



Working together to defeat fraud

Annual report and financial statements

For the year ended 31 December 2016

The Fraud Advisory Panel is the UK's leading anti-fraud charity.

We bring together fraud professionals to improve fraud resilience across the UK and around the world. Each year our extensive programme of events, courses, research, publications and initiatives strengthens and renews every aspect of the fight on fraud by:

advising and informing

government, businesses and wider society

educating and training

professionals from all sectors

representing and supporting

anti-fraud practitioners

expanding understanding

of the threats we all face.

Corporate members

Access Bank Plc

Ajumogobia & Okeke

Association of Certified Fraud Examiners

Association of Chartered Certified Accountants

BAE Systems

BDO LLP

CCAB

Cifas - Leaders in Fraud Prevention

Corporate Research & Investigations Ltd

Crown Agents Bank

Cybersource Ltd

Deloitte LLP

Dentons UKMEA LLP

EY

Financial Conduct Authority

Forensicus Ltd

Grant Thornton UK LLP

ICAEW

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Institute of Chartered Accountants of Scotland
International Compliance Training
Kennedys Law LLP
KPMG Forensic
Kroll
Law Society of Scotland
Maclay Murray & Spens LLP
Moon Beaver Solicitors
National Audit Office
Northern Ireland Audit Office

Pinsent Masons LLP
PwC
Prudential Plc
Royal Bank of Scotland
RSA Insurance Group
RSM
Serbian Association of Accountants and Auditors
Smith and Williamson LLP
State Street Bank and Trust
Transport for London

A WELCOME FROM OUR CHAIR

Fraud and cybercrime are now Britain's most frequent crimes. These offences systematically corrode trust in the day-to-day systems and institutions upon which our modern world depends, and with it the very fabric of society. It is in everyone's interests that we fight this scourge, with each of us playing our part in protecting ourselves, our friends and family, our colleagues and the organisations in which we work.

And this is where the Fraud Advisory Panel makes its particular contribution. Because we are completely independent and impartial we are able to bring together fraud professionals of every stripe, and from every sector, to champion anti-fraud best practice in all the facets of daily life.

Making a difference

This report describes the many conferences, publications, research activities and policy initiatives we have conceived, launched, directed and contributed to over the past year. That an organisation as small as ours can deliver so much on so modest a budget is often remarked upon. For members, trustees and staff alike this is a source of motivation as well as pride, and 2016 has seen another impressive performance.

While maintaining the high quality of the long-standing anti-fraud programme we provide for our members and the wider world we also broke some important new ground by improving the awareness and resilience of charities, creating new services for young professionals, helping other nations develop anti-fraud infrastructure, and continuing to draw attention to the worrying vulnerabilities in the UK's company registration regime. We also persuaded the government to reconsider the need for an official fraud loss measurement exercise (akin to the old annual fraud indicator) and to look again at the nation's overall response to fraud.

Reduced capacity early in the year (a consequence of staff changes) meant that much of our 2016 programme was concentrated into the second half of the year. However in July we were delighted to welcome our new executive, Zara Fisher, along with three new trustees, Arun Chauhan, Jonathan Holmes and Patrick Rappo. Their arrivals promise great things.

New ground, same problems

One of the last things we did in 2016 was to review and update our strategy to ensure that we can continue to make the greatest practical impact in the years ahead. The problem of fraud is vast and the resources available to counter it are always too few. One of our long-standing criticisms of the UK's national fraud-fighting infrastructure is that wherever organisations overlap scarce resources go to waste. Under our new strategy this very principle will guide more of our operational decisions, focusing a greater part of our energies on those important anti-fraud challenges that other organisations tend to overlook.

Thank you

Members, trustees, staff, supporters, funders; it is by working together as the Fraud Advisory Panel that we are collectively able to make a tangible, positive and substantial difference in this difficult and fluid area of crime fighting. We would like to thank everyone who has helped to influence and shape our policy development, campaigning and public affairs work during the last twelve months. And, of course, we are especially grateful to ICAEW for providing us with another year of vital grant-funding.

