



NFA announces new Chief Executive

After two and a half years at the helm of the National Fraud Authority, Dr Bernard Herdan CB is stepping down from his role as Chief Executive and will be handing over the reins to Stephen Harrison on 1 September.

Stephen is currently the NFA's Director of Policy and Strategy. He began his civil service career in HM Treasury, moving to the Home Office in 1993 where his work included redesigning the organisation structure and programme governance for security planning for the Olympic and Paralympic Games. He has also been Director of Policy at the Identity and Passport Service (IPS) and spent three years as Private Secretary to the Home Secretary

covering criminal policy and the prison and probation services.

At the NFA, Stephen has been responsible for leading policy work on organised crime, cyber crime and the future of the enforcement landscape as well as initiatives to disrupt and punish fraudsters. He has been central to building the relationship between NFA and City of London Police, the national lead force for fraud.

In 2010, Stephen led the cross-Government team reporting to the independent chair of the Public Sector Fraud Taskforce, identifying and making recommendations on ways to reduce fraud against the public sector, and laying the



Stephen Harrison

foundation for the work of the cross government Public Sector Taskforce for which the NFA now provides secretariat and support. He is also well known to the private sector, most recently working alongside the insurance industry to develop their new dedicated police enforcement unit and speaking at numerous conferences and events.

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Dr Bernard Herdan CB

Contents

- 2 NFA moves to the Home Office
- 3 Achievements 2001/11
- 4 Fraud in the private sector
- 5 Raising public awareness
- 6 Fraud in the public sector
- 8 Tackling fraud in the charity sector

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•p1

Dr Herdan is leaving at the end of his contract to return to the portfolio career he was pursuing before joining the NFA. His distinguished 21 year career in the civil service, includes time spent as Chief Executive at the Driving Standards Agency, the Criminal Records Bureau and also at the UK Passport Service. He was also interim Chief Executive of the Security Industry Authority. From September, he will be undertaking trustee and non-executive roles in the voluntary and public sectors.

Dr Bernard Herdan CB said: "I was invited to become the NFA's first Chief Executive when the organisation was in its infancy and the first national fraud strategy had just been published. I am proud to have led the NFA from those early beginnings to a fully fledged organisation with numerous successes under our belt and a sustainable long term future. I have worked with Stephen for many years both at the NFA and IPS and know the NFA will continue to prosper under his guidance".

Stephen Harrison said: "I am honoured and delighted to be taking forward the crucial work of the NFA, leading the fight against fraud in this country. Over the last two years we have established ourselves as an important part of the UK's counter fraud community. I look forward to continuing our good work to protect society from fraud and strengthening our positive working relationships with partners in public, private and voluntary sectors." ☎

National Fraud Authority moves to the Home Office

You will probably be aware that we moved from the Attorney General's Office to the Home Office



on 1 April 2011. The move will put us at the heart of the Government's fight to cut economic crime, strengthening the UK's ability to crackdown on fraudsters by a more coordinated approach and by building even closer links between our work and the wider fight against organised and cyber crime.

Commenting on the move Home Secretary Theresa May, said: "I welcome the move of the National Fraud Authority to the Home Office which will forge even closer links with our key partners in the police, Serious Organised Crime Agency and other law enforcement agencies."

The Attorney General, the Rt. Hon. Dominic Grieve QC MP said: "Under the sponsorship of the Attorney

General's Office over the last two and a half years, the National Fraud Authority has made significant progress steering the efforts of the counter fraud community to fight economic crime more effectively.

We will continue to run Action Fraud as well as working closely with the Cabinet Office on a programme to reduce levels of fraud across the public sector. We are also expanding our remit to include cyber crime. In April we were awarded additional funding from the National Cyber Security Programme – subject to business case approval – to provide a reporting service for cyber crime. This is testament to the success of Action Fraud and we believe it will strengthen our ability to coordinate the approach and crackdown on fraudsters.

We are moving from our current location to join our sponsor department at 2 Marsham Street in September. We will contact you to let you know our new email addresses, telephone number and address. In the meantime please continue to use our current contact details. ☎

Fighting Fraud Together

A new, bold and ambitious approach to update the original National Fraud Strategy from 2009 is being developed in consultation with industry sectors, Government bodies, civic society representatives and law enforcement at national and regional level.

