

**TWENTY
YEARS
FIGHTING
FRAUD
1998-2018**

FRAUD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

TWENTY YEARS FIGHTING ~~FRAUD~~ 1998-2018



Fraud Advisory Panel is a registered charity and a membership organisation. Our members work in all sectors of the economy – public, private and voluntary – and are at the forefront of tackling fraud. Our purpose is to support and sustain them as they protect lives and livelihoods throughout society and across the globe.

CORPORATE MEMBERS

ACCA, Access Bank Plc, Association of Certified Fraud Examiners, BAE Systems, BDO LLP, CCAB, CIFAS – Leaders in Fraud Prevention, Corporate Research and Investigations, Crown Agents Bank, Deloitte LLP, Edmonds Marshall McMahon, EY, Financial Conduct Authority, Grant Thornton UK LLP, HM Land Registry, ICAEW, Institute of Chartered Accountants of Scotland, International Compliance Training, Kennedys Law LLP, KPMG LLP, Kroll (a division of Duff & Phelps), Law Society of Scotland, Maclay Murray & Spens LLP, Moon Beaver Solicitors, Moore Stephens, National Audit Office, Northern Ireland Audit Office, Pinsent Masons LLP, Prudential Plc, PwC, Royal Bank of Scotland, RSM, Smith & Williamson, Tenet Compliance & Litigation, Transport for London, Winston & Strawn LLP

FRAUD ADVISORY PANEL

Annual report and financial statements

For the year ended 31 December 2018

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Chairman's welcome

2018 was a milestone year for the Panel. It marked 20 years – the first 20 – of tirelessly building a strong and unique multi-disciplinary and future-focused approach to tackling fraud, one firmly rooted in the founding ideal that we are all stronger when we work together.

Our anniversary dinner in the summer was a great opportunity to reflect on and celebrate the Panel's considerable achievements to date. The prescience shown has been particularly remarkable. We were the first to warn of so many emerging threats: internet fraud (1998), identity fraud (2003), virtual money (2007), charity fraud (2008), weaknesses in the company incorporation regime (2012) and – strange but true – 'smart dust' (2018). And that is far from a full list of our important firsts.

I firmly believe that it is the strength, clarity and multi-faceted nature of the Panel's collective voice that gives us our particular responsibility to be innovative and forward-thinking in the ways we support, inspire and challenge our members (organisations and individuals alike). Fraud is an ever-present and ever-growing threat, but it is also an ever-changing one.

These are among the things that make me so deeply honoured to now chair the Fraud Advisory Panel. We will continue the work to create a dynamic and supportive environment in which our members can flourish, but 2019 also heralds a fresh, new approach. We are already seeing the considerable benefits of involving the next generation of counter-fraud professionals through our Future Fraud Professionals Network. Five new trustees – a warm welcome to David Bacon, Rachel Sexton, Brendan Weekes, Edna Young and Sophie Falcon – will bring new perspectives and fresh ideas, as will our newly-formed advisory committee. And while we are on the subject of new faces, we are also delighted to welcome our first-ever patron,

the Right Honourable Dominic Grieve QC MP. A recent former attorney general, he surely needs no introduction. His support will be invaluable in making sure our voice is well-heard within the walls of Westminster and Whitehall.

I have been a Panel board member for a few years now. I hope I know our work and our members fairly well. But in my new role as chair I am very much looking forward to the coming months of meeting members afresh and hearing their thoughts on where this new phase of the Fraud Advisory Panel's extraordinary life should lead us.

A handwritten signature in black ink, which appears to read "David Clarke". The signature is written in a cursive, flowing style.

David Clarke
Chair

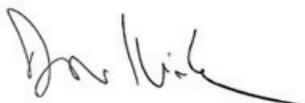
A word from David Kirk

I retired as chair of the Fraud Advisory Panel on 31 December 2018. For the past four-and-a-half years it has been an enormous privilege, as well as a great pleasure, to lead the Panel's vital work.

I would like to express my heartfelt thanks both to my fellow trustees and to the numerous members who have contributed so much to the Panel's considerable successes during this time.

I am personally proud of two initiatives in particular: our leadership role in raising voluntary sector fraud awareness and resilience (a campaign that has now gone global); and the important contribution we made to the new public sector counter-fraud profession (launched in October). I am sure that both will have a profoundly positive and (importantly) long-lasting impact.

In my successor David Clarke I know I am leaving the Panel in safe hands. Its influence and reputation will surely continue to flourish under his excellent leadership. His senior-level experience in the criminal justice system and determined approach to improving the way society tackles all fraud and financial crime will be invaluable assets to the Panel as it builds on its already considerable achievements.

A handwritten signature in black ink that reads "David Kirk".

David Kirk
Retiring chair

A large, handwritten message in black ink that says "Thank you!". The text is written in a cursive, slightly slanted font.

