International Public Sector Fraud Forum
A Guide to Managing Fraud for Public Bodies

February 2019

Fraud and Corruption Principles

Principle 1

There is always going to be fraud

Principle 2

Finding fraud is a good thing

Principle 3

There is no one solution

Principle 4

Fraud and corruption are ever changing

Principle 5

Prevention is the most effective way to address fraud and corruption

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Foreword

Where people commit fraud against the public sector and public services they take money away from the services on which the public depend, and damage citizens trust in the government.

Fraud, and the harm it causes, is not a new issue for governments. However, it is one that is constantly changing, and the advent of the digital age has driven this evolution at an even greater pace. Also, in the modern world, the way we live and the way we do business is increasingly international, across multiple countries and cultures.

Fighting fraud and corruption has always been an area where collaboration is key. Fraudsters do not recognise organisational boundaries and those who fight fraud often have to work across organisational boundaries to find fraud and bring those who commit it to account. In an increasingly global world, it is more and more important that we collaborate as broadly as possible to make sure we are dealing with fraud and corruption with the best practices and tools at our disposal.

A year ago, representatives from key public bodies in Australia, Canada, New Zealand, the United Kingdom and the United States came together to share their experiences and practices in fighting fraud against the public sector. The initial event - a week long symposium in London, was hugely successful. As a result, the representatives came together to form the International Public Sector Fraud Forum. The Forum has spent the past year working closely together to share our challenges and practices.

One of the results of this close working is this 'Guide to Managing Fraud for Public Bodies'. As part of their work together the Forum members spent time discussing what they saw as leading practice for public bodies when approaching the issues of fraud and corruption. These discussions have been brought together into this guide, which provides a valuable tool for public bodies across the world.

The Forum members have found that working together in the Forum has enriched how we understand fraud and corruption, and how we approach dealing with it. We are facing similar challenges, but have often tackled them in different ways.

From a UK point of view, this work has been very valuable and I am confident that it has made the UK public sector better able to deal with fraud and corruption.

I hope you find this a valuable resource in the fight against public sector fraud, helping to make sure taxpayers money goes to the right places and protecting public services against those who would harm them.

Mark Cheeseman
Deputy Director, Public Sector Fraud.
IPSFF UK Representative.

Introduction

Aim

The aim of this guide is to help public bodies across the world understand leading practice in dealing with fraud and corruption.

This guide can be used by a variety of people involved in countering fraud in an organisation, including:

- those who are responsible for the effective administration of the business (including CEOs and agency heads);

- those who lead an organisations response to fraud (functional lead);

- those who work to prevent, detect and address the risk of fraud and corruption in public bodies, and;

- those who audit the effective administration of public bodies.

The guide contains **Principles** for the management of fraud and corruption.

Following the principles, there are **Practices** that should be undertaken in addressing the risk of fraud and corruption. In addition, there are two annexes providing examples of leading practice on; identifying potential red flags in policy design and review, and a project management based approach to effectively manage investigations. These are designed to help organisations understand and explore those areas further.

Fraud and corruption are evolving issues and, as such, an organisation's response needs to be agile and adapt to its changing nature. In this guide, the Forum sees the Principles as timeless, and likely to continue to remain as the risk and threat of fraud and corruption evolves. However, the Practices, and most importantly, the details of how the Practices are operationalised, will develop and evolve with the threats and risks faced.

This document is designed to be an evergreen document, to align with leading practice as it develops.

Background

This document has been produced by the International Public Sector Fraud Forum (IPSFF).

The collective aim of the Forum is to come together to share, across international borders, best and leading practice in fraud and corruption management and control. The founding members of the Forum are the Five Eyes countries (Australia, Canada, New Zealand, United Kingdom and United States) and it was established in 2017. The focus of the Forum is to use this shared knowledge to reduce the risk and harm of fraud and corruption in the public sector across the world. This will help focus public money in the right places and protect the services that citizens rely on. The Forum looks at both internal and external instances of fraud and corruption.