It brings together the excellent strategies and initiatives that already exist among members of the counter fraud community while identifying new cross-cutting measures that would improve the national response to fraud. Our aim is to complete the consultation process over the summer and to publish the new strategic plan in Autumn. ☎

Achievements 2010/11

In May we published our annual record of achievements

[CLICK HERE](#)

Over the past year we have worked with our key partners to:

- Increase knowledge about the scale of fraud, publishing the second Annual Fraud Indicator which more accurately reveals the true financial impact fraud has on individuals, businesses, charities and the public sector.
- Work with partners to establish the first comprehensive picture of national counter fraud performance which identified gaps in the response to fraud and made recommendations for strengthening measures.
- Raise the profile of fraud against the public sector and galvanised a cross government response with the establishment of the Cabinet Office Counter Fraud Taskforce.
- Establish and develop Action Fraud as the central place for individuals and small business victims to report fraud.
- Increase awareness of fraud and encourage people to protect themselves, with over a quarter of a million people visiting the Action Fraud website and significantly increasing fraud coverage in the media.
- Improve support for victims through an innovative partnership with Victim Support, including delivery of an e-learning package to provide training for 6,000 staff and volunteers to better respond to the specific needs of fraud victims.



- Work with partners in UK and overseas to disrupt the communications channels used by fraudsters.
- Quantify the links between fraud and serious organised crime, and make recommendations for actions to strengthen the response to defined threats.
- Increase understanding of the key enablers of fraud including a fresh ID Crime Threat Assessment and contribution to the development of an ID Crime action plan.
- Confirm our position in the public/private sector counter fraud landscape, gain approval to broaden the remit for Action Fraud to become the single place to report cyber crime, secure ring-fenced NFA funding to 2015, and move to the Home Office as sponsor Department.

Business plan 2011/12

Fraudsters are ever more sophisticated and innovative. They never stand still, and nor can we. There is a lot more to do and every member of the counter fraud community has a role to play.

We have developed our work plan for 2011/12 which sets out how we believe we will make the biggest difference and most positive contribution to the fight against fraud in the year ahead and beyond.

- Building and applying knowledge of fraud
- Setting clear and evidence-based fraud strategy and policy
- Raising the profile and awareness of fraud among individuals, businesses and the public sector and empowering them to self-protect
- Coordinating the counter fraud community to tackle the most harmful fraud threats and enablers

Read how we intend to do this [HERE](#).

These achievements would not have been possible without the effective partnerships with key teams across public, private and voluntary sectors. It is this collaborative effort that is a critical success factor in the overall impact of our work.

Police and insurance industry join forces to create specialist unit to tackle fraud

We have undertaken substantive work with the insurance industry to develop plans for a new law enforcement unit to tackle fraud in this sector.

We are pleased to announce that a specialist police unit dedicated to combating insurance fraud is to be set-up by a police-private sector partnership for an initial 3 year period. The cost of the unit is estimated at £8.1 million over the next 3 years and will be funded by members of the Association of British Insurers (ABI). The unit will be operated by the City of London Police's Economic Crime Directorate and will be subject to a major evaluation after 2 years.

It will provide additional operational capability to the Directorate, focusing solely on tackling insurance fraud, a crime valued at £2 billion per

year – £44 to each premium paid by consumers. The unit aims to go live on 1 January 2012 and will consist of 35 specialist fraud detectives and police support staff.

A strategic board containing representatives from the NFA, City of London Police, ABI and Insurance Fraud Bureau (IFB) will meet quarterly to set strategic priorities for the unit informed by an annual threat assessment and analysis of insurance fraud trends.

This initiative represents an important landmark for private sector funding in policing, something that we should actively encourage within the current financial climate. We have seen how the banking industry has been rewarded for its investment in combating payment card fraud, with savings of almost £25 million

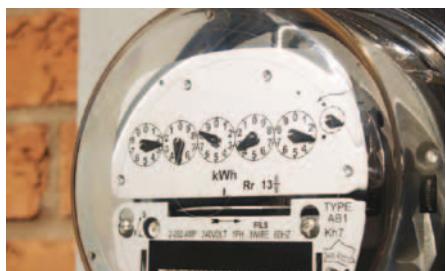
in the past year and look forward to the insurance industry benefiting in the same way from funding its own specialist police unit.

Stephen Harrison said: "I welcome these very significant developments and congratulate the insurance industry for funding them. This clearly shows the insurance industry responding positively and creatively in tackling fraud and setting an example from which I hope others can learn. This is a great achievement by all the parties involved – the NFA, City of London Police, ABI, IFB and the individual insurance companies who have participated. I am confident that the unit will make a significant impact on insurance fraud benefiting the industry and its customers". 