Fraud Advisory Panel gratefully acknowledges and thanks everyone (individuals and organisations alike) who supported our work in 2018, whether through sponsorship or in-kind donations of time, expertise, venues and refreshments. Our efforts to tackle financial crime simply would not be possible without you.

Special thanks are also due to ICAEW for its continuing support.

2018 IN NUMBERS

PUBLIC POLICY

10

RESPONSES TO CONSULTATIONS

(2017: 5) +100%

8 EXTERNAL STAKEHOLDER GROUPS

SUPPORTED (2017: 9) -11%

13 HELP SHEETS AND REPORTS

PUBLISHED (2017: 7) +86%

7 E-LEARNING RESOURCES RELEASED

(2017: 6) +17%

ENGAGEMENT

1 NATIONAL CHARITY FRAUD

AWARENESS WEEK (2017: 1)

43 ENQUIRIES FROM THE MEDIA

(2017: 48) -10%

316

ENQUIRIES FROM THE GENERAL PUBLIC

(2017: 222) +42%

14

EXTERNAL SPEAKING ENGAGEMENTS

(2017: 9) +56%

ONLINE

104,189 unique visits to our website (2017: 88,135) +18%

EVENTS

29 EVENTS, WEBINARS AND
TRAINING COURSES (2017: 26)
WHICH ATTRACTED ALMOST

1,400

ATTENDEES +12%

MEMBERSHIP

290

MEMBERS (2017: 276)

31 CORPORATES WITH 454 REGISTERED
REPRESENTATIVES

259

INDIVIDUALS

4 MEMBERS' MEETINGS (2017: 12) -67%

SOCIAL MEDIA

2,822

TWITTER FOLLOWERS (2017: 1,514) +86%

443

LINKEDIN MEMBERS (2017: 211) +110%

FACEBOOK PAGE LAUNCHED

OUR VISION, MISSION AND VALUES

Our **VISION** is for a society free from fraud and financial crime.

Our **MISSION** is to bring together professionals of all kinds who share a common desire to improve fraud resilience across society and around the world.

Our **VALUES** are integrity, independence and inclusivity.

Report of the board of trustees

ACHIEVEMENTS AND PERFORMANCE

The Fraud Advisory Panel's innovative, multi-disciplinary approach continues to be very successful in improving fraud awareness and bringing together counter-fraud professionals to spread best practice and generate new ideas and approaches. Even so, our ambition and desire can sometimes be hampered by resource limitations, preventing some of our most ambitious plans from achieving their full potential. But 2018 saw good progress on a number of fronts as well as the completion of important work to prepare the ground for 2019.

Our aims for 2018 were three-fold:

1. Cultivate fraud resilience across society and around the world.
2. Generate new thinking on fraud.
3. Build a more diverse, vibrant and inclusive counter-fraud profession.

1. Cultivating fraud resilience across society and around the world

Anticipating how fraud might look in the future

The ways we live, work and interact continue to change rapidly, driven by the latest technological advances. To better understand how the past might shape the future our special mid-year report – *Fraud futures: understanding the old to prepare for the new* – examined the evolution of fraud and considered what new threats the future might hold. Contributions by half a dozen respected futurologists painted an ominous picture of a potent new wave of cybercrime – from ‘smart dust’ listening in on our conversations, to smart computers tapping into our unspoken thoughts – enabled by next generation technologies like AI, robotics and big-data analytics.

‘This striking report, with its wide range of perspectives, reminds us that new technology can always be used to harm as well as help the vulnerable. On this we could and should do a much better job of learning from history.’

Robert Hodgkinson, Executive Director – Technical, ICAEW

As part of our Cyber Fraud Research Unit's continuing series of events we also explored how the latest advances in bio-hacking and implanted technologies might create new opportunities for fraudsters, while complicating the policing of cyber space. We challenged the technology companies themselves to confront these problems and to get on with creating their own innovative solutions.

Working with accountancy bodies in the UK and Cyprus

In recognition of the important role accountants and auditors play in tackling financial crime we have been working hard to forge stronger and closer ties with the profession.

A memorandum of co-operation with the Institute of Certified Public Accountants of Cyprus (ICPAC) strengthened the support available to counter-fraud professionals. We delivered two financial crime seminars, one each in Nicosia and Limmasol. Proposals to strengthen stakeholder collaboration in the region were prepared for ICPAC to consider. And we spoke at the Cyprus anti-fraud conference, reaching a total audience of some 300 professionals across three events.

Closer to home we formed a new relationship with the Institute of Financial Accountants (whose members work for small and medium-sized enterprises). A fraud update was delivered to London members and we contributed three articles to *Financial Accountant* magazine.

