the resilience to fraud of the uk public sector
research into how well uk public sector organisations protect themselves

jim gee, mark button and ian r cook
## contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 executive summary</td>
<td>2</td>
</tr>
<tr>
<td>2 background</td>
<td>5</td>
</tr>
<tr>
<td>3 the nature of the data</td>
<td>7</td>
</tr>
<tr>
<td>4 detailed analysis</td>
<td>9</td>
</tr>
<tr>
<td>5 overall analysis</td>
<td>17</td>
</tr>
<tr>
<td>6 conclusion</td>
<td>19</td>
</tr>
<tr>
<td>appendix 1: weightings</td>
<td>21</td>
</tr>
<tr>
<td>about the authors</td>
<td>24</td>
</tr>
<tr>
<td>about the publishing organisations</td>
<td>25</td>
</tr>
</tbody>
</table>
This Report considers how well the UK Public Sector protects itself against fraud. It is the most comprehensive report of its type ever undertaken.

Fraud is a problem which undermines the stability and financial health of organisations across the economy. It is not a victimless crime, but one which piles additional costs on us as consumers, undermines our job security as employees, reduces the value of companies for us as shareholders, denies the beneficiaries of charities the full benefit of the donations which we make, and denies us the quality of public services which we pay for as taxpayers.

Fraud can be hugely damaging to any organisation, but especially so to public sector bodies. Furthermore, fraud in the public sector (for example in the NHS, or local authority social services) often has the sort of direct, negative impact on human life that is not found elsewhere.

Across the UK economy as a whole, the Government’s National Fraud Authority estimates that £38.4 billion is lost, with £21.2 billion of the losses (55.2 %) occurring in the public sector. This reflects a change over the last decade or so, where it has become possible to measure the financial cost of fraud in a statistically valid and highly accurate manner.

The Report is published at a time when the Government is having to make serious reductions in public expenditure, reductions which will impact on the quality of services for many years to come and which will result in significant job losses. It is particularly appropriate at such a time to examine how well public sector organisations are protected against the unnecessary cost of fraud.

When PKF and the Centre for Counter Fraud Studies at University of Portsmouth considered the extent of fraud resilience in the UK they surveyed 267 public sector bodies, each of whom responded to 29 questions based on the latest professional standards in this area. By focussing in on these public sector bodies, this Report provides an unprecedented insight into the strength of arrangements to protect them against fraud.

The authors of this Report support the development of work, over the last decade, to treat fraud as a business issue like any other — something to be quantified and assessed, with clear metrics showing the speed of progress in reducing its cost and impact. Historically, this has not been the case. Hoping that it will not happen, or at best reacting when it inevitably does, simply does not constitute a viable approach in the 21st Century.

The development of the counter fraud profession (exemplified in the 13,000+ people who now hold Foundation, Advanced, Degree or Masters level Counter Fraud Specialist or Certified Fraud Examiner qualifications in the UK) and of proper professional standards, like any other area of professional life, have made it possible to do much better.

As this research shows, we can now consider where the weaknesses are which allow fraud to take place, and take pre-emptive action to minimise losses. This Report provides a view of the fraud landscape, which every UK public sector body should take note of. Being serious about the provision of public services surely must include ensuring that that those services are not deprived of funding which is intended for them.

The authors of this Report are committed to research such as this making a real difference. By expanding the extent of knowledge that the public sector holds about their own arrangements, we can help to ensure better quality decisions are taken. The research has allowed the creation of Europe’s most comprehensive database of fraud resilience information. At Appendix 2 to the Report, we have highlighted a low cost ‘Fraud Resilience Check’ benchmarking service for public sector organisations who want to know more.

PKF and the Centre for Counter Fraud Studies at the University of Portsmouth will repeat this research regularly and report our findings. We all have a right to know how well protected our public services are against the dishonest minority who would defraud them.