Prepayment meter fraud

Action Fraud is working with the energy industry to raise awareness of an electricity prepayment scam that has been doing the rounds. There have been over 230,000 incidents and nearly 130,000 customers affected to date.

The fraud operates by a criminal having a master key which they use to put 'credit' on the meter and negotiate a fee for doing so.



However, energy use continues and debt for that energy accrues, usually unknown to the customer, until they receive their next statement showing how much energy they have used.

The industry body, Energy UK, along with the main six energy companies, has been working to make consumers aware that topping up in this way is illegal. All new meters manufactured since April 2011 will no longer respond to a master key. A security review is also being carried out by KPMG, and Energy UK have engaged with the Association of Chief Police Officers to raise awareness among police officers nationwide. Victims of this fraud are being advised to make a report via Action Fraud. 

Visit our new website

As part of our transfer to the Home Office we launched our new website.

You can visit the website [HERE](#). If you have any questions please contact: [Sasha Arms](#). 



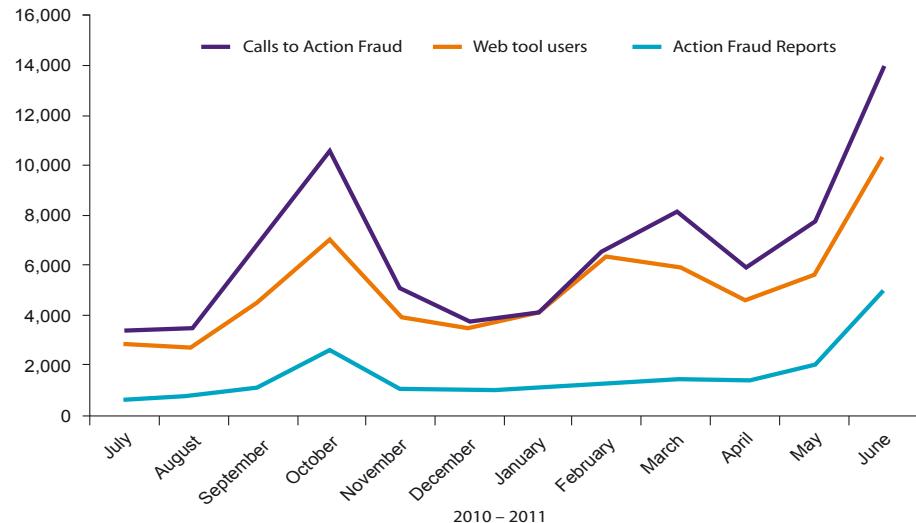
Boost for Action Fraud

We have been working hard to develop Action Fraud as the central place for individuals and small business victims to report fraud and provide vital intelligence for police analysis.

The City of London Police became the first UK force to start referring all victims of fraud directly to Action Fraud on 1 April. We are pleased to report that the 3-month pilot has been successful and is being followed by a national roll out of the process across other police forces.

As a result of the pilot Action Fraud is taking reports from all businesses and there has been a significant rise in both the number of crime reports and the value of fraud it has recorded in the last quarter. ☺

Contact to Action Fraud



ACPO Fraud Forum

In May the ACPO Fraud Forum was held in partnership with the NFA.

The 2 day event was supported by Rt Hon James Brokenshire MP Minister for Crime and Security at the Home Office who addressed over 150 delegates from UK police forces, public and private sector.

Delegates learnt of the key challenges facing the counter fraud community at a time of great uncertainty politically and economically. Possible solutions for tackling fraud and ways to improve the effectiveness of existing fraud prevention tactics were also discussed. ☺

Fraud training and accreditation project

It is a commonly cited problem that law enforcement sometimes has to rework material used by fraud investigators in the public and private sectors.

A clear statement of the skills and knowledge needed to produce good quality packages and information on training providers who can supply this would be helpful.

We reviewed the training and accreditation 'landscape', consulting widely with public and private sector organisations, law enforcement and training providers.

As a result of our research and the efforts of many partners we were able to put together a 'core curriculum' which covered the basic

key skills and knowledge which a competent fraud investigator should have in order to prepare material for consideration by law enforcement.

A joint seminar with the London Fraud Forum which opened up the discussions to a wider audience was held along with discussion groups on the curriculum content and the potential governance arrangements. The curriculum has been finalised and the Counter Fraud Professional Accreditation Board has agreed to take ownership of it and oversee its future development.

