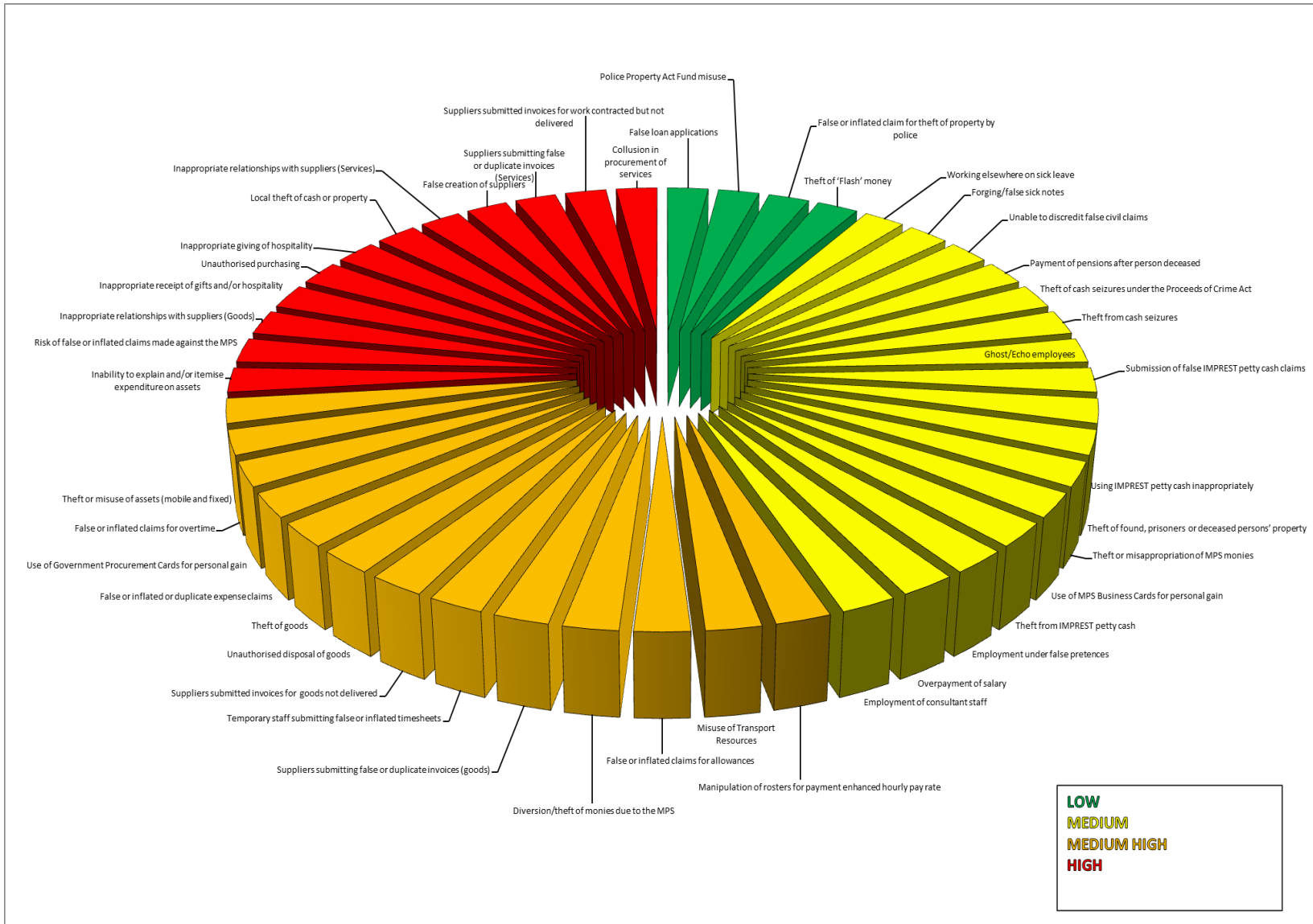
Police visited the address

14 water coolers, security vests, laptop, memory sticks, passports, cash.

7 years custodial

Collaboration

- The prosecution of individual benefit claimants who failed to declare ownership of properties, a computer business, bank accounts resulting in confiscation orders being granted for £5,000, £8,496.96 and £7,489.61.
- The prosecution and conviction of three people for housing benefit fraud valued at £11,917.01. The financial investigation uncovered offending worth £2,583,376.87 through buying and selling properties using false identities. A confiscation order secured monies held in accounts and properties in London and St Kitts which when realised will give both teams a percentage share of £300,000.
- The prosecution and jailing of a person who used two identities to claim benefit in Enfield and Waltham Forest resulting in a confiscation order for £543,000 of which Enfield received £48,000.