Jim Gee
Director of Counter Fraud Services, PKF (UK) LLP
and
Chair of the Centre for Counter Fraud Services, University of Portsmouth
executive summary
1 // executive summary

1.1 This report is the most extensive and most comprehensive report yet undertaken into the resilience of UK public sector bodies to fraud.

1.2 267 organisations responded to a survey questionnaire which was widely distributed. They included organisations such as:

- Government departments
- Executive agencies
- Non Departmental Public Bodies
- NHS bodies
- Local authorities
- Higher education institutions
- Fire and rescue services and
- Police services

1.3 Each organisation answered 29 questions about the effectiveness of their arrangements to counter fraud. These questions covered every aspect of the work:

- Adopting the right strategy
- Accurately identifying the risks and costs
- Creating and maintaining a strong structure
- Taking action to tackle the problem
- Defining success and delivering results

1.4 The Report’s key findings show that, overall, public sector bodies achieved a mean score of 34.4 (and median of 36) out of a possible score of 50. This compares with a mean score among private sector companies of 30.6 and charity sector organisations of 24.2.

1.5 Public sector bodies performed best overall but with significant variations between the three biggest parts of the public sector:

- NHS bodies had a good average score of 44.4
- Local authorities had an average score of 38.1
- Central government department, agencies and non-departmental public bodies had an average score of 36.7
- Higher education institutions had a poor average of score of 28.9 and will be the subject of a separate special report.
- Fire and Rescue Service and Police Services did not respond in sufficient numbers to develop a credible average score

1.6 The Report provides a detailed breakdown of how each major part of the public sector protects itself against fraud, in each area surveyed.

1.7 Public sector organisations performed best in the following areas:

- Ensuring the prompt reporting of possible fraud
- Providing clear guidance on the conduct of investigations
- Ensuring that those undertaking investigations have the necessary powers
- Considering seeking to apply criminal, civil, disciplinary and regulatory sanctions where fraud is found to be present

1.8 It is interesting that these areas all relate to reactive work to counter fraud - after losses have been incurred - whereas performance in respect of proactive work to pre-empt the fraud happening in the first place, is not as good.

1.9 Public sector organisations performed worst in the following areas:

- Estimating the financial cost of fraud (only 21 - 42% do this)
- Using losses estimates to make judgements about how much to invest in countering fraud (only 21 - 48% do this)

1.10 In addition, among central government organisations and local authorities (but not in the NHS), there should be concern about

- The number of organisations who do not monitor the development of anti-fraud cultures (38% and 43% respectively)
- The significant number who do not deploy analytical intelligence techniques to detect potential fraud (55% and 40% respectively)
- The significant number who do not review the effectiveness of counter fraud work (53% and 44% respectively)
// executive summary

1.11 Among central government organisations only, there should be concern about

- The significant number where counter fraud staff are stated not to have received professional training (51%)
- The significant number where they do not receive refresher training (42%).

1.12 Overall, the assessment of this Report is therefore that public sector bodies are better protected against fraud than private sector companies or charity sector organisations. However, 17% of public sector bodies, almost a fifth, performed worse than the average score for private sector companies.

1.13 And there was a wide variety of performance. Given that the source of funding for public sector bodies is the same - taxation - then a key question is whether there should be such wide differences in the extent to which this funding is protected against fraud. Out of a potential score of 50, five public sector bodies scored 14 or less but 66 bodies scored 47 or more.

1.14 A clear task for public sector bodies is to ensure that they consistently protect public funds to the highest possible standards.
2 //
background
2 // background

2.1 In 2009 the Centre for Counter Fraud Studies (CCFS) published its first report: The Resilience to Fraud of UK Plc. This highlighted inherent weaknesses in the strategies and structures in place in the public and private sector to counter fraud. The report was the first of its type and was based upon the latest professional standards for counter fraud work. The authors were able to assess the extent to which these standards were met from a prior survey of many organisations in the public and private sectors. The 2009 research had not been designed to fully encompass all of the relevant professional standards, so only a partial assessment was possible. It also did not cover the voluntary sector.