A number of collaborations with ICAEW included charity fraud awareness week, four lunchtime webinars on fraud (all in conjunction with ICAEW's business and management faculty) and a fifth on finding fraud using internal audit (in conjunction with the corporate governance community). We also spoke at several ICAEW events, including an internal session for staff involved in quality assurance/professional conduct and events for charity/voluntary sector professionals and forensic/expert witnesses.

Improving our awareness-raising work with charities

We continued to work closely with the Charity Commission to strengthen the fraud resilience of the voluntary and not-for-profit sector. At the beginning of the year we reviewed and updated the survey instrument used in our ground-breaking 2008 charity fraud research and this has now been adopted by the Commission (with our support) as the basis for its 2019 fraud awareness survey.

The Panel and the Commission jointly led the third charity fraud awareness week (22 – 26 October). Charity staff, regulators, professional advisers, representative bodies, law enforcement and other not-for-profit stakeholders came from across the globe to take part. See pages 8 and 9 for a summary of the week's achievements.

The quality and importance of our work in this area was recognised when we won the Outstanding International Collaboration category at the government's 2019 Counter-Fraud Awards.

'...without the input of the Fraud Advisory Panel...it would simply not be possible to deliver Charity Fraud Awareness Week.'

Helen Stephenson CBE, Chief Executive, Charity Commission

2. Generating new thinking on fraud

The adequacy and effectiveness of the (cyber) fraud response

Over the years we have consistently argued that every local police force should have the capacity, experience and resources to deal properly with the victims of fraud and online crime. For far too long our words have fallen on deaf ears. Consequently, at the beginning of the year we were pleased to be invited to contribute to a new, year-long review of the law enforcement response to fraud (including cyber-enabled fraud), conducted by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services. The review was a welcome opportunity to once again recommend a comprehensive revamp of the old Home Office policing priorities circular so as to improve the clarity, consistency, transparency and accountability of police fraud investigations. The review's findings should be published in early 2019.

Having contributed to its early stages, we also welcomed the December publication of a further new piece of research into improving the police

response to fraud, this time conducted by the Police Foundation and Perpetuity Research. Even so, it was disappointing to see how very little has changed in the five years since we completed our own, similar project – *Obtaining redress and improving outcomes for the victims of fraud* – which at that time was also part of the government's national fraud strategy.

Shaping new thinking on fraud

We took part in ten consultations on various aspects of fraud and financial crime (twice the number in 2018), including its impact on the Scottish economy and vulnerable victims and young people. Over the last three years we have focused quite closely on banks' duties to protect their customers' money, especially from frauds which exploit services like 'authorised push payments'. In 2018 we responded to three consultations on this growing and costly problem. We intend to maintain a watching brief on these matters for the foreseeable future.

Senior representatives of the Panel continued to participate in various stakeholder groups, including those concerned with: the national economic crime victim care unit pilot (Action Fraud); improvements to the fraud resilience of charities (Charity Commission); implementation of the new and now live Action Fraud/NFIB fraud reporting system (City of London Police); multi-agency campaigns (City of London Police); and the creation of a counter-fraud framework for the public sector (Cabinet Office). On behalf of Action Fraud we also hosted two special events looking at the national economic crime victim care unit. Designed for police and crime commissioners and local police forces, they attracted more than 70 attendees.

New research – What are we saying when we talk about fraud?

Over the centuries many different terms have been used to refer to fraud: scam, con, cheat, swindle, racket, sham, hoax, even 'mis-selling'. The language of fraud-fighting is awash with such euphemisms but little is known about how the language and terminology we choose to use affects fraud resilience and the fight on fraud. When we refer to a Ponzi scheme as 'a scam' do we also make light of the offence and the harm done? Does calling a fraudster 'a cheat' trivialise their criminality? Are there hidden consequences to talking about serious crime in this way? We think these are important questions. It was originally our intention to commission new research in 2018, but resource constraints forced us to postpone the project until 2019.

3. Building a more diverse, vibrant and inclusive counter-fraud profession

Building an active, supportive and engaged network of future fraud professionals

One of our key strategic priorities is to develop and support the counter-fraud professionals of tomorrow. In June 2017 we created the Future Fraud Professionals Network; a free-to-join network open to people with less than five years' experience of working in a fraud-related role or students interested in pursuing an anti-fraud career.

The network continues to grow in size and influence. Almost 200 new professionals now subscribe to our newsletter, our dedicated LinkedIn group, or both. In 2018 more than 160 people attended our three events, which included our first pub quiz!

Several other organisations are now interested in joining this focused approach to supporting and encouraging the next generation of counter-fraud professionals. In 2019 we will be working hard to bring all of them on-board and to make sure the network continues to grow.

Attracting new trustee talent to create a better-balanced board

The year saw some significant changes at board level. Partly this was due to natural turnover, as board members moved on, but partly it was the product of work done by our nominations committee to create a more balanced board that better reflects the communities we serve. In total five trustees have retired and five new faces have taken their places (see page 14 for more about our trustees). The end of the year also saw David Kirk retire as chair after four-and-a-half years. He has been succeeded by David Clarke.