Looking forward

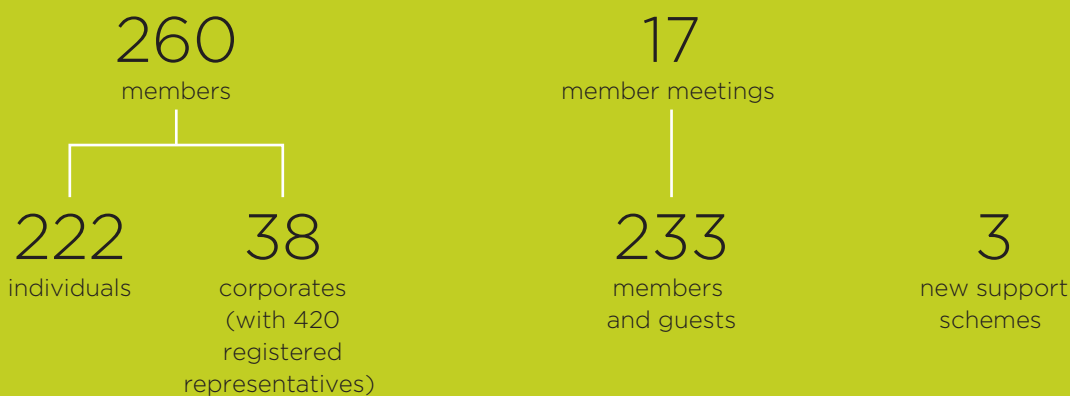
Now the priority is 2017 and beyond. Having rethought the strategic plan we are already putting our new ideas and priorities into practice. In future we intend to be sharper and more focused, with an even keener eye both for new ground that needs breaking and old problems too long neglected. As we continue to fight fraud on every front we believe that this new approach will prove transformational for the Fraud Advisory Panel itself and, more importantly, for the many individuals and organisations we support and represent.

David Kirk

Chair

2016 AT A GLANCE

Membership



Policy development



6 responses to consultations

↑ 200%



9 third-party initiatives/campaigns supported



7 external fraud groups supported

↑ 75%



4 briefings and special reports published

Engagement



37

media enquiries

↑85%



73

enquiries from the public



1

national charity fraud awareness week



10

speaking engagements

↑233%



398

Twitter followers



209

LinkedIn members



27,870

unique visits to our website



Events



20

events and training courses

↑54%



2

webinars



950

attendees

↑58%



10

sponsors/exhibitors

OUR VISION, MISSION AND VALUES

Our vision, mission and values underpin everything we do. They keep us focused on the issues that matter and the activities through which we can make the greatest contribution to fighting fraud and protecting lives and livelihoods.

Vision

A society free from fraud and financial crime.

Mission

To bring together anti-fraud professionals to improve fraud resilience across society and around the world.

Values

Integrity
Independence
Inclusivity

REPORT OF THE BOARD OF TRUSTEES

Achievements and performance

Our main aims in 2016 were to:

- 1 Contribute to the formulation of anti-fraud thought, policy and practice in the public sector
- 2 Increase fraud awareness and resilience within the UK charity sector
- 3 Help overseas jurisdictions strengthen their fraud defences and encourage the sharing of international best practice
- 4 Create a supportive environment in which fraud professionals can exchange views, experiences and best practice
- 5 Engage more closely with society at large, in particular through the media, to help our messages reach a wider audience
- 6 Develop a new five-year strategic plan to increase the effectiveness of our anti-fraud activities

So, how did we do?

1

Contribute to the formulation of anti-fraud thought, policy and practice in the public sector

Because we are a membership body an important part of our work is to help shape future public policy by sharing our members' views with government, key stakeholders and decision-makers. We do this in various ways but in particular by developing our own proposals for reforming the law and practice, responding to consultations by government and others, and through our membership of key anti-fraud groups.

Questioning, probing and formulating new ideas

The elephantine collective memory of the Fraud Advisory Panel is one of its greatest strengths. We know what's already been tried – and whether it worked. We know where the gaps and vulnerabilities still lie. Our trustees and members have led, or made significant contributions to, some of the most important anti-fraud initiatives of modern times, including the Fraud Act and Fraud Review of 2006 and the many changes that flowed from them.

An important event in 2016 was the mid-year publication of *The Fraud Review: ten years on*, a special report in which we examined the effectiveness of the official fraud response during the last decade. What we found should concern everyone involved in fighting fraud. Support for victims is still often inadequate and the responses of local police forces woeful. The abolition of key pieces of anti-fraud infrastructure has reopened old gaps in the understanding of fraud, hindered the ability to create a joined-up response, and failed to engage the public sufficiently in their own defence. Our response has been to recommend that some important old tools be reinstated; namely, a government-led fraud indicator and a body to provide strategic oversight for the national counter-fraud effort. We have also called (again) for certain initiatives now long overdue: a national public education campaign (modelled on the highly successful car seat belt campaigns of the past); better fraud responses from local law enforcement; and reform of the one-size-fits-all disclosure regime, not fit-for-purpose in complex fraud trials. Our report sparked considerable interest and debate and was well-reported nationally and in the specialist press.

Towards the end of the year we met with the minister of state for security to discuss our proposals and hear more about the government's own priorities in fighting fraud and financial crime. We also discussed the joint fraud taskforce and ways in which we might contribute to its work in 2017.