For further information on the context of the five founding members of the Forum, see Annex A.

The Fraud and Corruption Context

Whilst different governments have different structures, policies and legal frameworks, the threat they face from fraud and corruption is remarkably similar. All organisations face attack from those who would undertake corruption or commit fraud creating a loss to the taxpayer, reputational risk to the organisation and undermining trust in government. In an increasingly globalised, digitalised world, fraud transcends international borders. There is great benefit from governments coming together to share good practices and solutions to this common issue.

The threat and risks of fraud and corruption are ever evolving and can quickly develop into new and complex fraud attacks and as such our response to countering fraud needs to be dynamic - as development in technology, social change and other factors create new challenges. The right answer in 2019, may not be the answer in the future.

International organisations have already come together to create charters and standards to guide governments in how they deal with corruption (including the United Nations United Nations Convention against Corruption[1] and the OECD Recommendation on Public Integrity[2]). This guide is consistent with the principles of those charters, standards and guides.

This guide recognises that different governments and different organisations will have different needs, structures and/or legal frameworks that drive some of their processes and requirements. However, we believe that the guiding principles and practices below are relevant to all organisations.

Organisations cannot expect to be able to develop a counter fraud and corruption response quickly. It takes time to build and mature it, and to develop the skills and understanding of the business, necessary to effectively fight fraud and corruption. Organisations should look to identify what can be implemented quickly, but recognise that building an effective counter fraud and corruption response will be a continuous process.

Fighting fraud and corruption is not a one off cost, it requires an ongoing investment that should be maintained and which flexes with the scale of risk and threat that the business faces. To be effective, organisations should continually adapt to the changing nature of the threat, and the changing nature of their own businesses.

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1   https://www.unodc.org/unodc/en/treaties/CAC/
2   http://www.oecd.org/gov/ethics/recommendation-public-integrity/

Fraud and Corruption Principles

1. **There is always going to be fraud**
   - It is a fact that some individuals will look to make gain where there is opportunity, and organisations need robust processes in place to prevent, detect and respond to fraud and corruption.

2. **Finding fraud is a good thing**
   - If you don't find fraud you can't fight it. This requires a change in perspective so the identification of fraud is viewed as a positive and proactive achievement.

3. **There is no one solution**
   - Addressing fraud needs a holistic response incorporating detection, prevention and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations under a spirit of collaboration.

4. **Fraud and corruption are ever changing**
   - Fraud, and counter fraud practices, evolve very quickly and organisations must be agile and change their approach to deal with these evolutions.

5. **Prevention is the most effective way to address fraud and corruption**
   - Preventing fraud through effective counter fraud practices reduces the loss and reputational damage (although this can be difficult to measure). It also requires less resources than an approach focused on detection and recovery.

Fraud and Corruption Practices

The following section provides some Practices that public bodies should have in place. These should be implemented with the Principles in mind. These Practices are a combination of the examples of good practice discussed at the working groups of the International Public Sector Fraud Forum.

When developing a counter fraud response it is important to first understand the fraud risks relevant to your organisation, and then work with the wider business to determine how to mitigate them, and ultimately prevent fraud loss. However, not all fraud may be prevented and therefore an organisation also needs to be able to detect fraud and corruption, including (but not limited to) clear reporting routes for staff, and then have an agreed response to deal with detected fraud.

The foundation to anyone countering the threat and risk of fraud, in any context, is the development of a strong counter fraud culture. There should be strong, recognised ethical standards and fraud and corruption should be seen as a negative thing throughout the system. However, this needs to be complemented by an acceptance that it can happen and it is important to have controls, be vigilant against it and try to uncover it.

This can be achieved by investing continued time and resource into developing and shaping an effective counter fraud culture, where integrity and ethics are at the forefront, and acknowledging that you cannot prevent all fraud.

