Managing Fraud in Emergency situations

|				
Accept there is inherently a high risk of fraud, and likely to happen	Integrate fraud control resources into the policy and process design to build awareness of fraud risks	The business and fraud control should work together to introduce low friction countermeasures to prevent fraud risk wherever possible	Carry out targeted post event assurance to look for fraud, ensuring access to fraud investigation resources	Be mindful of the shift from emergency payments into longer term services and revisit the control framework - especially where large sums are invested

Lessons from 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
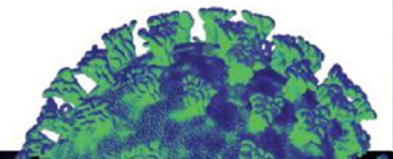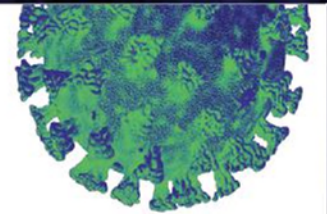
Context

- **3.3 million fraud offences** recorded for the year ending June 2023.

- Fraud against the public sector results in financial loss, **increases the cost of public services**, damages **public confidence** in government and is recognised as a **national security threat.**

- Fraud and irregular spending in the public sector leads to a **minimum of £33bn in loss** every year. For **COVID-19**, further losses exceed **£10bn.**

Public Sector Fraud Authority

Public Sector Fraud Authority- launched 2022

A new operational unit within Cabinet Office and HMT, that will work with Departments and Public Bodies to **understand and reduce the impact of fraud**

Greater focus on performance and outcomes

Increased depth and breadth of support

Integrated partnership between HM Treasury and Cabinet Office

Cabinet Office | HM Treasury

The PSFA Mission

Modernise the fraud and error response by widening access, and use of, leading practices, tools and technology - better protecting taxpayers money;

Build expert led services that collaborate with experts in Departments and Public Bodies to better fight fraud and error through risk, prevention, data and enforcement techniques;

Develop capability in the public sector to find, prevent and respond to fraud and error - both organisationally and individually;

Put performance at the heart of the public sector fraud conversation - focusing on investments and outcomes; and

Be seen as a beacon of fraud and error expertise and a destination for those wanting to make a difference in fighting public sector fraud.

Services and Functions

The PSFA has 3 services and 4 functions

Expert Services and Support	Performance and Capability Functions	Cross-Authority Functions

| Data and Intelligence | Enforcement | Risk, Threat and Prevention | Practice, Standards and Capability | Performance, Assurance and Evidence | Core Services | Policy |

Building for Success 2023/4

PSFA published plans on www.gov.uk:

Stream 1- We will resolutely focus on performance and outcomes

Stream 2- We will take more, and better, action where fraud occurs

Stream 3- We will increase the use of data and intelligence to find, stop and recover fraud action where fraud occurs

Stream 4- We will get more fraud expertise in up front and make a step change in how government prevents fraud

Stream 5- We will strengthen key building blocks for counter fraud work across government

The PSFA has a target of £185m in audited benefits from its services and a mandate to agree targets with departments and public bodies to make transparent, system wide performance.

Defining fraud/error faced by Public Sector

- We publish fraud and error data for outside tax and welfare annually in the **Fraud Landscape Report**

- The legal definition of fraud currently applies to "**the making of a false representation or failing to disclose relevant information, or the abuse of position, in order to make a financial gain or misappropriate assets**"

- Government departments and their ALBs (arms-length bodies) **report against the definition using a civil test -** they consider on the balance of probabilities whether or not an action or inaction was likely to have been taken with the intention of defrauding the taxpayer. **Cases are thereby reported as fraud where the department judges it more likely than not to have occurred**. Cases do not need to be proven to a criminal standard (i.e. beyond reasonable doubt) to be reported as fraud.

Categorising fraud faced by Public Sector

We use these categories when we consider external fraud:

- Procurement
- Loans
- Grants
- Charge Evasion

For internal fraud:

- Procurement
- Theft of assets
- T&S
- Personnel management

These are the 'buckets' departments report against, breaking down the instances to Detected, Prevented and Recovered fraud or error

Internal Fraud- How do we respond?

Managing Insider Threat for HMG

- The cross-government **Internal Fraud Hub**, run by the Public Sector Fraud Authority, is an essential tool to prevent fraud against the public sector.

- The IFH records personal details of civil servants who have been dismissed for committing internal fraud, or who would have been dismissed had they not resigned.

- These details are shared by participating government organisations to the IFH Team in the PSFA.

- The IFH Team processes the data for participating government organisations to conduct searches of the IFH during **pre-employment checks**. This detects instances of, and prevents, known fraudsters securing roles in the Civil Service during their 5 year presence on the IFH.

- You can find more information about the Internal Fraud Hub via our publicly available privacy notice.

- The IFH will soon transition to a digital platform, making the process even more accessible and streamlined for users.

Whats next? Building Capability

Government Counter Fraud Profession 2023/4

- Training delivery in Risk and Loss Measurement

- Counter Fraud Leadership Programme

- Annual conference, Journal & CPD events

- New apprenticeship in Fraud Control - Prevent, Detect, Measure, Risk Assess, Culture

- Workforce strategy- focus on future talent, interoperability

Any questions? Further information...

Webpage:
www.gov.uk/government/organisations/public-sector-fraud-authority

Email: PSFA@cabinetoffice.gov.uk