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**INDEPENDENT BODY HAILS “NEW YORK EFFECT” IN FIGHT
AGAINST FRAUD**

Some British organisations are doing to fraud what New York did to crime in the 1990s – demonstrating that it can be beaten. The claim was made at the launch of the Fraud Advisory Panel’s latest annual review by Ros Wright, Chairman of the independent watchdog and a former Director of the Serious Fraud Office. The Panel was founded by the Institute of Chartered Accountants in England & Wales (ICAEW) which continues to be its main sponsor.

Mrs Wright said “Britain now has a number of beacons of hope in the fight against fraud, reminiscent of New York’s success in reversing a supposedly unstoppable wave of law-breaking in the 1990s. Too many people said it couldn’t be done. Mayor Giuliani proved it could and now a string of UK initiatives are setting a similar example on economic crime. There’s too much unthinking pessimism. There is nothing inevitable about fraud. Insight and initiative can turn the tide”.

“The very seriousness of the situation is forcing radical thinking and bolder actions” added the Panel’s Chairman. “Both police and government are now well aware of the urgent threat posed by organised crime’s involvement in fraud. Business too is learning lessons, even if it is usually less willing to talk publicly about its efforts. Our annual review highlights a range of organisations that are getting it right. They’re all prepared to do the hard work of serious analysis and long-term planning. All refuse to think solely in terms of the headlines that derive from ‘quick wins’”.

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The Review highlights three aspects to “getting it right”.

1. High-level strategic thinking. Fraud is a national issue and the response to it needs to be directed at the highest level and with a holistic strategy rather than through piecemeal initiatives. Examples include:

- The Association of Chief Police Officers. ACPO has broadened its Economic Crime Forum to include business organisations, major financial institutions, regulators, government departments and the Fraud Advisory Panel. The Forum is now the only public body considering fraud investigation and prevention at a national and multilateral level.
- The National Intellectual Property Crime Strategy. Counterfeit goods are a virulent form of fraud, worth at least £9bn a year. The DTI, through its Executive Agency, The Patent Office, has organised an alliance of brand owners, HM Customs & Excise, police and local government trading standards officers to work together under a holistic national strategy. It includes plans for targeting investigatory resources, data analysis, training, legislation and raising public awareness.

2. Police-business partnerships. Much closer co-operation between the police and business is essential. Law enforcement can never do everything by itself. Examples of good practice include:

- The North-East Fraud Forum (NEFF). Founded by Northumbria Constabulary, the Forum is a first, a regional grouping of businesses and law enforcement agencies providing training, sharing intelligence and disseminating innovative ideas on prevention. It is also helping to end the sense of isolation which makes some businesses reluctant to report fraud.

NEFF was recently praised by the United Nations as a world class fraud prevention project.

- The Dedicated Cheque and Plastic Crime Unit (DCPCU) is a joint operation between APACS (Association for Payment Clearing Services) and the City of London and Metropolitan police forces. APACS members provide intelligence and administrative support and the police supply the investigators. In its first two years of operation to April 2004 the DCPCU recovered over 36,000 stolen cards and identities and saved £65 million.

3. Cultural change. Long-term fraud reduction also depends on informing, training and motivating all employees. Economic crime is too widespread to be tackled only by a few specialists. Two outstanding examples:

- The NHS Counter Fraud Service (NHS CFS) has made particular efforts to educate NHS staff via training programmes, publicity and 460 local anti-fraud specialists. Figures released in April 2004 showed that £478 million had been saved since 1998, enough to pay for 60,000 kidney transplant operations or 100,000 hip replacements. A recent internal survey showed that 74% of participants recognised that countering fraud was their individual responsibility, up from 34% in 2000.
- Norwich Union, the UK's largest insurer, has emphasised employee involvement, facilitating this via detailed data analysis which has led to simpler and more effective monitoring systems. Full time anti-fraud “champions” in every branch also deliver localised training and report on staff ideas. Fraud savings have risen from £46 million in 2002 to £71 million last year, with £51m delivered in the first half of 2004.

The Panel also repeats its call for additional and dedicated police resources. It praises the recent establishment of The City of London Economic Crime Department as

“Lead Force” for fraud investigations in South East England. Jointly funded to the tune of £1 million each by the Home Office and the Corporation of London, the Force has recruited an additional 24 trained investigators.

“Of course fraud is very far from disappearing” added Mrs Wright “so our rapture is modified. Progress has been made but it needs to be consolidated and built on.”

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Additional copies of the FAP’s Annual Report can be obtained from Mia Campbell on 020 920 8721; e-mail: info@fraudadvisorypanel.org; or visit: www.fraudadvisorypanel.org

Note to Editors:

1. The Fraud Advisory Panel works to raise awareness of the immense social and economic damage caused by fraud and to help private and public sectors fight back. It provides ideas, advice and information to Whitehall, Parliament, business, the professions and the general public. Since it was formed in 1998 it has:
 - raised the profile of fraud in Whitehall, helping to push the issue up the legislative and policy making agenda;
 - developed major proposals for the reform of criminal and company law;
 - worked to improve the anti-fraud content of business and professional education and training;
 - commissioned new research;
 - raised awareness of fraud and right responses to the problem through conferences, seminars and the media.

2. The Panel is an independent body of volunteers drawn from the law and accountancy, financial services, commerce, government departments, law enforcement, regulators, public agencies and academia. It is not restricted to seeing the problem from any single point of view but works to encourage a truly multi-disciplinary perspective. No other organisation has such a range and depth of knowledge, both of the problem and of the means to combat it. It receives generous support from the Institute of Chartered Accountants in England & Wales (ICAEW).

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