



Department for
Business & Trade

Counter Fraud, Bribery & Corruption Strategy

2024-2027

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Contents

Forward	3
Background	4
Scope	4
Operating Environment	5
Fraud Landscape in the Public Sector	5
Departmental Fraud Landscape	5
Fraud Risks and Areas of Focus	5
Our Vision	7
Delivery	7
Priorities and Objectives	7
Monitoring Delivery	10
Values and Principles	11
Conclusion	12

Forward

Bidesh Sarkar CBE – Chief Financial Officer, Department for Business and Trade

I am pleased to present the DBT Counter Fraud, Bribery & Corruption Strategy, outlining our Department's proactive approach to addressing related threats over the next three years.

Fraud is the most commonly experienced crime in the UK, affecting our society economically and socially, accounting for over 40% of crime in England and Wales.

As Civil Servants we are in the privileged position of being entrusted with public funds. With this responsibility comes a duty to safeguard these funds against fraudsters and those who seek to exploit government and detract from our intended outcomes.

DBT is the economic growth Department, and our ambitious strategic agenda sees us making connections across the UK and the world. Pursuit of our ambitious strategic Departmental objectives inevitably exposes us to risk, including those of fraud, bribery or corruption.

DBT takes all allegations of fraud, bribery and corruption seriously, and is fully committed to minimising the risks across our network whilst we seek to effectively deliver our objectives and protect the public purse.

This strategy sets out how we will manage these risks as a Department, and the measures that will be utilised to assess and assure our performance.

Background

The Department for Business and Trade (DBT) was established in February 2023 as part of a Machinery of Government change that combined elements of the former Department for Business Energy and Industrial Strategy and the Department for International Trade.

DBT is the UK's Department for economic growth. Working with our 19 Partner Organisations (POs), we support businesses to invest, grow and export, creating jobs and opportunities across the country.

The Department's priorities encompass the following:

- Deliver a new mission-driven Industrial Strategy
- Support small businesses
- Reset trade relations and championing British exports
- Make work pay

Scope

In this strategy document we set out DBT's overarching approach to countering fraud, bribery, and corruption for the period 2024-2027. We identify a set of strategic aims and supporting principles that will form the basis for how we operate and invest in managing the associated risks.

This strategy applies to all staff within the Department as well as those who are on loan or secondment, contractors and other temporary staff. Partner Organisations will produce their own strategies but will have access to this Departmental strategy and may use it to support their strategic response to fraud.

This strategy is not a standalone document and is informed by the Organisation Fraud Risk Assessment, as well as being underpinned by the DBT Counter Fraud, Bribery and Corruption Policy and Response Plan.

We have aligned the DBT strategy with the [Cross Government Counter Fraud Functional Strategy 2024-2027](#). This includes a number of Departmental commitments to support the development of the Government Counter Fraud Function and improve the public sector's response to fraud.

Recognising the international scope of the Department, there may be a need to consider the varied legislation across jurisdictions within which we operate. This should be done at programme or directorate level, with consideration of how to apply the principles of this strategy in this context.

Operating Environment

Fraud Landscape in the Public Sector

The Public Sector Fraud Authority (PSFA), the centre of the government's counter fraud profession, estimate between £33bn and £59bn of UK taxpayer's money is lost to fraud and error each year. Whilst the majority of recorded loss sits with the Department for Work and Pensions and His Majesty's Revenue and Customs, the remainder is spread across the other central government Departments¹.

The growing threat of fraud is illustrated in statistics provided by the Home Office, which show 41% of all reported crime to be linked to fraud. Despite this volume of crime being reported, only around 1% of these crimes result in a judicial outcome. This demonstrates the inherent complexity of economic crime and the difficulty in tackling the issue solely through investigation and enforcement. Instead, the real impact is made through prevention mechanisms and robust controls as a means of safeguarding the Department's funding streams to achieve their desired objectives.

"We know that fraudsters are a capable and committed adversary and the way they commit fraud is diverse and evolving. As criminals develop more sophisticated tools, we too must innovate and modernise our approach to prevent fraud." - Mark Cheeseman, Chief Executive Officer of the PSFA².

Departmental Fraud Landscape

Whilst the formation of DBT brought together longstanding government organisations, the Department has a new identity, structure and leadership framework. The Annual Cross-Government Fraud Landscape Report highlights the scale of fraud across Government, including the challenge for DBT and its legacy Departments.