2.2 In 2010 the CCFS and PKF, the top ten accountancy and business services firm, decided to conduct a bespoke survey of the public, private and voluntary sectors fully reflecting relevant standards. The survey included 29 questions which assess the extent to which respondents meet all the standards relevant to effective resilience against fraud.

2.3 The overall results represent the most accurate assessment which has ever been undertaken of how well UK Plc is developing strategies and structures to counter fraud and were published in ‘The Resilience to fraud of UK Plc’ in February 2011. They depict the relative effectiveness of different types of organisations – the first landscape of counter fraud work in the UK. Comparatively the public sector was found to have more fraud resilience than the private and charity sectors. This Report focusses in on the public sector and analyses what the results mean.

2.4 To conduct the research, invitations to participate were sent out which directed respondents to the survey website ‘Survey Monkey’, to fill in a questionnaire online. Additionally some public sector bodies were targeted with paper questionnaires to complete.

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1 The Chartered Institute of Public Finance and Accountancy (CIPFA) ‘Managing the Risk of Fraud’ guidance which one of the authors of this Report (Jim Gee) jointly wrote.
3 //
the nature of the data
3 // the nature of the data

3.1 The researchers received 267 usable questionnaires from public sector bodies.

3.2 Those responding are necessarily self-selecting. It is likely that they represent those bodies who are more interested in this area of work and, consequently, who may also have better arrangements in place than is the case generally. Thus this Report probably presents a more optimistic picture of what is happening than is actually the reality. This should be remembered where the answers to particular questions reveal that professional standards are substantially not being met.

3.3 The Report assesses the answers given to 29 questions. In respect of each one, a graph and then a brief analysis of the response is set out. At the end of the question by question analysis an overall assessment has been undertaken. An approach is used where each of the 29 answers has been weighted. The allocation of points has been determined on the basis of the relative importance of each aspect of counter fraud work.
detailed analysis
4 // detailed analysis

4.1 This section of the Report looks at each aspect of resilience to fraud and the nature of the response from the public sector bodies which were surveyed. It looks at the answers to the 29 questions in the survey, broken down into five key areas:

- Adopting the right strategy
- Accurately identifying the risks and costs
- Creating and maintaining a strong structure
- Taking action to tackle the problem
- Defining success and delivering results

4.2 It then looks at the overall picture and considers what this means.

Adopting the right strategy

4.3 Question 1 - Does the organisation have a written counter fraud and corruption strategy?

4.4 The starting point for any sound attempt to minimise the risk of fraud is to have a strategy to counter it. Each major part of the public sector scored well in this area.

4.5 Question 2 - Does the strategy have a clear objective of better outcomes (i.e. reduced losses to fraud) and not just activity (i.e. the number of investigations, prosecutions, etc.)?

4.6 Having clear intended outcomes and not just seeking to generate activity is very important. Mere activity represents a cost which an organisation has to bear, while activity directed to achieve beneficial outcomes (for example, a reduction in fraud losses and the consequent financial benefits) can represent an investment in a much greater return. Overall, the scores of each of the three major parts of the public sector were good, but it should be noted that more than 20% of central government organisations did not have outcome-based objectives.

4.7 Question 3 - Has the strategy been directly agreed by those with executive authority for the organisation?

4.8 It is very important for senior Directors with executive authority to have bought into the strategy and to understand the real difference that effective counter fraud work can make. All three parts of the public sector scored well with scores in excess of 90%.
4 // detailed analysis

Accurately identifying the risks and costs

4.9 Question 4 - Are fraud and corruption risks included in the organisation’s Risk Register (or equivalent)?

4.10 It is important that organisations understand the financial and reputational risk that fraud and corruption represent, that they record this systematically and thus can consider how to mitigate such risks. It is worrying that almost 30% of local authorities do not include fraud risks in their risk register.