Organisations cannot expect to be able to develop a counter fraud response quickly. It takes time to build and mature it, and to develop the skills and understanding of the business necessary to effectively fight fraud and corruption. To be effective, organisations should continually adapt to the changing nature of the threat, and the changing nature of their own businesses.

The IPSFF recognise that organisations will have a different maturity and approach to fraud management and control. These practices will help organisations and individuals to plan and tailor their strategic response and action plans accordingly.

Fraud and Corruption Practices

General

Organisations should:

- Have an **understanding of the organisation**, how it manages itself as a business, and the context in which it operates;

- Understand the **major fraud and corruption risks and threats** the organisation faces;

- Have an **understanding of controls**, and how they prevent, detect and respond to fraud and corruption across the business;

- Understand **who undertakes the controls**, their skills, levels of awareness and ability to raise any issues;

- Ensure they have a cohesive **fraud and corruption strategy** and an **action plan**;

- Identify **measurable outcomes**, which show the performance and activity of fraud and corruption control in the business.

Risk

Organisations should:

- Ensure **ownership** of fraud and corruption risk and threat **sits within the public body**;

- Have an **individual accountable for fraud and corruption at board/ senior management level**;

- Have the **appropriate governance** in place in order to implement effective fraud management and control;

- Have a **fraud and corruption risk assessment**, that is regularly reviewed and maintained;

- Deliver a **fraud and corruption control plan** as a result of the fraud risk assessment, which details where controls will be improved;

- Encourage policy leads to consider **fraud and corruption risks as part of policy development** or change processes (See Annex A);

- **Leverage expertise** and tools of sectors such as Internal Audit, Legal and Digital.

Fraud and Corruption Practices

Prevent

Organisations should:

- Build an **understanding of the data held internally and externally** that can help to reduce the risk of fraud and corruption;

- Where feasible, establish **prevention tools and techniques** to avoid potential key fraud and corruption risk events;

- **Implement internal controls** to reduce the identified fraud and corruption risks, and have a control plan to continually improve the control framework;

- Have a **due diligence process (including monitoring)** in place when engaging and contracting with third parties and when recruiting;

- Have a clear, understood, **code of conduct** for those working in and with the organisation to deliver its objectives;

- Have policies and procedures in place for declaring **conflicts of interest and hospitality**;

- Explore the use of **behavioural techniques** to encourage compliance with application processes to reduce the risk of fraud and corruption.

Detect and Measure

Organisations should:

- Build and maintain a **culture** that finding more fraud is a good thing;

- Explore the **use of data and analytics** to detect anomalies and indicators of potential fraud;

- Introduce **clear reporting routes for those who could report fraud or corruption (including staff)**;

- Have processes in place, supported by senior leaders, to enable people to **safely report concerns about internal fraud (whistleblowing)**;

- Have a process to **record and report referrals** and any identified loss;

- Have an understanding of the **comprehensiveness of their measurement** of fraud loss;

- Undertake activity to try and **detect** fraud and corruption where little or no fraud is found.

Fraud and Corruption Practices

Respond

Organisations should:

- Have an understanding of the **legal framework** in which they operate, and the limits of the powers available;

- Have **a framework** in place to receive information from other related organisations;

- Have access to **trained counter fraud resources** who can investigate fraud;

- Have an **agreed upon operating procedure** for dealing with allegations or instances of potential fraud;

- Ensure that each fraud investigation undertaken has an effective **structure and strategy** providing for appropriate direction, management, control and communication (see Annex B);

- Ensure that **lessons learned** are captured, and maintain a process of continuous improvement to keep the response dynamic.

