

GMCA – Standards Committee

Date: 2 November 2020
Subject: Fraud in the age of Covid-19 - Article
Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT

To provide for information, recent publication from CIPFA relating to fraud risk within the Public Sector.

RECOMMENDATIONS:

- 1. The Committee note the article**

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Risk Management – N/A

Legal Considerations – See references to applicable laws and regulations within the policies

Financial Consequences – N/A

Financial Consequences – N/A

Number of attachments included in the report: N/A

BACKGROUND PAPERS: N/A

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No

EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

Fraud in the age of Covid-19

By Laura Hough, Head of Counter Fraud Policy and Strategy, CIPFA

As the world continues to reel from the impact of coronavirus, reports of frauds that exploit our fears and uncertainties are rampant. We have to remember that in times of crisis, criminals are ready and willing to take advantage of the opportunities presented by societal disarray.

CIPFA's recent research, conducted before the Covid-19 crisis, revealed that nearly two thirds of local government professionals believed fraud to be a major problem for local authorities, and half thought the risk of fraud was increasing. With increased pressures on local authorities to respond to the crisis, resources will be stretched, increasing their vulnerability to the risks of fraud as criminals seek to take advantage of any perceived weakness. This recent crisis, which is unlike anything we have experienced in recent memory, will therefore compound the concerns already raised in the research.

Local authorities are facing extreme pressures at the moment – especially in the areas of health and social care. While resources are being diverted to the frontline and stretched thin, news organisations have reported a surge in opportunists taking advantage of those who are in need of help.

As the weeks of lockdown continue into the foreseeable future it is likely that fraudsters will continue to create new schemes to exploit the vulnerable. We've heard reports of individuals being asked for bank details for everything from school meal vouchers to fake insurance coverage, or being sent bogus emails that appear to be from the government asking for one-off payments.

Tricking people into providing their bank details is only one form of fraud that can devastate families in desperate need of those funds. We've also heard reports of information being provided to the public about coronavirus that is both inaccurate and can be downright dangerous if put into practice.

While the unethical use of technology is one of the key methods fraudsters use to commit their crimes, technology is also seen as one of the key tools to support the fight against fraud in the future. More than two thirds – 70 per cent – of finance professionals, surveyed as part of our recent research, thought the use of new technologies was fundamental in the fight against fraud. CIPFA agrees that if emerging technologies are used effectively, they will play an integral role in counter fraud efforts.

The report, *Tackling Fraud in the Public Sector*, delves into how local government can effectively manage and prevent fraud from occurring. The best way to stop fraud is to detect it before it happens and engage in long-term planning. As poor organisational controls and lack of awareness were also cited as key enablers of fraud, councils should also ensure that everyone working within the authority is aware of the relevant risks and taking proper precautions. A challenging task in the current emergency situation.

As a companion to the research, CIPFA has published Perspectives on Fraud – insights from local government reinforcing the message that fraud, bribery and corruption are constant and shifting threats that impact local government's ability to deliver public services to citizens, threaten the reputations of councils and undermine financial resilience. This document highlights four key themes from the research that resonate with CIPFA's own views: the importance of organisational culture, the importance of technology as both an enabler of fraud and a potential solution, the need to make the most of limited resources by working together, and prevention as the key to fighting fraud both now and in the future.

For the public, it is important to remain aware of the increased risk of fraud during this, or any, crisis. When engaging in financial transactions, always ensure that you document everything and keep complete records in case they are needed in the future. Beware of any offers that seem too good to be true, and take time to stop and think before parting with your money or personal information. The [Take Five](#) campaign also provides useful information on how to avoid falling victim to Covid-19 scams.

The losses that local authorities could experience as a result of fraud are significant. Fraud is likely to come to light as a result of the crisis due to lack of funds and an increase of people in financial hardship. When all begins to return to normal, we should have the skills and methods in place to continue the fight against fraud even in the most trying of times.

In a nation that is already weakened as a result of austerity, any amount of money that is lost in this manner is taking resources away from those in our society that need it most. In the age of Covid-19, these individuals and communities cannot afford to be left out in the cold.

Further reading:

[Perspectives on Fraud - CIPFA](#)