4.11 Question 5 - Does the organisation seek to estimate the total economic cost of fraud to it?

4.12 It is also worrying that less than 50% of each part of the public sector accurately estimate the cost of fraud. This is important in developing a proportionate, properly resourced strategy to counter it. There is therefore much more scope for the public sector to improve in this area. After all, if you do not know the nature and scale of the problem, how can you implement the right solution?

4.13 Question 6 - Does the organisation use estimates of losses to make informed judgements about levels of budgetary investment in its work countering fraud and corruption?

4.14 It is worrying that less than 50% of each part of the public sector use information about the cost of fraud to assess what they should spend on countering it. This implies that the driver to do something to counter fraud is currently reputational and regulatory, rather than financial, considering the financial benefits to be derived in this area.

4.15 These are areas where progress is urgently needed, as recent statements from Rt Hon Francis Maude MP, the Cabinet Office Minister responsible for fraud, and Eric Pickles, the Secretary of State for Communities and Local Government, have made clear.

Creating and maintaining a strong structure

4.16 Question 7 - Do those tasked with countering fraud and corruption have any special authority to pursue their remit effectively?

4.17 Fraud is a difficult issue and can sometimes involve those in positions of relative power within organisations. This means that, to effectively counter it, it can be important to have a degree of special authority. NHS and local authority counter fraud staff have such authority specified in primary or secondary legislation;
some central government departments also have special authorities in this area. Overall, the responses reflect a situation where many public sector counter fraud staff do have special authority to undertake their work.

4.18 Question 8 - Are reports about work to counter fraud and corruption discussed at Board level?

4.19 Board-level discussions about fraud can be an indicator of how seriously an organisation takes this problem. However, the fact that just over 14% of NHS bodies, 16% of central government organisations and 23% of local authorities did not do this is worrying. Fraud is present (hidden or apparent) in any organisation of a reasonable size. It is also clearly preferable for such discussions to anticipate (and thus seek to pre-empt) such problems than for them to occur in reaction once a significant fraud has happened.

4.20 Question 9 - Have all those working to counter fraud and corruption received the specialist professional training and accreditation for their role?

4.21 This question elicited some widely divergent results. Under 50% of responding central government organisations (49.09%%) indicated that they had professionally trained staff to counter fraud, however, 73% of local authorities responded positively and 94% of NHS bodies. In the case of local authorities, professional training is strongly valued by the Audit Commission, and in the case of the NHS there is a requirement in secondary legislation. This shows how clearly defined professional standards can make a real difference. The question enabled a broad range of courses to be considered as professional training and accreditation, so the figure for central government organisations is particularly disappointing.

4.22 There are a wide variety of professional training courses available to enhance the professionalism of counter fraud staff. In the authors view, the most widely recognised is the Accredited Counter Fraud Specialist (ACFS) qualification, with over 13,000 people who have successfully gained it. It is comprehensive, properly assessed and tested and linked to subsequent Diploma, Degree and Masters qualifications. Professional training provides greater assurance about the quality of the work undertaken and there is clearly still some work to be done in this respect.

4.23 Question 10 - Are those working in counter fraud and corruption regularly update and refresh their skills?

4.24 Again, this question elicited a poor response from central government organisations with more than 40% of them not ensuring that their counter fraud staff regularly refresh their skills. Much better results among local authorities and NHS bodies show what is possible.

4.25 Question 11 - Are checks undertaken on the propriety of new staff (beyond simply reference checks)?

4.26 It is important to screen prospective staff, to ensure that they meet high standards of propriety and that those with a history of dishonesty or deception are not employed in positions where this would make them a risk. There are now professional standards for the ‘propriety checks’ process. The action taken includes assessing CVs for accuracy, checking references, and undertaking various financial and legal checks.

4.27 Responses to this question showed that central government organisations do take pre-employment checks seriously, and, probably, the 80% positive response rate reflects normal civil service security checks.

4.28 Among local authorities, the response is disappointing with more than 40% not undertaking such checks. The NHS, again, does best in this respect.