Capability and Leadership

Organisations should:

- Have an **influential person** in the organisation who **understands fraud and corruption**, and how it is evolving, and is **responsible for the organisation's response** (a functional lead or fraud manager);

- Ensure access to a range of **appropriately skilled people** from diverse counter fraud disciplines including, and beyond, investigation;

- **Understand the limitations** of the capability they have to deal with fraud and corruption;

- Ensure all those undertaking activity to address fraud and corruption **have regard to the rights of citizens** and conduct practices ethically and with integrity - following due process;

- Where staff have roles that include delivering fraud controls, ensure they are **suitably trained**, and have an understanding of the controls they operate;

- Ensure all staff have an **awareness of fraud and corruption** (appropriate to their role), including how to identify and detect it;

- **Champion adherence to the organisation's code of conduct** and ethics, and ensure its availability to staff, contractors and consultants.

Annex A – Red Flags

Purpose of this annex

This annex is included to help public bodies consider the 'red flags' that may indicate a policy, scheme or service may be at a higher risk of fraud or corruption.

Red Flags

Taking fraud into account in the development of policy and programs helps prevent fraud from occurring. Certain factors may lead to programs being at a high risk of fraud. It is important that organisations understand the risks that may impact policy development and are aware of key areas that may lead to vulnerabilities in programs and policies. Examples of these areas are set out below.

These lists could be shared internally for all staff, not just those who are involved in detecting, preventing and finding fraud and corruption. Best practice is to engage with fraud specialists for assistance when considering fraud risk and red flags, and following your organisation's local fraud reporting process to refer any concerns identified as a result of any reviews.

Red Flags in Policy Design

- systems managed across different government portfolios, service providers and/or jurisdictions

- programs managed across different jurisdictions

- opportunities for exploitation by industry or professional facilitators
  - expanding unregulated industry
  - expanding a regulated industry to new providers

- the need for verification/authentication of identity, particularly online

- electronic submission, verification, claims, assessments and payments

- low verification thresholds

- prioritising customer convenience

- need to deliver program quickly

- policies developed in isolation from area responsible for implementation

- policies developed without critical analysis for vulnerabilities

- vulnerabilities in similar programs

Red Flags in Internal Fraud

- unwillingness to share duties

- refusal to take leave

- refusal to implement internal controls (e.g. skipping approvals)

- replacing existing suppliers with suppliers that have an unusually close connection

- living a lifestyle above apparent means

- lavishing gifts on colleagues

- failure to keep records or receipts

- bullying colleagues (especially if the colleagues question the person's activities)

- seeking access to areas which the person should not be able to access

- chronic shortage of cash - consistently seeking loans or advances

- past legal/compliance problems

- addiction problems (e.g. gambling or drugs)

- under financial stress

- significant personal stress (e.g. divorce, business failing)

- disgruntled with employer

- strong sense of entitlement

Red Flags in Contracting/Accounting

- financial information reporting is inconsistent with KPIs

- abnormally high costs in a specific cost centre function

- dubious record keeping

- high overheads

- bank reconciliations not up to date

- inadequate segregation of duties

- reconciliations not performed on a regular basis

- payments continuously just below reporting thresholds

- duplicate invoices

- sequential numbers on invoices

- pricing does not adjust with changes in the value of goods or services in the market

- owners of company not identifiable

- owners of company with unusually close links to officials in the department

- a history of fraud in the type of contract or with the contracting organisation

Annex B – Managing Investigations

Purpose of this annex

This annex provides guidance on how fraud investigations should be managed, it is based on identified leading practice.

Organisations should concentrate their efforts on the development of a counter-fraud culture that emphasises prevention, as the most effective way of managing fraud risks is to stop them arising in the first place.

However, it is inevitable that fraud will occur and when it does it must be investigated in a way that ensures the organisation is giving itself the best opportunity for an effective outcome to be achieved. That means ensuring that each fraud investigation has an effective structure and strategy providing for appropriate direction, management, control and communication.

The guidance contained in this product has been developed to address large and complex fraud investigations, but the principles outlined can be adapted as appropriate to deal with fraud investigations at all levels.

Roles and responsibilities

Ensuring an appropriate governance structure is in place at the beginning of an investigation and maintained throughout the life of the investigation is a crucial element of its success.