We completed important preparations to establish a special advisory committee. This new group will comprise a combination of members (invited for their particular expertise) and retired trustees. Its job will be to provide strategic advice to the main board and to lead some of our project work. It will meet for the first time in 2019.

New online communities helping members get more involved

One of our greatest strengths is undoubtedly our members. Because their expertise cuts across the full spectrum of sectors and counter-fraud disciplines the Panel benefits from strength in breadth as well as depth. Helping all our members to be more active (especially those outside London) is an important part of maximising the Panel's impact. In addition to our expanded series of webinars it is now possible to dial into any of our members meetings and participate by phone. We hope to introduce video-conferencing during 2019.

Because we concentrated so much of our effort in 2018 on the 20th anniversary dinner (held in the summer) and the refocusing of our member offerings towards project-based meetings and ad hoc groups there were fewer routine members meetings (half as many as in 2017).

Our social media presence grew significantly in 2018 as we continued to increase the use of these channels, particularly LinkedIn and Twitter. Towards the end of the year we set up a new Facebook page primarily for the benefit of students and new professionals.

AWARDS AND ACCOLADES: CHARITY FRAUD AWARENESS WEEK 2018

International **Charity Fraud Awareness Week 2018** brought together the charity and not-for-profit sectors to promote awareness and share good practice. Charities, regulators, professional advisers, representative bodies, law enforcement and other not-for-profit stakeholders from across the globe took part.

TIMELINE: A WEEK OF TARGETED ANTI-FRAUD ACTIVITIES

MON 22 OCT	TUE 23 OCT	WED 24 OCT	THUR 25 OCT	FRI 26 OCT
CYBER-FRAUD / CURRENT AND EMERGING THREATS	GRANT FRAUD / DUE DILIGENCE	DONATION FRAUD / LEGACY FRAUD	INSIDER FRAUD / WHISTLEBLOWING	MOVING MONEY SAFELY / BANK FRAUD

WORKING TOGETHER TO KEEP #CHARITYFRAUDOUT

ACFE | Amnesty International | Australian Charities and Not-for-profits Commission | Australian Competition and Consumer Commission | British Council | Chartered Accountants Worldwide | Charity Commission for England and Wales | Charity Commission for Northern Ireland | Charity Finance Group | City of London Police (Action Fraud) | Crowe | Fraud Advisory Panel | Foundation for Social Improvement | Help for Heroes

| ICAEW | Macmillan | Oxfam | National Cyber Security Centre | NCVO | NZ Charities Services | Office of the Scottish Charity Regulator | Police Scotland | Raffingers | Take Five | US Federal Trade Commission | US National Association of State Charity Officials
In the UK efforts were co-ordinated by the Fraud Advisory Panel and Charity Commission under the auspices of the Charities Against Fraud partnership.



KEY RESOURCES

- 7 E-LEARNING RESOURCES**
- 7 HELPSHEETS**
- 4 INFOGRAPHICS**
- 2 SUPPORTER PACKS**
- 1 Q&A WEBINAR**
- 1 ASSET BUNDLE**



SUPPORTERS GOT INVOLVED BY...

Joining the conversation at #CharityFraudOut using our suggested tweets (matched to the daily themes) or their own

Applying for one of 12 free places for charity staff on an Accredited Counter Fraud Specialist course (starting January 2019)

Organising their own activities for staff and volunteers, members and beneficiaries, donors and supporters, customers and clients

Reading, enacting and sharing our practical helpsheets

Entering the UK Charities Against Fraud Awards

Watching, listening and sharing our short e-learning resources and live webinar

Participating in free events or activities offered by other participating organisations

Using the selection of other free resources identified as helpful to organisations wanting to create their own counter fraud activities



19.9M

POTENTIAL TWITTER IMPRESSIONS

3,070

TOTAL TWEETS

1,346

TWITTER CONTRIBUTORS

TOP 10 CONTRIBUTORS:

- @POLICESCOTLAND
- @GUIDESTARUS
- @CHTYCOMMISSION
- @TSECRIME
- @BERNIEHOLLYWOOD
- @OHIOAG
- @FBI
- @NCVO
- @UTAHGOV
- @FTC

SOCIAL MEDIA POLL

93%

OF RESPONDENTS FELT THAT IT WAS 'EXTREMELY IMPORTANT FOR CHARITIES TO PLAY THEIR PART IN FIGHTING FRAUD'.

CAMPAIGN IN NUMBERS

8,016

WEBSITE VIEWS

848

HELPSHEET DOWNLOADS

344

E-LEARNING DOWNLOADS

79

WEBINAR ATTENDEES

POPULAR MEDIA

- FAP WEB
- GOV WEB
- YOUTUBE
- TWITTER
- FACEBOOK
- LINKEDIN

GLOBAL REGULATORS SAID...