4.29 Question 12 - Are there formal and informal relationships in place with relevant external agencies or organisations (e.g. the police, specialist legal firms who advise on civil litigation?)

4.30 In terms of having in place the relationships with other agencies and organisations which might be needed, if a substantial fraud occurs, the survey indicated that only 53% of local authorities had formal links in place, with comparable figures for NHS bodies and central government organisations, being 78% and 71% respectively.

4.31 Fraud is potentially both a crime and a civil legal issue and it is important to develop relations with bodies which can enhance the effectiveness of those countering fraud. Ideally these should be on a formal basis, but could also be informal.
Taking action to tackle the problem

4.32 Question 13 - Does the organisation have a clear programme of work attempting to create a real antifraud and corruption culture?

4.33 97% of NHS bodies indicated that they had a clear programme of work to create an anti-fraud culture, but only 71% of central government organisations and 74% of local authorities did. Pre-empting fraud is very important and developing an anti-fraud culture (growing the size of and mobilising the honest majority) is central to achieving that.

4.34 Question 14 - Has the organisation made clear that it has a zero tolerance approach to fraud and corruption?

4.35 Compared with answers to the previous question, over 90% of each major part of the public sector claimed to have a ‘zero tolerance’ approach to fraud and corruption. Making it clear that fraud is not tolerated is important, as long as this does not accompany a view that fraud can be reduced to ‘zero’ or become a meaningless slogan. Given the nature of the problem, it is unrealistic to expect to reduce it to ‘zero’ – it can, however, be reduced to an absolute minimum (at present found to be just under 1%).

4.36 Question 15 - Are there arrangements in place to evaluate the extent to which a real antifraud and corruption culture exists or is developing throughout the organisation?

4.37 Big differences again emerged in response to this question, with more than 60% of central government organisations and 55% of local authorities not evaluating the extent to which their efforts to create an anti-fraud culture were successful. This contrasts with almost 90% of NHS organisations responding positively. If work is undertaken then it is just common sense to see if it is having the desired effect.
4 // detailed analysis

4.38 Questions 16 - Does the organisation attempt to create a strong deterrent effect?

4.39 If fraud can be deterred then it does not need to be detected or investigated. All three major parts of the public sector overwhelmingly stated that they undertook work to create a strong deterrent effect. However, underlying data derived from Question 17 (not fully analysed in this Report) concerning what is done to achieve this goal casts some doubt on these figures.

4.40 If the risks that a potential fraudster faces are not publicised to them, then it is difficult to see how they can be deterred. Among local authorities and central government organisations, less than half of each group publicised information about the risks of being detected and less than half of central government organisations sought to publicise the hostility of the ‘honest majority’ to fraud. In contrast, the underlying NHS figures generally match the overall response to this question.

4.41 As with the responses to the questions about culture, it may be that there is a significant divergence in central and local government between what organisations know needs to be done and the extent to which this actually happens.

4.42 Questions 18 - Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?

4.43 Another aspect of pre-empting fraud is work to design weaknesses out of processes and systems which might otherwise have allowed fraud to take place. All three major parts of the public sector indicated overwhelmingly that they did undertake such work.

4.44 Questions 19 - Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?

4.45 Learning from failure is an important element of any strategy. Formally building this into fraud investigations is therefore essential. Between 93 - 98% of the three groups of organisations indicated that they undertook such work. A more in depth question will be asked for next year’s survey to find out more about how such work takes place.

4.46 Question 20 - Does the organisation have a formal or informal policy setting out how it tries to detect possible fraud?

4.47 This approach helps to shorten the length of time that a fraud continues and to reduce the related losses. Among all three major parts of the public sector, there was a mid-80s percent positive response, however, this does mean that between 15 - 20% of organisations don’t have a clear, agreed view on how they intend to detect fraud.

4.48 Question 21 - Are analytical intelligence techniques used to examine data and identify potential fraud and corruption?