- The decision maker (often but not always the chief executive) in relation to the investigation outcome will differ for each organisation. However, it is essential that an investigation has a **project sponsor** who is accountable to that decision maker for its success and ensuring that the costs, timing and investigative demands of the investigation are appropriately balanced.

- The **project manager** is responsible for running the investigation on a day to day basis. Their role is to ensure that the investigation is properly scoped (discussed in more detail below), contains a clearly defined objective as part of a well-sequenced plan and is aligned with the priorities of the organisation and any other relevant stakeholders. They are also responsible for ensuring that lessons learned from previous investigations are applied.

- The **operational team** will apply the technical skills required to advance the investigation. These skills will differ from case to case, but at a minimum consideration should be given to the deployment of investigative, accounting, legal and electronic forensic expertise. Each member of the team must work in partnership with others to ensure their respective skills are applied effectively and duplication is avoided.

Scoping

Each investigation should be properly scoped at its outset and should avoid considering every possible piece of misconduct that may have occurred. Instead, it should be focused on what the investigation team agrees are the right questions for that case, it must have a clearly defined objective and will have a realistic and defined timeframe for each phase.

The investigative team should work through a pre-prepared set of key questions to determine what that scope should be. These questions should include, but not be limited to:

• Who are the suspects?

• Who are the victims?

• How much money is involved?

• Who are the relevant witnesses?

• Are there systemic issues?

• Is the offending ongoing?

• What are the potential offences?

• Which offences best capture the criminality of the misconduct?

• What elements must be established to prove those offences?

• Are there jurisdictional issues?

• Which key stakeholders are affected?

• Has the area of misconduct been identified as an organisational or public sector priority?

• What public interest factors are relevant?

• In addition to potential criminal charges, is there a regulatory, civil or administrative response available?

• What is the outcome sought?

Once the scope is agreed, it should be recorded in a formal document and should only be changed by the relevant decision maker on the recommendation of the project sponsor.

Risks and issues

Risks and issues on an investigation must be managed in a systematic way through proactive identification, assessment and control. This supports good decision-making and lessens the potential adverse impact on successful investigation outcomes. The risks and issues will include matters that arise on every investigation (such as stakeholder communication) as well as matters that might be specific to a particular case (such as flight risk for a suspect).

Change is also inevitable throughout the life of an investigation, and therefore every investigation requires an ongoing process to identify, assess and manage risks and issues as they develop.

Each investigation should have a formal register of risks and issues which are discussed and agreed by the investigation team and which must:

- Categorise the risk or issue;

- Provide a description of the risk or issue and a mitigation strategy;

- Assign a priority rating and an owner;

- Indicate the current status;

- Provide a review date.

Scheduling, tasking and monitoring

Alongside the planning process it is essential that each investigation track and monitor its tasks. The likelihood of the investigation achieving its objective becomes measurable and it allows the effective management of resources and cost.

The most efficient tool to plan and capture the work required by the investigation team to deliver the agreed objective is a Work Breakdown Structure (WBS). Creating a WBS involves subdividing project work into smaller, more manageable components. The WBS begins at the top level of the activities and then breaks down, level by level, into several smaller tasks.

At the lowest level of task breakdown, a forecast of the task's duration and resource requirements can be made.

Accurate records of task completion times also makes forecasting the length of future investigations more feasible.

Decision milestones should be recorded and planned which will enable the project manager to:

- Consider critical points in the investigation;

- Prioritise and plan tasks that must be completed by the decision milestone date;

- Identify risks and issues associated with getting to the decision milestones and consider mitigation strategies;

- Schedule review and decision meetings with the project sponsor or decision maker to facilitate discussion about the merits of continuing with the investigation.

A regular progress report should be completed for all meetings detailing the status of the investigation including outstanding tasks, what has been achieved since the previous meeting and what is planned in the future.