DBT operates a highly complex business model, with global reach and we must be prepared to adapt in order to meet the continuously evolving threats of fraud, bribery and corruption.

DBT maintains a collaborative relationship with its POs to ensure accountability and adherence to the Government Counter Fraud Functional Standard (GovS013). Our partners contribute to the delivery of our Departmental strategy and as such play an important role in managing fraud risk across the wider organisation. We endeavour to support and develop the fraud and error response in our POs through close engagement on reporting and working through mutual challenges in stakeholder forums.

Fraud Risks and Areas of Focus

¹ National Audit Office (March 2023) Tackling fraud and corruption against government, <https://www.nao.org.uk/reports/tackling-fraud-and-corruption-against-government/>

² <https://www.gov.uk/government/news/cutting-edge-data-and-ai-tech-to-help-government-hunt-down-fraudsters>

Fraud Risk Assessment

The Department have conducted analysis of the fraud risk areas that are of the greatest concern both now and on the horizon. These risks are reviewed regularly to enable DBT to remain alert to new risks as they emerge, with proportionate and effective controls in place to manage that risk.

Key risks identified include:

- Digital
- Commercial
- Grants
- Internal Fraud

These risks have been identified through consultation with key stakeholders, consideration of the risks identified within grant scheme fraud risk assessments and highlighted in cross-government reports.

The risks are captured within DBT's Organisational Fraud Risk Assessment and overseen through the strategic Counter Fraud Steering Board and integrated into the Department's risk management framework. Each risk is owned and mitigated by appropriate risk owners within the Department.

Ongoing Focus

Continued efforts to address legacy the recovery of funds from COVID-19 business support grants and loans, as a result of fraud and error, and managing credit losses and fraud in COVID-19 loan guarantee schemes.

Additionally, following an independent public enquiry into the Post Office Horizon IT system, the control framework supporting the safe and efficient disbursement of compensation funding is a key focus for the Department's counter fraud assets.

Future Focus

Significant changes to the fraud landscape are ongoing, and in order to maintain the integrity of our controls and counter fraud processes we must be ready adapt accordingly.

The substantial advances taking place in technology, notably in Artificial Intelligence (AI) is perhaps the most apparent. AI is being developed at pace with plans to roll out to improve service delivery within the public sector. Whilst this brings many benefits it also increases the potential opportunity to commit fraud. To protect the Department from this threat we must also understand the potential for harm from this technology and build systems to disrupt it.

Legislative changes and how they manifest, both in the public and private sectors, will determine counter fraud approaches in the future. The Economic Crime and Corporate Transparency Act 2023 (ECCT), the Procurement Act 2023 and the Digital Economy Act 2017 (DEA) are some examples of how modern legislation recognises the risk posed by fraud and includes specific protections against it. Whilst this is a positive change for those seeking to deter fraudsters, managing these changes and ensuring they are understood across government and applied correctly will be essential.

Our Vision

We aim to utilise the learning and expertise available across government to build a robust Departmental counter fraud response. Through developing our capability, improving our use of data and technology and the empowering our staff to understand and challenge fraud, we look to construct a mature counter fraud environment. This strategy sets out the action necessary to build up the Department's capability and fraud response to achieve this vision. By the end of the strategy's lifespan (2024-27) we aim for the Department to operate as follows:

- We operate a mature risk management culture that successfully mitigates known and hypothetical risks through a robust framework and clear ownership across the Department
- We deliver value for money in our policy outcomes by minimising the impact of fraud and error in both the design and delivery phases of the Department's programme of work
- We draw on a broad range of skill sets, both internally and externally to the Department, to analyse data effectively and make informed decisions on how we address the potential for loss due to fraud and error
- We proactively monitor new and emerging risks across the Department and are agile and collaborative on how we respond to these

Delivery

To deliver on the ambitions outlined in this strategy, we have established a set of key priorities and objectives.

Priorities and Objectives

Each priority is underpinned by a number of objectives which directly align to the Cross-Government Counter Fraud Strategy 2024-27. These focus specifically on effectively harnessing data and technology, embedding controls and developing our people.

To drive cultural change in the Department's approach to countering fraud, bribery and corruption.