Risks

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Procurement Fraud

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- Pre-Tender
- Tender Evaluation
- Post Tender



About CIPFA

- About CIPFA
- Contact CIPFA
- Conference centre
- Press Office
- Regions
- Panels

Services

- FM Model
- Networks
- Property

Members

- Become a member

Events

- Book a place at a conference, training course or other CIPFA event

Journals

- Public money and

Publications

- Buy a publication

Students

- Sign up for news

- Sign up here for news updates

The Role of Whistleblowing

Integral to an anti fraud culture

Public Concern at Work Best Practice tips:

- **Lead from the top**
- **Keep the message fresh**
- **Train and retrain**
- **Build staff trust**
- **Confidence is key**
- **Tell them the good news**
- **Encourage openness**
- **Manage expectations**

Section 3 - Exploring the myths

Key stats from Public Concern at Work's whistleblowing research



Roles and responsibilities

- Its up to you
- Tone from the top
- Something happens
- Publicity
- Zero tolerance– what does it mean?

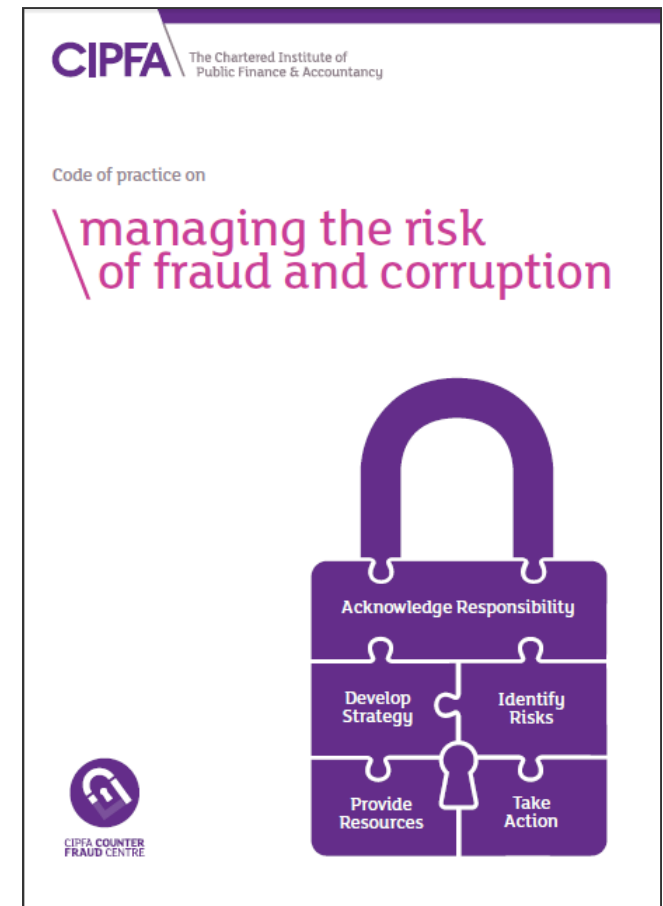
Measuring it?

- Culture workshops
- Surveys
- E-learning
- Increase in referrals
- More confidence in whistleblowing lines
- Risk Registers

- Is there any action? Walking the talk.

CIPFA's code

- Applicable to all public service organisations
- Supports good governance and strong public financial management
- Voluntary and principles based to allow flexible application
- Builds on Red Book 1 and 2



Counter Fraud Centre

Public Sector wide includes central and local government and the third sector

Centre includes:

- New Tools and Services
- Qualification and CPD
- E-learning
- Fraud Risk Wheels
- Good Practice, including CIPFA Code
- Good practice bank and cases studies
- Network directory
- Supplier listings
- Newsletter
- Alerts
- Free toolkits e.g. packs on vishing, mandate fraud, etc



**Are they
really one of
your regular
suppliers?**

**Invoice fraud – check twice,
or pay the price**

What does this all mean for the practitioner?

- Increased profile for good counter fraud practice
- Buy in from key organisations and influencers - helps you get support and buy in locally
- Provide a code that can be consistent across the public sector
- Guidance for those supporting and championing good governance – including counter fraud

★ Wrapping things up...



Contact me



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