'This was an excellent program and the United States' participants were privileged to be invited. We already have plans to participate next year.'

Michael T Foerster, President, National Association of State Charity Officials

'Joining provided the US Federal Trade Commission a timely opportunity to spotlight our important donor education message immediately before the start of the annual giving season. Kudos to the UK team for taking a great idea and making it global.'

Tracy Thorleifson, Coordinator, Federal Trade Commission

'Charity Fraud Awareness Week was well received by the Australian charity sector. The ACNC is looking forward to next year's campaign and building on the success of our first year in raising community awareness and helping charities protect themselves from fraud'.

Prue Monument, Director of Compliance, Australian Charities and Not-for-profits Commission

STAKEHOLDER SURVEY

DID YOU GET INVOLVED? IF SO, HOW?

'Charity Fraud Awareness Week is a crucial week for delivery of the staff education and outreach elements of our fraud resilience strategy.' [Charity professional]

'We had a notice in our bulletin which is distributed store-wide (circa 630); posters displayed at Head Office.' [Charity professional]

'I shared the daily helpsheets and webinars with the Global Finance Team in 13 countries and had good feedback from them.' [Charity professional]

'We did a cyber protection input for the voluntary sector forum in the region on the cyber day and promoted via social media.' [UK law enforcement]

'We held an event called 'cyber security for charities' that was free and open to the public.' [Professional adviser]

HOW EFFECTIVE DID YOU FIND THE SOCIAL MEDIA CAMPAIGN IN RAISING AWARENESS OF FRAUD?

'There was excellent coverage on social media and via email.' [Professional adviser]

'A clear agenda of activity and learning materials available.' [Charity professional]

HOW USEFUL DID YOU FIND THE SOCIAL MEDIA, INFOGRAPHICS AND GUIDANCE?

'The assets and infographics enabled a consistent message to be broadcast by all of those promoting the week and were very useful.' [Professional adviser]

'Very useful and eye-catching imagery.' [Global professional body]

'The quality of the resources was high; the mix of media used was also good, helping people to interact in a more beneficial way.' [Professional adviser]

'Brilliant. Clear. Concise. Supportive.' [Charity professional]

'Really useful and used these across global communications.' [Charity professional]



Plans for the future

The next 12 months will see our energies focused on co-operation, collaboration and consolidation. At the same time we will continue to advance our 2017-21 five-year strategic plan by progressively embedding and then building on the initiatives begun in its first two years. Importantly, because

2019 will be the last year of committed funding from ICAEW we will be dedicating significant time and energy to resolving our future funding arrangements and reassessing our offerings to members.

OUR AIMS FOR 2019 ARE FOURFOLD

1. Improve trust and accountability in fraud fighting by:

- monitoring measures to combat authorised push payment fraud;
- co-ordinating international charity fraud awareness week; and
- arguing for greater transparency in criminal justice outcomes.

2. Advance our thinking on and understanding of fraud by:

- examining the impact of new technologies and robotics;
- commissioning new research into how we talk about fraud; and
- looking more closely at how well domestic corruption is being tackled.

3. Develop and support counter-fraud professionals by:

- raising awareness of the roles they perform;
- improving accessibility to our events and activities; and
- building strategic partnerships to strengthen our support of future fraud professionals.

4. Work toward a more financially secure Fraud Advisory Panel by:

- recruiting a member engagement executive to strengthen our relationships;
- reviewing our subscription scheme to ensure that it remains fit for purpose; and
- exploring what new services we might provide for counter-fraud professionals.

FIVE-YEAR PLAN 2017-21

- ACT AS A VOICE FOR VICTIMS
- GENERATE NEW THINKING
- BUILD FINANCIAL SECURITY
- PROMOTE ANTI-FRAUD BEST PRACTICE
- DEVELOP AND SUPPORT THE PROFESSIONS

Financial review

Income

Annual income decreased to £157,185 (2017: £162,205). Key sources of income included:

- **Membership subscriptions** of £48,892 (2017: £59,280). Each year on 1 January membership subscription rates increase by no more than the annual rate of inflation on 30 September (calculated using the retail price index – RPI). Subscriptions for 2019 increased to £70 for individuals and £1,420 for organisations. Reduced membership income in 2018 was the result of a change in the relative proportions of individual and corporate memberships. A member engagement executive is being recruited in 2019 to help increase income from this source.
- **Grant funding** from ICAEW of £65,000 (2017: £64,948). ICAEW committed to providing continued 2018 funding and accommodation (as well as associated overheads) at no cost to the Panel. Funding for 2019 will remain at the same level.
- **Event income** of £36,777 (2017: £34,803), including £9,900 from our 20th anniversary dinner and another £10,250 from our annual conference run in partnership with the CIIA.
- **Other trading activities** of £6,400 (2017: £3,150), including £5,500 from the 20th anniversary dinner and £900 for support of the Future Fraud Professionals Network.