We have joined the Board which is also considering amending its constitution to reflect its new wider remit. ☺

Helping determine how, why and when, people may become victims of fraud

Peter Wilson, Director, NFA

Earlier this year, we joined forces with partners from the banking industry to commission research into the underlying characteristics that make an individual susceptible to fraud.

Using this research we have now developed the National Fraud Segmentation – a ground breaking tool that categorises the general

public by their attitude and behaviours towards risk and fraud. The National Fraud Segmentation has identified seven specific groupings among the general public based upon a set of similar behaviours and attitudes which can help determine how, why and when citizens become victims of fraud.

This work will provide a blueprint to enable the counter fraud community to focus and prioritise fraud prevention and intervention activities according to the susceptibility and vulnerability of groups of individuals. It will, potentially, pre-empt an individual's propensity to suffer fraud by allowing organisations to provide relevant messaging and interventions at the right time and in the right place.



Our banking partners are already using the segmentation to better protect both their customers and their business from fraud. We are now exploring opportunities to expand its usage across other industries too. We have set up a consortia of telecommunications and banking representatives to build a consistent set of awareness raising initiatives to these specific groups.

We will be making a detailed briefing on the National Fraud Segmentation – and how to use it – available to the whole counter fraud community in early Autumn. ☎

New factsheets for businesses

The Fraud Advisory Panel has recently issued two new free factsheets for businesses on:

- **An introduction to fraud detection:** highlights the key elements of a robust fraud detection strategy and provides an introduction to some of the main fraud detection techniques available
- **Pre-employment screening:** highlights the importance of pre-employment screening as a fraud prevention tool and how to verify key information

Both publications are available to download from the FAP website.

CLICK HERE to download the factsheets. ☎



Music fans report online ticket fraud to Action Fraud

► In June there was extensive media coverage on how people from across the UK bought but never received tickets for various concerts, including the Take That Progress tour.

Victims of online ticket fraud were advised to contact Action Fraud to make a report. This contributed to Action Fraud's highest reporting month since its creation, with nearly 14,000 calls to the contact

centre and over 10,000 contacts to our web reporting tool by the public. Almost 5000 reports were submitted to the NFIB, 2721 of which were concerning online ticketing scams.

The National Fraud Intelligence Bureau has analysed the reports it has received from Action Fraud and the City of London Police has launched an investigation into specific ticketing fraud cases. ☎



Fighting fraud locally

Rachael Tiffen, Head of Local Government, NFA

Local Government loses £2billion a year to fraud. We have now established a specialist team to support local authorities tackling this issue and have instigated projects targeting high risk areas including: single person discount fraud; housing tenancy fraud; personal budgets; council tax exemptions; and business rates fraud.



We have established a Local Government Oversight Board comprising of Chief Executives and representatives from both professional bodies and Local Government. This body is guiding the development of the first unified, strategic approach to countering fraud against local authorities. This will be set out in '*Fighting Fraud Locally*' to be completed and published towards the end of 2011. In the meantime the NFA's local government team is also working to provide specific support to help local authorities fight fraud right now.

Fraud Fighting Toolkit: To support the delivery of the strategy the NFA is working with a range of partners to develop a set of tools. With the Audit Commission, we are developing a new '*Fraud and Corruption Manual*' for auditors and operational staff. The first modules of this will be launched in November 2011. We are also contributing an analysis of emerging fraud threats and submitting good practice case studies to the annual Audit Commission publication '*Protecting the Public Purse 2011*' which will also be published in November. In addition to this we are also working with CIPFA to set

up a good practice bank of cases and tools and an on line discussion forum. We have around 30 pilots running in Local Authorities trialling different methods.

A framework contract with Credit Reference Agencies: With Kent County Council, we are seeking to standardise the terms, conditions and rates for contracts with credit reference agencies in local government. The tender for this framework contract went out at the beginning of April and is expected to be up and running in August. The contract will be open to Local Authorities and all public sector bodies undertaking fraud checks.

Encouraging regional counter fraud partnerships: We evaluated regional counter fraud partnerships to assess the factors that made them successful and how these can be replicated elsewhere. We presented our findings to local authorities at a series of CIPFA roadshows in May. You can read our report [here](#).

Spreading best practice in reducing fraudulent claims for exemption from Council Tax: We held workshops attended by 39 councils to assess the risks with exemptions and identify good practice. We are drafting *A Guide to Tackling Council Tax Fraud* for publication in October.

Volunteers wanted!