Representing the views of anti-fraud professionals

The Fraud Advisory Panel is frequently consulted by government and other bodies looking at technical, regulatory and legal matters relating to the fight on fraud. In 2016 we took part in two public consultations, one on professional standards in the legal services sector and the other preparing the way for the Law Commission's thirteenth

80%

of our members are 'very satisfied' or 'satisfied' with how we represent them in public policy matters.

(Members' survey)

programme of law reform. We were also consulted informally on four other occasions, enabling us to (among other things) help the Cabinet Office develop a counter-fraud framework for the public sector and participate in discussions about the future role of the Financial Conduct Authority.

Contributing to key anti-fraud groups

Ours is considered an important voice in the anti-fraud community, valued for its expertise and independence. Whenever a multi-agency body is set up to improve the UK's collective response to fraud we are frequently invited to join. In 2016 these included:

- the project board of Action Fraud's economic crime victim care unit pilot;
- the Cabinet Office stakeholder group for its public sector counter-fraud framework;
- the City of London Police's implementation subgroup for Action Fraud and NFIB;
- the multi-agency campaigns group of the City of London Police;
- the Charity Commission's counter-fraud group; and
- two stakeholder groups formed by the British Standards Institution to look at standards for whistleblowing procedures and investigations.

Making sure fraud victims get a fair deal

The Fraud Advisory Panel urged the Law Commission to use its next programme of law reform to examine the duties banks owe to their customers. We have been increasingly concerned that not enough is being done to protect customers' money.

Supporting media activity included our trustee David Clarke being interviewed by Gloria Hunniford on BBC television's *Rip Off Britain Live*. The consumer organisation *Which?* also picked up on this important issue and made a scams 'super-complaint' to the Payment Systems Regulator (PSR), which then sought our opinion as part of its investigation. In mid-December the PSR concluded that banks could do more to protect their customers by speeding up identification of fraudulent payments and by responding faster to bank transfer scams. The financial services sector has begun a programme of work in response to these criticisms, with progress due to be reviewed by the PSR in the second half of 2017.

Even though we are unable to provide tailored professional advice to fraud victims we nonetheless regularly receive enquiries of this sort. The growing frequency of these calls and emails has encouraged us to keep more detailed records. Between 9 August and 31 December there were 73 (almost one per working day), mostly from people based in the UK, just over one-fifth of whom might be considered 'vulnerable'. Wherever possible we help by directing the enquirer to the appropriate organisation or information source (website, etc). However, because their circumstances and

experiences differ so widely even this seemingly simple response, which often requires much time-consuming research, has begun to put significant extra strain on our small full-time staff. One of our priorities for 2017 is to look more closely at the needs of these victims and the resources they require so that we can provide better support in future.

2 Increase fraud awareness and resilience within the UK charity sector

Since becoming a charity ourselves in 2005 we have taken an active interest in helping this sector to build its fraud defences. Charities and other not-for-profit organisations play a vital social role by supporting people and communities in greatest need. This is a sector in which every penny counts, quite literally. Losing even small amounts to fraud can have a serious impact on beneficiaries, staff and volunteers, not to mention the organisation itself.

In 2015 we asked the Charity Commission to work with us to create a major event dedicated to boosting the sector's fraud defences. The result was our first national conference on charity fraud. Interest in the event exceeded our expectations, prompting us to run a second in 2016.

Fraud awareness week (24–28 October)

During the run-up to this year's conference we led a sector-wide campaign to promote fraud awareness and to encourage charities and other not-for-profits to start talking frankly about fraud risks and what they can do to mitigate them. The campaign slogan cheekily asked **'Do you use the F word?'**, and encouraged charities of all shapes and sizes to *'Start a conversation today'*.

Throughout the week we led activities highlighting common scams and offering practical tips on prevention. Social media followers could put questions to a panel of experts. Dedicated web pages hosted guest blogs and carried links to resources created specifically for the week. The Charity Commission also launched a new website, *Charities against fraud*, along with a summary analysis of the frauds reported through its 'serious incidents' regime. Other organisations undertook their own fraud awareness activities.

It is estimated that the *#CharityFraud* hashtag received more than one million impressions during the week. Our own tweets received almost 80,000 impressions – with 'CEO fraud' proving to be the most popular topic.



More and more charities are recognising the importance of understanding how to prevent, detect and respond to fraud – and the work of the Fraud Advisory Panel helps in no small way.

Pesh Framjee,
partner and head of
non-profits, Crowe Clark
Whitehill LLP



This was an excellent conference – extremely relevant – great pace, presenters, content and facilities.