No amounts are paid or transferred to members, directly or indirectly, except for payments in good faith made in certain prescribed circumstances. Any surplus or deficit is carried forward. All income is applied solely for the promotion of our charitable objectives.

None of our trustees had any financial interest in Fraud Advisory Panel during the year.

Expenditure

Expenditure increased slightly to £161,648 (2017: £148,209).

Reserves

Our reserves policy (which is reviewed annually) is to maintain sufficient free revenue reserves to meet the equivalent of at least three months' operating costs (which averages £40,412). At the end of the year we held unrestricted funds of £144,422 (2017: £148,885), or 11 months of free reserves. This was considered an appropriate amount based on anticipated operating expenditure for the coming year.

We will make significant investments in 2019 as we overhaul our membership scheme to make sure we remain relevant and financially stable in the coming years. The projected deficit of £66,000 will be covered by free reserves.

Structure, governance and management

Structure

Fraud Advisory Panel is a company limited by guarantee and a registered charity in England and Wales. It was established in 1998, incorporated on 22 November 2001, and became a charity on 5 April 2005. The charity is governed by its articles of association, which were last updated and formally adopted on 30 June 2011.

Objectives

Our principal objective is:

‘the protection of life and property by the prevention, detection, investigation, prosecution and deterrence of fraud, particularly through the promotion of:

- research into the nature, extent and causes of fraud and into the means, systems and techniques of preventing, detecting, investigating, prosecuting and deterring it, making the useful results of such research available to the public;
- education of those actually or potentially affected by fraud, and in relation to the regulatory and legal aspects of it; and
- collaboration with and advice to governments, public authorities, professional and other bodies, companies, firms and individuals concerning the development of general systems, standards, policies, regulations and laws with a view to the prevention, detection, investigation, prosecution and deterrence of fraud.’

The main activities we undertake to fulfil this objective can be broadly categorised as:

- education and training;
- research and campaigning; and
- support for financial crime-fighting professionals in their work.

Public benefit

Our trustees have a duty to report on the charity’s public benefit and to follow Charity Commission guidance on provision of the public benefit requirement under the Charities Act 2011. The manner in which we paid due regard to that guidance and met our principal objective is demonstrated by the section on achievements and performance, starting on page 5.

The board

The board consists of a maximum of 15 trustees appointed for fixed terms of three years. Further terms are possible but it is board policy for trustees to serve for no longer than 12 consecutive years. Three trustees can be co-opted to the board at any one time. ICAEW is entitled to appoint up to one-third of board members. As at 31 December there were 12 serving trustees (listed on page 14).

The board of trustees has overall responsibility for the governance and strategic direction of Fraud Advisory Panel and for ensuring that the charity upholds its ethos and values and delivers its key objectives. It meets six times a year. July saw trustees attend an independently-led workshop to discuss the Panel’s future direction, including strategic and policy priorities, funding arrangements and positioning.

Board subcommittees

Board subcommittees are convened periodically to perform specific duties. Each is governed by its own terms of reference. Current committees look at nominations and finances.

The nominations committee – which met three times – manages the trustee recruitment and appointment process to make sure that the board contains a broad mix of skills, experience and knowledge. It also oversees the trustees’ annual self-evaluation process.

A new finance committee (replacing our previous funding committee) will help supervise and manage the charity’s financial affairs. It met for the first time in March 2019.

Trustee recruitment and induction

Potential trustees are identified through a transparent recruitment and selection process before being elected at the AGM. New trustees receive a handbook containing relevant policies, procedures, governance information and role descriptions. They are also given the continuing support of the chair, deputy chair and salaried staff. Training needs are assessed annually.

Management

Day-to-day management is delegated to the head of operations, who is also the company secretary.

Staff and volunteers

The Panel has no direct employees. Both full-time staff are seconded from ICAEW.

To help deliver our charitable activities the Panel relies heavily on the active support of members and other fraud professionals. During the year more than 90 volunteers donated their time, knowledge and expertise to speak at our events, develop our policy positions and write our guidance and consultation responses.

Qualifying indemnity insurance

Fraud Advisory Panel holds indemnity insurance covering its trustees and volunteers.

Risk management

We are a risk-conscious organisation committed to ensuring that our risks are properly identified, assessed and managed. The board regularly reviews risks and is satisfied that reasonable steps are being taken to manage them. The full risk register is reviewed annually.

An established system of internal controls governs all our operations so as to provide reasonable assurance against the risk of fraud, error and the inappropriate use of our resources. Our internal financial controls are reviewed for fraud risk periodically (usually about every two years) by ICAEW's internal audit function. The next review is planned for late 2019.