We are looking for volunteers across the country to share good practice of effective fraud prevention in areas of procurement, grants and insider fraud with us. Please contact **Rachael Tiffen**.

Helping government departments tackle fraud

► Our work to tackle fraud across government continues apace and there has been significant progress since the first meeting of the Counter Fraud Taskforce 6 months ago.

The first phase of the Taskforce's work is now complete and the Cabinet Office published a report in June detailing the results of the first counter fraud pilots, with recommendations for activities that should now be rolled out across all Government departments.

The report was launched at a joint event hosted by Civil Service World in Central London, chaired by Bernard Herdan, attended by over 350 delegates and addressed by the Minister for the Cabinet Office, Rt Hon Francis Maude MP. You can download a copy of the report and listen to the Minister's speech and other presentations from the day at: <http://www.tackling-fraud.co.uk>

The NFA is now developing a delivery plan to focus the next phase of work, which will place greater emphasis on embedding a zero tolerance approach to fraud, increasing fraud prevention and intelligence sharing as well as tackling error and debt across Government. Demonstrating Government's commitment to addressing this problem, the Taskforce has been extended for another 12 months to oversee implementation of this plan and will report on further progress at the end of the year.

Tackling fraud in the charity sector

► For the 2011 Annual Fraud Indicator we carried out targeted measurement work in order to produce a more realistic estimate of fraud in the charity sector. A survey was issued to 10,000 registered charities and the data collected allowed us to estimate fraud against this sector to be at £1.3 billion a year. We are currently working on ways to provide an even more comprehensive estimate for 2012.

The fraud suffered by charities ranges from fraud perpetrated by corrupt employees and volunteers, such as accounting fraud; through fraudulent applications for grants and financial support; to sham charities that seek to trade on public generosity and divert funds away from genuine charities.

It is increasingly recognised that fraud against this sector needs to be addressed and as a result a charity fraud desk has now been set-up within the National Fraud Intelligence Bureau. The desk is co-staffed by force analysts and industry volunteers to draw together and analyse crime intelligence and co-ordinate a national law enforcement response.

We are currently carrying out work which will allow us to have more detailed analysis of fraud against this sector providing for better advocacy for responding to it; and allowing better targeting of resources to disrupt key enablers.

We have initiated a Charity Fraud Project and have set up a steering group of key stakeholders from both inside and out of the sector. The ultimate objective of this project is to reduce losses attributable to fraud across the charity sector. Reduction of losses will also have a proportionate effect in reducing the laundering of stolen funds and potentially their use in funding other criminal activities.

We aim to increase intelligence sharing amongst and between the 'not for profit sector' and law enforcement agencies, with increased feedback to the charity sector. We will raise

awareness of charity fraud amongst those in the sector to ensure that they become more robust at preventing and detecting fraud and reporting incidences of fraud.

In addition we will raise awareness with the public to ensure that they have the means and ability to recognise fraud and ensure that their donations go to genuine charities. We will also ensure that fraud is more

readily reported and that there exists a means for the charity sector to provide information and intelligence to a central hub for analysis to inform and target an increased enforcement response.

The project will also reference current workstreams that are already ongoing elsewhere to ensure that resources are used efficiently and messaging is effective. These will include work being done to address fraud against HMRC; clothing collection fraud being looked at by CoLP and peer-to-peer reviews of charities' fraud controls, being organised by the Charity Commission. ☎

Boosting the international response to fraud

While many countries have established counter fraud programmes or organisations the NFA is unique in its focus on – and comprehensive coordination of counter fraud activity from the public, private and voluntary sectors.

We routinely meet with counter fraud experts, key opinion leaders and senior government and business representatives from other countries to boost co-operation and improve international counter fraud efforts.

Recently, we focussed on the global problem of mass marketing fraud with authorities in Australia. Of particular interest was research conducted by the Australian Consumer Fraud Task Force to help determine the significant, but unknown, fraud losses the

UK suffers from Nigerian related organised fraud and a Queensland police outreach programme that has reduced the isolation felt by victims.

We met the Australian Attorney General's Office, who were interested in Action Fraud's capabilities and expansion into cyber crime reporting to inform their own thinking on developing a cyber reporting centre. We shared thinking and the latest developments on fighting fraud within Government at a meeting with the Australian Defence Force.

Later this month we are meeting representatives from Holland to understand new methodology they have devised to estimate fraud losses and to discuss a highly successful viral campaign that has boosted young people's awareness of the need to protect their private information on-line. ☎