We aim to create a culture that understands the threat of fraud to the organisation and empowers its staff to effectively address it. We will do this through the following steps:

Counter fraud culture

- To undertake a programme of activity to foster and maintain a risk-mature culture ensuring fraud, bribery and corruption risks are well understood and recognised
- To use data to inform decisions, drive performance and measure progress
- Embed strong, top-down advocacy for countering fraud/error, bribery and corruption across the Department's senior leadership
- To foster an environment where staff feel confident to speak up when they identify risks or instances of fraud/error, bribery or corruption

- To enhance our approach to identifying new, emerging risks and to drive collaboration across DBT, its POs and OGDs to improve data sharing and to strengthen outcomes and develop strategic partnerships

People strategy

- To empower staff within DBT with the relevant skills, knowledge, and confidence to manage effectively fraud/error, bribery and corruption through targeted enhanced training, particularly for staff in more senior risk roles and business areas
- To explore the options for embedding the government counter fraud profession in delivery, policy, assurance and governance roles within the Department, giving consideration to the approaches currently employed by other professions such as Project and Programme Management, Analysts and Commercial practitioners

Technology, tools and data

- To make effective use of internal and external data sources to operate effective controls and identify new risks.
- To support business areas to use data to monitor and understand their counter fraud performance and to more effectively gather, exploit and share intelligence.
- To explore options for more effective information management and utilisation across DBT and its POs.
- To explore the use of novel and emerging technologies, such as artificial intelligence to enhance our ability to prevent, detect, deter fraud/error, bribery and corruption.

Learned and continuous improvement

- To enhance our approach to fraud risk management through performing Lessons Learned reviews to drive continuous improvement and to adjust our controls to address evolving risks
- To engage across DBT, its POs and across government to share knowledge and good practices

Key measures of success

- All new major spend workstreams undertake assessments of fraud/error risk at the outset and throughout the workstream lifecycle, with the support of DBT counter fraud professionals
- All workstreams identified as being at high risk of fraud (inclusive of error, bribery and corruption) have in place appropriate plans for managing potential and actual instances of fraud/error
- Senior leaders champion countering fraud as part of regular process of policy development and business delivery, including mandatory counter fraud training in their teams
- Data is routinely used to make strategic decisions relating to fraud
- Lessons learnt from within DBT and across wider government and industry are regularly applied to ways of working to improve performance

To support the delivery of value for money in policy outcomes

Reducing loss to fraud and error is about getting the right funds to the right people and places and ensuring policy outcomes are delivered economically. Funds going to fraudsters can reduce the funding available to those applying in good faith. To support this, we will undertake the following steps:

Embedding proportionate controls in the delivery of Departmental policy

- Manage schemes in such a way that fraud/error losses do not exceed unacceptable levels and controls are proportionate to the risk of fraud
- Setting a clear Departmental fraud risk appetite that is understood and utilised across the organisation
- Ensuring that all fraud risk assessments articulate risk and controls sufficiently and undergo quality assurance by trained Fraud Risk Assessor
- To adopt an approach where fraud risk appetite and tolerance are defined at the outset of a spend activity (project, scheme, etc.) and reviewed throughout its lifecycle to reflect the wider policy, delivery objectives of the scheme and evolving fraud/risk landscape

Assurance and Continuous Improvement

- To regularly review existing policies and procedures. Initially to focus on high fraud risk spend areas ensuring compliance with the functional standards set by the PSFA
- To establish a programme of residual fraud measurement exercises to understand and respond to undetected losses to fraud/error
- To have clear and robust action plans with clear metrics and outcomes for measurement
- By using proportionate assurance and compliance monitoring to evidence adherence to expected standards and use the results of these exercises to continuously improve our controls and processes

Key measures of success

- The quality and status of key fraud risk documents such as the Initial Fraud Impact Assessment (IFIA), Fraud Risk Assessment (FRA) and Fraud Management Plan (FMP)
- The ongoing monitoring of fraud risks identified through risk assessments and how this is reflected in scheme processes and the Departmental risk management framework
- The extent to which data is used to inform decision making around fraud

Build counter fraud capability across the Department

Develop a fraud detection capability

- To establish a coherent view of DBT's requirements for investigation, enforcement, intelligence and debt recovery capabilities
- Use data to identify risks, anomalies and broaden data access through participation in initiatives such as the National Fraud Initiative (NFI)