Our most significant risk at the moment is the potential loss of ICAEW financial support (which could lead to a scaling down of our activities). The board is in continuing dialogue with ICAEW senior management about these matters and continues to explore additional funding options. We are satisfied that reasonable steps are being taken to limit the probability and impact of this risk insofar as this is possible.

Trustees, staff and advisers

Trustees

David Bacon (co-opted from 5 December 2018)

Arun Chauhan

David Clarke (deputy chair from 3 July 2018)

William (Bill) Cleghorn MBE

(deputy chair until 3 July 2018)

Frances Coulson

Sophie Falcon

(ICAEW-appointed from 24 July 2018)

Phillip Hagon QPM

Dr Stephen Hill (until 3 July 2018)

Jonathan Holmes

David Kirk (chair until 31 December 2018)

Hitesh Patel (until 5 April 2018)

Patrick Rappo

Rachel Sexton (from 3 July 2018)

Oliver Shaw

David Stevens (until 6 December 2018)

Brendan Weekes (from 3 July 2018)

Edna Young (from 3 July 2018)

From 1 January 2019 our new chair is David Clarke.

Biographies are available online.

<https://www.fraudadvisorypanel.org/about-us/who-we-are/#Boardoftrustees>

Nominations committee

Bill Cleghorn (chair until 3 July 2018)

David Clarke (chair from 3 July 2018)

Frances Coulson (from 3 July 2018)

Oliver Shaw

Finance committee

Sophie Falcon (from 3 October 2018)

Jonathan Holmes (from 3 October 2018)

Kerry Radford (from 3 October 2018)

David Stevens (until 6 December 2018)

Brendan Weekes (from 13 February 2019)

Special advisers and consultants

Michelle Parkes (social media consultant)

Monty Raphael QC (honoris causa) (principal, cyber-fraud research unit)

Martin Robinson (education and training consultant)

Staff

Mia Campbell (head of operations and company secretary)

Zara Fisher (executive)

Statement of trustees' responsibilities

The trustees (who are also directors of Fraud Advisory Panel for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. This has been done in accordance with UK generally accepted accounting principles (accounting standards and applicable law) including FRS 102, which is the financial reporting standard for the UK and Republic of Ireland. Under company law the trustees must not approve these financial statements unless satisfied that, for the period in question, they provide a true and fair view of the charitable company's state of affairs, incoming resources and application of resources (including income and expenditure). In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records sufficient to: show and explain the charitable company's transactions; disclose with reasonable accuracy at any time the financial position of the company; and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps required to make themselves aware of any relevant audit information and to establish whether or not the auditor is similarly aware.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Appointment of auditor

Haysmacintyre LLP will be proposed for reappointment at the AGM.

Approval of the annual report and financial statements

The annual report and financial statements were approved by trustees on 3 April 2019 and are signed on their behalf by:



David Clarke
Chair

Independent auditor's report to the members of the Fraud Advisory Panel

Opinion

We have audited the financial statements of the Fraud Advisory Panel for the year ended 31 December 2018 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver
Senior Statutory Auditor for and on behalf
of Haysmacintyre LLP
Statutory Auditor
10 Queen Street Place London EC4R 1AG

24 May 2019

Financial statements

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)
for the year ended 31 December 2018

		Unrestricted funds 2018	Unrestricted funds 2017
	Note	£	£
Income and endowments from:			
Donations and legacies			
Membership subscriptions		48,892	59,280
Grant funding		65,000	64,948
Investment income – bank interest		116	24
Charitable activities			
Event income		36,777	34,803
Other trading activities			
		6,400	3,150
Total income and endowments		157,185	162,205
Expenditure on charitable activities	2	(161,648)	(148,209)
Total expenditure		(161,648)	(148,209)
Net (expenditure)/income and movement in funds		(4,463)	13,996
Funds brought forward	3	148,885	134,889
Funds carried forward	3	144,422	148,885

All activities are continuing. The charitable company has no recognised gains and losses other than those reported above for the year.

The notes on pages 21 to 23 form part of these financial statements.

BALANCE SHEET

as at 31 December 2018
Company number: 04327390

	2018	2017
Note	£	£
Current assets		
Trade and other debtors	6,378	36,890
Prepayments and accrued income	3,366	1,119
Cash at bank and in hand	169,961	151,295
	<u>179,705</u>	<u>189,304</u>
Current liabilities		
Creditors: amounts falling due within one year		
Tax and social security	(3,724)	(4,729)
Accruals and deferred income	(29,944)	(33,977)
Amounts due to related undertakings	(1,615)	(1,713)
	<u>(35,283)</u>	<u>(40,419)</u>
Net assets	<u>144,422</u>	<u>148,885</u>
Funds of the charity		
Unrestricted funds	4 <u>144,422</u>	<u>148,885</u>

The financial statements on pages 18 and 19 were approved and authorised for issue by the board on 3 April 2019 and signed on its behalf by:



David Clarke
Chair

The notes on pages 21 to 23 form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	2018	2017
Cash flows from operating activities	£	£
Net movement in funds	(4,463)	13,996
Adjustments for:		
Decrease/(Increase) in trade and other debtors	28,265	(16,463)
Decrease in creditors	(5,136)	(8,087)
Net cash movement from/(used in) operating activities	18,666	(10,554)
Net increase/(decrease) in cash and cash equivalents	18,666	(10,554)
Cash and cash equivalents at the beginning of year	151,295	161,849
Cash and cash equivalents at end of year	169,961	151,295

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

1. Accounting policies

General information

Fraud Advisory Panel is a charitable company limited by guarantee incorporated in England and Wales (company registration no. 04327390) and registered with the Charity Commission (charity registration no. 1108863). The charitable company's registered office address is Chartered Accountants' Hall, Moorgate Place, London EC2R 6EA.

Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charitable company constitutes a public benefit entity as defined by FRS 102.

Going concern

After reviewing the forecasts and projections the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

Income

Income is recognised when: the charitable company has entitlement to the funds; any performance conditions attached to the funds have been met; it is probable that the income will be received; and the amount can be measured accurately.

- Membership subscriptions are recognised in the accounting period to which the services covered by those subscriptions relate. Membership income deferred at the year-end in relation to 2019 was £26,019 (2018: £30,858).

- Grant funding received from ICAEW is recognised quarterly. For 2018 this amounted to £65,000 (2017: £64,948).

- Other income is recognised when it is receivable.

Expenditure

Expenditure is recognised on an accruals basis.

- Direct charitable expenditure relates to costs associated with the delivery of events, publications and the website.
- Support costs consist of central management, governance and administration costs, including those associated with constitutional and statutory requirements, including external audit and trustees' expenses. Governance costs include an indemnity insurance policy for trustees and volunteers. All support costs are allocated to charitable activities.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Financial instruments

The charitable company only has basic financial instruments which include trade and other receivables and payables. These are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustees in furtherance of the Panel's charitable objectives.

2. Charitable activities

	2018	2017
	£	£
Direct costs		
Events	26,353	18,521
Publications	17,930	14,880
Website	6,089	7,895
	<u>50,372</u>	<u>41,296</u>
Support costs		
Seconded staff	99,484	95,873
Governance	5,185	5,374
Other expenses	6,607	5,666
	<u>111,276</u>	<u>106,913</u>
	<u>161,648</u>	<u>148,209</u>

The Fraud Advisory Panel has no employees. Two ICAEW employees were seconded to the Fraud Advisory Panel for the year. On this basis the charitable company is considered to have no higher paid staff nor key management personnel compensation.

Trustees receive no remuneration for their services, which are given voluntarily, and they receive no benefits in kind. Expenses of £293 (2017: £762) were paid to four trustees (2017: five) to cover travel costs associated with meetings with members, consultants, stakeholders and prospective trustees, as well as speaking engagements on behalf of the Fraud Advisory Panel. Expenses of £1,472 (2017: £499) were paid for services provided to trustees, including meeting room hire, training and refreshments.

There are no contracts of service between the charitable company and the trustees.

The auditor's remuneration amounted to £2,150 (2017: £2,000) exclusive of irrecoverable VAT.

As a registered charity the Fraud Advisory Panel is not liable for corporation tax on income and gains applied for charitable purposes

3. Reconciliation of movements in funds

	2018
	£
Members' funds at 1 January	148,885
Deficit for the year	(4,463)
Members' funds at 31 December	<u>144,422</u>

Unrestricted reserves are the 'free' reserves of the charitable company.

4. Members' liability

The charitable company is limited by guarantee. Each member (those individuals and organisations who have subscribed to membership) undertakes to contribute such an amount as may be required – but not exceeding £1 – on winding up.

5. Related party transactions

The Fraud Advisory Panel was established in 1998 through a public-spirited initiative by ICAEW. ICAEW has the right to appoint up to one-third of the charitable company's trustee directors. During the year ICAEW provided grant funding of £65,000 (2017: £64,948) and recharged costs of £106,269 (2017: £107,250) which includes the costs associated with the two seconded employees. At the end of the year £1,615 (2017: £1,713) was owed to ICAEW in relation to general running costs.

Reference and administrative details

Fraud Advisory Panel

A company limited by guarantee

Registered (principal) office

Chartered Accountants' Hall
Moorgate Place
London EC2R 6EA
T: +44 (0)20 7920 8721
W: www.fraudadvisorypanel.org

Company registration no. 04327390

Charity registration no. 1108863

Independent auditor

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Bankers

National Westminster Bank Plc
501 Silbury Boulevard
Saxon Gate East
Milton Keynes MK9 3ER

Solicitors

Bates Wells Braithwaite LLP
10 Queen Street Place
London EC4R 1BE