

Welcome to

We will start in a few minutes



COVID-19: fraud risks and the government's response

Introductions



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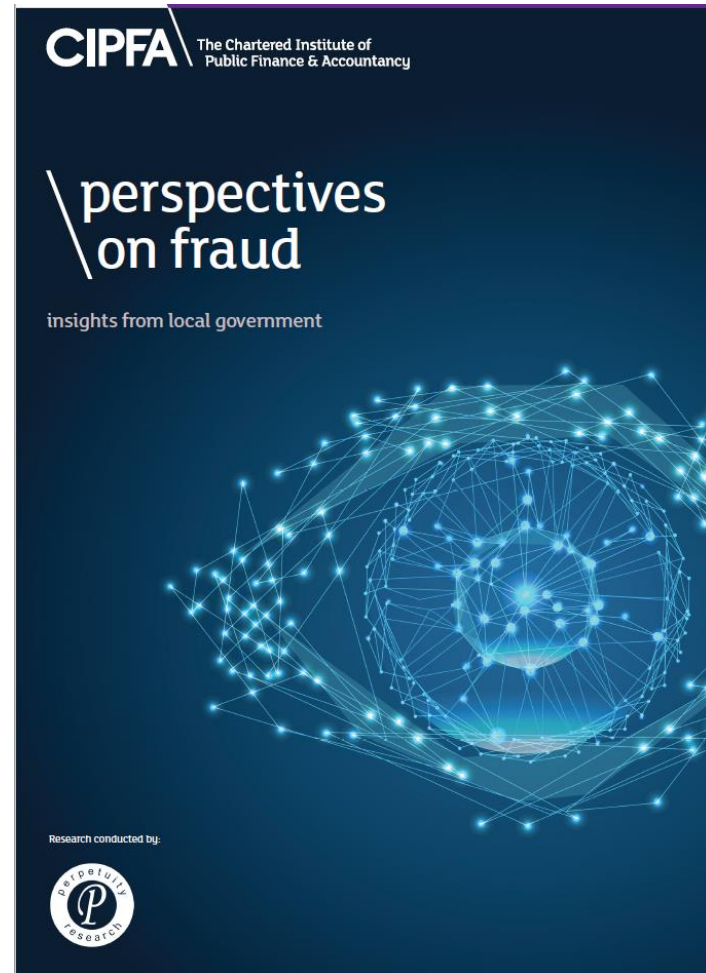
Mark Cheeseman
Director, Government Counter Fraud Function,
Chair of the Counter Fraud Profession Board
Counter Fraud Centre of Expertise

... and a bit about logistics

COVID-19

Emerging fraud risks

Even under business as usual circumstances, fraud is a major threat to councils and public services. The new research CIPFA launched on 31st March found that 64% of senior council officers view fraud as a major problem.



<https://perpetuityresearch.com/3370/new-research-report-published-on-tackling-fraud-in-the-public-sector-a-local-government-perspective/>

Factors contributing to heightened risk

Urgency in delivery

- implications for due diligence and verification

Working with new suppliers/partners or existing suppliers in new ways

- due diligence and verification at pace

Staff redeployed to COVID-19 response/increased sickness levels

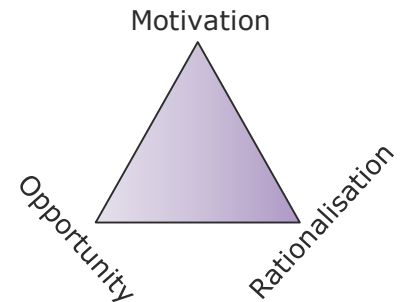
- impact on segregation of duties and monitoring
- impact on Counter Fraud teams
- impact on BAU activities and staff taking on unknown roles

Increased levels of remote working

- impact on information security
- impact on oversight/monitoring

Increased levels of financial hardship/uncertainty

- impact on motivation and rationalisation to commit fraud



Fraudsters and organised criminals will take advantage of the crisis and these risks

Potential frauds to look out for...

Mandate and invoice fraud

Impersonation fraud

- claimants for assistance
- claiming to be staff or volunteers

Application fraud

- individuals falsely claiming assistance
- companies falsely claiming assistance
- fictitious companies/charities set up to fraudulently claim assistance

Cyber-enabled frauds

- phishing or smishing
- clone websites

Procurement and supply chain fraud

- fictitious or unqualified companies entering the supply chain
- overcharging or duplicate claims by existing suppliers
- exploitation of single sourcing to use related companies

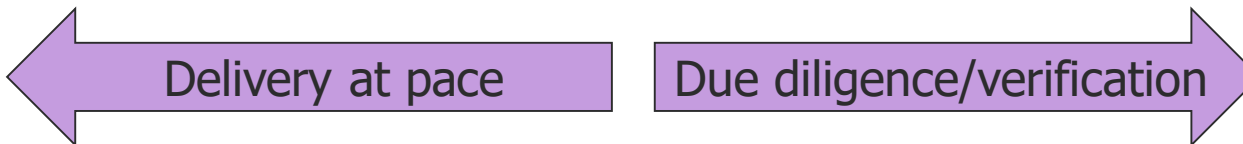
...both in a professional and personal capacity

More on risks to the supply chain

Publication of new Public Procurement Notices to respond to COVID-19

- Responding to COVID-19 (procuring goods, works, services in extreme urgency)
- Supplier Relief due to COVID-19 (guidance on payment of suppliers to ensure continuity of service)

Challenges of balancing:



Many of the usual 'red flags' of fraud and corruption may be the result of urgency so more difficult to identify

CIPFA and LGA guide:

'Protecting your supply chain from fraud', highlighting the risks and possible mitigations

www.cipfa.org/counterfraudcentre

Open Book Contract Management:

Recommended in Action Note PPN 02/20 as a clear process to support the challenges caused by COVID-19

www.cipfa.org/obcm

Prevention and preparation

Research showed that prevention is key to fighting fraud and corruption in the public sector, both now and in the future

Don't forget the good habits you already have

- supplier due diligence and set up
- verification on requests to change bank accounts
- conflict of interest checks
- communicate that fraud will not be tolerated and how to report concerns

Just because it's a crisis situation, doesn't mean everything is urgent

Ensure that all decisions are documented

- to allow for verification post crisis
- to ensure transparency in decision-making
- to protect yourself and the organisation

If something looks too good to be true it probably is!

Additional Resources

CIPFA Counter Fraud Centre:

<https://www.cipfa.org/services/counter-fraud-centre>

Cabinet Office:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875844/Fraud-Control-in-Emergency-Management-COVID-19-UK-Government-Guidance.pdf

Fraud Advisory Panel Covid-19 watch group:

<https://www.fraudadvisorypanel.org/covid-fraud-watch-group/>

National Cyber Security Centre:

<https://www.ncsc.gov.uk/guidance/suspicious-email-actions>

<https://www.ncsc.gov.uk/report/weekly-threat-report-27th-march-2020>

The Take Five campaign:

<https://takefive-stopfraud.org.uk/>

Offers three simple steps to protect yourself against fraud: Stop. Challenge. Protect.

National Crime Agency:

<https://nationalcrimeagency.gov.uk/news/fraud-scams-covid19>

Questions



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