Closing a matter

All investigations must be closed in a consistent and comprehensive way to ensure that evidential and record keeping obligations are met. Closure can include taking no further action, or referring the matter to the relevant agency within your jurisdiction for

prosecution. The steps that must be taken to close a matter should be recorded in a closure checklist that is signed off by the project manager and must include:

- The decision to close is recorded in a formal document together with supporting reasoning;

- All evidential material (electronic and hardcopy) is appropriately stored, archived or returned to source;

- All relevant stakeholders are informed of the outcome;

- The person(s) of interest and complainant(s) are advised;

- The case (post-investigation and post prosecution) has been the subject of a formal lessons learned review meeting.

Lessons learned

Lessons learned reviews should be conducted both at the end of the investigation stage and at the end of any prosecution. On long-term investigations, the project sponsor and project manager should consider holding interim mid-investigation reviews.

The focus of the lessons learned review should be on how the investigation or prosecution was managed, rather than a detailed technical or legal review. The review should look at how issues or risks could have been better managed and seeks solutions to

assist both that case team and future teams. It should include independent feedback from external sources, including any legal counsel instructed and other agencies where appropriate.

The review should occur within a short space of time (we recommend no more than 2 months) of the investigation being completed and should involve a workshop type discussion of:

- The objectives set;

- The outcomes achieved;

- The successes;

- The areas for further work;

- Recommendations for change or matters that require executive level discussion.

These general areas of discussion should be reflected in a specific set of performance metrics which produce a score to be measured against an agreed minimum benchmark.

The review report should be finalised within a short space of time (no more than five working days) of the lessons learned workshop and approved by the relevant project sponsor. The review report should contain explicit recommendations, with clearly defined responsibilities and timelines for action and a process for escalation to executive level within the organisation.

Annex C – IPSFF Partners

Australia

The Australian Government Attorney-General's Department (AGD) delivers programs and policies to maintain and improve Australia's law and justice framework. AGD is responsible for Australian Government integrity policy, including responsibility for Australian Government fraud control policy. As part of this role, AGD provides high-level policy advice to the Government about fraud control arrangements within the Commonwealth and maintains the Commonwealth Fraud Control Framework. While AGD is responsible for fraud policy, agencies are responsible for their own fraud control arrangements including investigating routine or minor instances of fraud, including investigating disciplinary matters.

The International Public Sector Fraud Forum is of significant value to AGD in assisting the department to identify better practice fraud controls, develop and change policy and share information to counter fraud. Sharing lessons learnt and practical experiences from like-minded countries enables us to build and shape evidenced based policy and join efforts to strengthen fraud control arrangements across partner countries.

Canada

The responsibility for managing fraud risk is a shared responsibility in the Canadian federal government. Deputy Heads, the most senior non-elected public servants in each federal department, are ultimately accountable to parliament for safeguarding their departmental resources and maintaining an effective system of internal controls.

Certain organisations have specific, government-wide mandates to provide direction on the management of risks, including fraud risks. Others are involved in preventing, investigating or reporting instances of fraud. These organisations include: The Treasury Board of Canada Secretariat, the Office of the Public Sector Integrity Commissioner, the Royal Canadian Mounted Police and the Office of the Auditor General of Canada.

The Canadian members of the International Public Sector Fraud Forum (IPSFF) value the opportunity to exchange leading practices with their counterparts in other jurisdictions and to learn from their experience. The wealth of IPSFF information collected and shared with the fraud community within the Canadian federal public service will support the sound stewardship of public resources.

New Zealand

The New Zealand Serious Fraud Office (SFO) is an independent government agency and is responsible for the investigation and prosecution of serious or complex financial crime including bribery and corruption. The SFO's cases are selected based on the suspected scale, nature and consequences of the conduct, its complexity and any relevant public interest considerations including New Zealand's reputation as a safe place to invest and do business.