4.49 Nearly 80% of NHS bodies were covered by analytical intelligence techniques, however, there is clearly room for improvement in central and local government with 55% and 40% respectively not utilising such techniques. Perceived barriers include the costs involved, however the view of the authors of this Report is that it is possible to undertake such work cost-effectively.
4.50 Question 22 - Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?

4.51 Once a fraud is discovered it is vital it is quickly investigated. All three parts of the public sector had over 90% of respondent organisations doing this.

4.52 Question 23 - Is the organisation's investigation work carried out in accordance with clear guidance?

4.53 Once reported, then a prompt investigation conforming to professional standards and legal requirements should proceed. Investigating fraud can be complex and it is necessary to comply with various legal requirements. Some risks are posed which can lead to the potential failure of the investigation. Having clear guidance in place on how an investigation should be undertaken is essential. All three parts of the public sector had over 90% of respondent organisations saying that they applied clear guidance.

4.54 Question 24 - Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?

4.55 Investigating potential fraud is a difficult job and it is important to have the necessary powers to be effective. In all three parts of the public sector over 90% of respondent organisations stated that those undertaking investigations did have the necessary powers.

Sanctions and redress

4.56 Question 25 - Does the organisation have a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present?

4.57 Applying proportionate sanctions consistently and effectively to those who are found to have undertaken fraud, is another important element of a resilient approach. Around 94% of respondent organisations from each part of the public sector indicated that they had such a policy in place.

4.58 Question 26 - Are all possible sanctions – disciplinary/regulatory, civil and criminal – considered?

4.59 97 / 98% of respondent organisations answered Yes to this question. However, if we had asked ‘regularly used’ rather than ‘considered’ we suspect the results may have been very different. It is very easy to ‘consider’ applying sanctions, but actually seeking to do so is a different matter.

4.58 Question 26 - Are all possible sanctions – disciplinary/regulatory, civil and criminal – considered?

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4.58 Question 26 - Are all possible sanctions – disciplinary/regulatory, civil and criminal – considered?

4.60 Question 27 - Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?

4.61 In addition to applying sanctions, recovering losses is also very important. After all, the most pernicious aspect of fraud is that it diverts resources from where they are intended. In the public sector this impact is probably more severe than elsewhere so it is therefore surprising to find that between 10 - 25% of public sector bodies (depending on which part of the public sector) did not have such a basic policy in place.

4.62 Question 28 - Does the organisation use the criminal and civil law to the full in recovering losses?

4.63 The criminal law concerning fraud is primarily intended to be used to punish individual fraudsters while the civil law is used to recover losses. All three parts of the public sector do reasonably well in responding to this question, however it is noticeable that more than 25% of central government organisations answered No. The authors of this Report believe that this reflects an unwillingness to use civil litigation to recover losses. Further research will be conducted in this area. It may well be that views of the complexity and cost of civil litigation not longer reflect the developing reality, where such litigation can be undertaken on a low risk, low cost basis.
Question 29 - Does the organisation regularly review the effectiveness of its counter fraud work against agreed performance indicators?

Reviewing and measuring the effectiveness of counter fraud work is essential. Properly undertaken, counter fraud work can represent an investment in a much greater financial return; undertaken poorly, it will just be another cost. Therefore developing performance indicators and considering if they have been met is important. The fact that the NHS has clear processes for reviewing the effectiveness of its counter fraud work is reflected in the responses to this question; the poor response from (especially) central government organisations, as well as, to a lesser extent, local authorities, is of significant concern. Put simply, there may well be a significant number of organisations who are not getting the best value that they can from the counter fraud work that they are undertaking.
overall analysis
5 // overall analysis

5.1 The answers to the questions which have been reviewed above were weighted by the authors of this Report to allow comparisons. This was done by applying professional judgement derived from many years specialist experience of both undertaking and studying such work.