- To build strategic partnerships across government and work to detect and respond to the threat posed by fraud

Deterrence

- To drive deterrence through visible controls and effective communication of successful preventions, prosecutions and recoveries
- To further reinforce the Department's stance against fraud, bribery and corruption by building an increased appetite for investigating suspected instances and taking sanctions, where appropriate
- Promote a strong culture of fraud awareness across the Department which in turn encourages the reporting of suspected fraud

Key measures of success

- The Department is able to draw on effective capabilities for investigation, pursuing prosecution and recovering debt in line with its stated appetite for fraud/error risk
- Intelligence is collated and shared appropriately across the Department, wider government and other agencies to effectively tackle fraud

Monitoring Delivery

We intend to monitor progress and the delivery of our counter fraud strategy through the following:

Counter Fraud Action Plan

Using the Department's Action Plan and measurements of success shown within this strategy, we will measure progress against each individual action over a specified time period. These actions are designed to achieve the strategic objectives in a structured way, building the effectiveness of the Department's counter fraud response. The strategy spans over a 3-year period and the Action Plan revisited annually. Progress updates against the Action Plan will be provided to the PSFA on a quarterly basis.

Departmental Counter Fraud Steering Board

The focal point for strategic decision making around counter fraud is the Departmental Counter Fraud Steering Board. This board is chaired by the Chief Financial Officer and centralises discussions on the Department's counter fraud responses and challenges with input from a broad range of stakeholders.

Departmental Reporting

The Department reports fraud and error through a number of channels both internal and external. Trends in this reporting are linked to the measures that are outlined within the Action Plan. We expect to see an initial increase in the level of fraud identified as we build on our current fraud awareness and capability.

Values and Principles

DBT's Strategy has been developed with reference to the following core values and principles:

Principles of Fraud and Corruption

The International Public Sector Fraud Forum (IPSFF) established 5 core principles for fraud and corruption in the public sector. DBT's counter fraud response is based on these principles, which is regarded as global best practice:

1) There is always going to be fraud

It is a fact that some individuals will look to make gains 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 do not find fraud, you cannot 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, enforcement and redress, underpinned by a strong understanding of risk. It also requires co-operation 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. It also requires fewer resources than an approach focused on detection and recovery.

Tackling fraud is everyone's responsibility

As a Department, we understand that fraudsters are becoming increasingly sophisticated in their approach, often making it difficult to manage these threats through reactive investigations alone. We must therefore concentrate our efforts on prevention, and as part of this, we will ensure that everyone knows they have a part to play in tackling fraud, bribery and corruption.

We will focus on the priority areas identified within this strategy to build awareness and enhance capability across DBT more generally. This in turn will enable us to learn from one another, by utilising our collective and varied expertise to create a clearer picture of our risks, identify vulnerabilities and anticipate future challenges.

Collaboration

We will work collaboratively with others, including our POs and other Departments, to share and develop industry best practice and to maintain a unified approach to managing fraud, bribery and corruption risks across the public sector.

PSFA values

In delivering DBT's Counter Fraud Strategy, we will also be guided by the following set of values developed by the PSFA:

- **expertise** – we will ensure that our expertise drives decision-making, building our reputation as authoritative and credible experts in our field
- **innovation** – we will continue to develop to meet the ever-evolving fraud threat through creativity and agility
- **collaboration** – we will work in close alliance with partners and across all business areas to achieve our collective goals and maximise our strengths
- **integrity** – we are professional, committed, honest and transparent. Integrity underpins every aspect of our work
- **respect** – we respect each other and celebrate diversity, valuing different ways of working to bring inclusion to the heart of our working practices

Conclusion

Fraud is a dynamic threat, and we must be agile and proactive in our approach to managing the associated risks. As a Department, we will continually review our position and remain alert to new and emerging threats.

This strategy outlines how we intend to enhance capability, build on Lessons Learned and drive cultural change in DBT's approach to countering fraud, bribery and corruption in the public sector.

Department for Business and Trade

The Department for Business and Trade is an economic growth department. We ensure fair, competitive markets at home, secure access to new markets abroad and support businesses to invest, export and grow. Our priorities are the industrial strategy, make work pay, trade and the plan for small business.

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