The SFO considers that the International Public Sector Fraud Forum (IPSFF) presents a unique opportunity to develop and enhance counter-fraud strategy in the public sector through its members sharing and developing best practice from their jurisdictions in relation to understanding, preventing and responding to fraud. Through its role as New Zealand's representative on the IPSFF the SFO will be able to contribute its expertise and experience in the investigation and prosecution of public sector fraud.

United Kingdom

The role of the Cabinet Office (CO) is to support the Prime Minister and ensure the effective running of government. The CO are also the corporate headquarters for government, in partnership with HM Treasury, and take the lead in certain critical policy areas through central directorates. One of these directorates, Fraud, Error, Debt and Grants is home to the Counter Fraud Centre of Expertise. The role of the Centre of Expertise is to provide leadership and guidance on what government organisations should do to counter fraud and economic crime. It is responsible for:

- Understanding the fraud landscape;

- Understanding the challenges in dealing with fraud and economic crime;

- Building and increasing capability in countering fraud.

The International Public Sector Fraud Forum is a ministerially-led Cabinet Office initiative. It was created by the UK to work with other countries in order to improve the way in which we prevent, detect and measure public sector fraud by sharing best and leading practice in counter fraud. The UK leads the secretariat and library function for the IPSFF.

United States

In the United States, multiple entities are responsible for preventing, detecting, and responding to fraud affecting the federal government. This includes the agencies responsible for the federal programs, as well as law enforcement and oversight bodies.

Combating fraud against the government is the statutory responsibility of the Offices of Inspector General that were created in almost all federal agencies and that have law enforcement authorities to investigate fraud (including official misconduct) and assist the Department of Justice in prosecuting this fraud.

Recognising the significant value of stopping fraud before it occurs, the U.S. federal government is focusing on ways to proactively manage the risk of fraud. This approach is outlined in recent guidance and legislation, such as:

- The Office of Management and Budget's guidance to agencies for implementing the fraud risk management requirements from the Fraud Reduction and Data Analytics Act;

- The Government Accountability Office's Fraud Risk Framework, which outlines leading practices to guide agencies' fraud prevention methods.

In addition, Offices of Inspector General are a key source for identifying fraud risks and recommending prevention strategies to agencies.

The U.S. delegation sincerely appreciates the opportunity to learn new perspectives and enhance its counter fraud practices through its participation in the International Public Sector Fraud Forum. We look forward to continued opportunities to share information about our anti-fraud approach and lessons learned in future international forums.

Glossary

In discussions between the IPSFF partners, we have agreed a common definition of fraud control for the purposes of this document. Wherever this term is used, it also refers to Counter Fraud, Anti-Bribery and Corruption, and reducing Economic Crime.

Term	Definition
Bribery	Persuading someone in a position of trust or power (e.g a public official) to act in one's favour by a gift of money or other inducement.[3]
Corruption	The abuse of entrusted power, for personal, private or political gain.
Economic or Financial Crime	Crime and financial crime including money laundering, international counterfeit currency.[4]
Fraud	Making of a false representation or failing to disclose relevant information, or the abuse of a position, in order to make a financial gain or misappropriate assets.[5]
Fraud Control or Counter Fraud	Preventing, detecting, disrupting, investigating, reporting and responding to fraud. Includes managing the risk and reducing the harm caused by fraud, corruption and economic crime.
Organisation	A generic term used to describe a government department, agency, arms-length body, or any other entity, which provides public services (see 'Public Sector' definition).
Public Sector	Includes all organisations that deliver public services including their agents, contractors and consultants.
Functional Lead	An influential person in the organisation who understands fraud and corruption, and how it is evolving, and is responsible for the organisation's response.

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3   Sources: UK Bribery Act 2010 & OECD Bribery Convention, AUS AGD & NZ SFO, Transparency International. Note BA 2010 includes dishonesty element.

4   Source: UK National Crime Agency & Aus AGD & NZ SFO, Transparency International

5   Sources: UK Fraud Act 2006 & Aus AGD & NZ SFO

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