5.2 The process is inevitably, to some extent, subjective, but the alternative of not weighting answers is worse and would have ignored the different relative importance of individual aspects of work to counter fraud. The weightings are listed in Appendix 1.

5.3 Overall, the public sector sector achieved a mean score of 34.4 and median of 36 out of a possible score of 50.

5.4 The standard deviation – which measures the spread of scores around the mean score – showed a variation in performance of 7.4 in the public sector.

In which areas did the public sector perform best?

5.5 Public sector organisations performed best in the following areas:

- Ensuring the prompt reporting of possible fraud
- Providing clear guidance on the conduct of investigations
- Ensuring that those undertaking investigations have the necessary powers
- Considering seeking to apply criminal, civil, disciplinary and regulatory sanctions where fraud is found to be present

5.6 It is interesting that these areas all relate to reactive work to counter fraud - after losses have been incurred - whereas performance in respect of proactive work to pre-empt the fraud happening in the first place, is not as good.

In which areas did the public sector perform worst?

5.7 Public sector organisations performed worst in the following areas:

- Estimating the financial cost of fraud (only 21 - 42% do this)
- Using losses estimates to make judgements about how much to invest in countering fraud (only 21 - 48% do this)

5.8 In addition, among central government organisations and local authorities (but not in the NHS), there should be concern about

- The number of organisations who do not monitor the development of anti-fraud cultures (38% and 43% respectively)
- The significant number who do not deploy analytical intelligence techniques to detect potential fraud (55% and 40% respectively)
- The significant number who do not review the effectiveness of counter fraud work (53% and 44% respectively)

5.9 Among central government organisations only, there should be concern about

- The significant number where counter fraud staff are stated not to have received professional training (51%)
- The significant number where they do not receive refresher training (42%).
6 //

conclusion
6 // conclusion

6.1 This Report provides new information which was not previously available about where public sector bodies are well or badly protected against fraud. No individual organisations are identified but the analysis does provide a ‘map’ of the public sector fraud landscape and should inform the work of responsible organisations.

6.2 It shows that there is still much progress to be made as we seek to make the UK’s public sector bodies properly protected against fraud and able to devote the greatest possible proportion of their resources to provide the quality of public services which taxpayers pay for and deserve.

6.3 In the view of the authors of this Report, this should contribute to an Agenda for further progress in the years to come.
Appendix 1

Weightings
## Appendix 1 // Weightings

The following weightings were applied, as described above:

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Fraud is a problem which undermines the stability and financial health of organisations across the economy. It is not a victimless crime, but one which piles additional costs on us as consumers, undermines our job security as employees, reduces the value of companies for us as shareholders, denies the beneficiaries of charities the full benefit of the donations which we make, and denies us the quality of public services which we pay for as taxpayers.

Global research shows that fraud costs organisations an average of 4.6% of expenditure but also that this figure varies considerably according to how resilient to fraud they are.

PKF (UK) LLP and the Centre for Counter Fraud Studies (CCFS) at University of Portsmouth have jointly undertaken the most extensive and most comprehensive research yet in this area and now have Europe’s largest fraud resilience database with information from public sector, as well as charity and private sector, organisations.

by combining specialist experience and academic rigour…

PKF and the CCFS represent a unique combination of specialist hands on experience and academic knowledge and rigour. Together we can offer a confidential Fraud Resilience Check service which can benchmark client organisations against both best practice and their peers. This is a low cost service which reviews counter fraud arrangements against 29 measures of resilience derived from the best professional standards. It results in the provision of a clear and concise Report detailing our findings.

The check covers

• the extent to which an organisation understands the nature and cost of fraud to it as a business problem;
• the extent to which it has an effective strategy in place which is tailored to address this problem;
• the extent to which organisations maintain a counter fraud structure which can implement this strategy successfully;
• the extent to which the structure efficiently undertakes a range of pre-emptive and reactive action; and
• the extent to which results are properly measured, identified and delivered.

…we can provide the answers

We let the data speak for itself to identify weaknesses in counter fraud arrangements and then make recommendations for improvements, based on a wealth of experience drawn from more than 30 countries around the world.

find out more

The Fraud Resilience Check service costs from just £4,450 plus VAT. We provide a comprehensive Report covering 29 measures of fraud resilience and clear recommendations for improvement.

To find out more please ring 020 7065 0557 or email jim.gee@uk.pkf.com
// about the authors

**Jim Gee** is Director of Counter Fraud Services at PKF (UK) LLP, the top ten accountancy and business services firm and Chair of the Centre for Counter Fraud Studies at University of Portsmouth.

During more than 25 years as a counter fraud specialist, he led the team which cleaned up one of the most corrupt local authorities in the UK - London Borough of Lambeth - in the late 1990s; he advised the House of Commons Social Security Select Committee on fraud and Rt. Hon. Frank Field M.P. during his time as Minister of State for Welfare Reform; between 1998 and 2006 he was Director of Counter Fraud Services for the Department of Health and CEO of the NHS Counter Fraud Service, achieving reductions in losses of up to 60% and financial benefits equivalent to a 12 : 1 return on the costs of the work.

Between 2004 and 2006 he was the founding Director-General of the European Healthcare Fraud and Corruption Network; and he has since worked as a senior advisor to the UK Attorney-General on the UK Government’s Fraud Review as well as delivering counter fraud and regulatory services to public bodies and private companies both in this country and internationally. He has worked with organisations from more than 30 countries to counter fraud and has recently worked with the EU – China Social Security Reform Cooperation Project to advise the Chinese Government about how to measure, pre-empt and reduce the financial cost of fraud.

**Mark Button** is a Reader at University of Portsmouth and Director of the Centre for Counter Fraud Studies.

Mark founded the BSc (Hons) in Risk and Security Management, the BSc (Hons) in Counter Fraud and Criminal Justice Studies and the MSc in Counter Fraud and Counter Corruption Studies at Portsmouth University and is Head of Secretariat of the Counter Fraud Professional Accreditation Board (CFPAB). Before joining the University of Portsmouth he worked as a Research Assistant to the Rt. Hon. Bruce George MP specialising in policing, security and home affairs issues.

He completed his undergraduate studies at the University of Exeter, his Masters at the University of Warwick and his Doctorate at the London School of Economics. Mark has recently been working on a research project funded by the National Fraud Authority and ACPO looking at victims of fraud.

**Dr Ian R. Cook** is a University Teacher at the School of Environmental Sciences, University of Liverpool.

Ian Cook has an interest in crime, governance and urban development. He was awarded a PhD at the University of Manchester in 2008. His PhD research critically considered the emergence and development of Business Improvement Districts in the UK. Ian also worked as a Research Associate at the Centre for Counter Fraud Studies between 2009 and 2010.
// about the publishing organisations

PKF Forensic Services
PKF (UK) LLP is one of the leading firms of accountants and business advisers in the UK offering counter fraud, forensic accounting, expert witness and litigation support services on a national and international basis including:

- fraud resilience checks
- fraud loss measurement and reduction
- asset tracing and confiscations
- business intelligence
- forensic IT, including data mining, data imaging and recovery
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The Centre for Counter Fraud Studies at University of Portsmouth
The University of Portsmouth's Centre for Counter Fraud Studies (CCFS) was founded in June 2009 and is one of the specialist research centres in the University's Institute of Criminal Justice Studies. It was founded to establish better understanding of fraud and how to combat it through rigorous research. The Institute of Criminal Justice Studies is home to researchers from a wide cross-section of disciplines and provides a clear focus for research, knowledge transfer and educational provision to the counter fraud community.

The Centre for Counter Fraud Studies makes its independent research findings available to support those working in counter fraud by providing the latest and best information on the effectiveness of counter fraud strategies.

www.port.ac.uk/departments/academic/icjs/CentreforCounterFraudStudies
// notes
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