Delegate



Last year’s event set a high bar for the standard of workshops and presentations – and this year, if anything, was even higher.’

Exhibitor and speaker



Anti-fraud, -corruption and -money laundering efforts will fail unless individuals, organisations and nations work together to prevent and respond.

David Clarke, trustee
director

National conference

Fraud awareness week culminated with almost 140 charity trustees, managers and advisers gathering for the second national charity fraud conference. Sessions highlighted current fraud risks in procurement, banking and grants systems, and shared examples of best practice in fraud prevention, detection and response. Feedback from attendees was almost universally positive, describing the event as useful, informative and relevant.

We will publish a summary of the second conference in early 2017. In the meantime, the full story – told in photos, tweets, links and more – is available on Storify. Please visit: https://storify.com/Fraud_Panel/charity-fraud-awareness-week-and-national-conferen

A sustained commitment to helping all charities

Early in 2016 we published a summary of the main learning points from the first conference, including a list of top tips for preventing, detecting and responding to fraud. In December we ran the first of a pair of workshops on good governance for charities.



Help overseas jurisdictions strengthen their fraud defences and encourage the sharing of international best practice

Because fraud is a global problem as well as a national one the Fraud Advisory Panel is increasingly playing an international role. By helping other jurisdictions to build their own anti-fraud capabilities we enable our members, the wider business community and the general public to have more confidence in transacting business internationally.

Growing our contacts and networks in Europe

At the beginning of the year we delivered a day-long seminar – *Fighting Fraud: an introduction for accountancy professionals* – for the Serbian Association of Accountants and Auditors. More than 100 attendees included experienced accountancy practitioners as well as students.

Later in the year we participated in a major conference in Cyprus – *Financial Investigation Coordination in Cyprus: reinforcing the anti-fraud infrastructure - best practice initiatives* – convened by the European University Cyprus and supported by OLAF (the European Anti-Fraud Office). Our presentation talked about the Fraud Advisory Panel and its work. Productive meetings were held with government agencies and professional bodies to discuss areas of common interest and the ways in which we might support local counter-fraud efforts.

4

Create a supportive environment in which fraud professionals can exchange views, experiences and best practice

Our membership scheme enables anti-fraud professionals from all sectors and disciplines to keep up-to-date with fast-moving developments, share best practice and make a positive contribution to our fraud-fighting initiatives. Any individual, company or other organisation with an interest in the prevention, detection, investigation and prosecution of fraud and financial crime can join the Fraud Advisory Panel. All members are expected to comply with a code of conduct.



The Fraud Advisory Panel is a phenomenal resource that greatly assists the legal profession to keep on top of current developments in the fraud arena.'

Alan Sheeley, partner, Pinsent Masons LLP

Why do people join the Fraud Advisory Panel?



3
main reasons

- professional interest;
- keeping up-to-date with current and emerging trends; and
- opportunities to exchange information, experiences and ideas.

Sharing current developments and best practice

UK members are supported by a regular programme of special interest and regional meetings. Participation in these groups increased by 25% in 2016; almost 235 members and guests attended a total of 17 meetings. Topics discussed included: the approaches to tackling fraud taken by Scottish and Irish charity regulators; Action Fraud’s vulnerable victims pilot scheme; new data protection regulations; and the Crown Prosecution Service’s approach to prosecuting criminal fraud. In one particularly revealing presentation a former member of Anonymous and Lulzsec shared his views on what motivates young people to hack corporate computer systems.

Educating and training professionals

As part of their ongoing professional development almost 1,000 people (delegates, speakers and sponsors) attended a total of 20 training courses, workshops, executive briefings and conferences. 2016 also saw us run our first ever webinars, which we hope will make it easier to participate for people outside London.

There was a significant increase in demand for our two key training courses: *Auditing fraud risk – a practitioner’s action plan* (offered through the Chartered Institute of Internal Auditors) and *Fraud – is this a risk you manage?* (offered directly by us). Total trainee numbers were 150% higher than in 2015. These courses are an important facet of our overall effort to increase awareness and resilience.


150%
trainee numbers

Supporting future fraud professionals

The engagement of young people is vital to society's future ability to tackle fraud and cybercrime. We all have a role to play in helping students and new professionals develop and flourish. During the latter part of the year we designed two new membership schemes (to be rolled out in 2017) aimed specifically at these groups.

- Student (or associate) membership is for anyone currently studying full-time on an under- or post-graduate course and interested in pursuing a career in fighting fraud (they will also be able to access a mentoring scheme).
- The new professionals scheme is for anyone with less than five years' professional experience who has an interest in developing their counter-fraud skills.



Engage more closely with society at large, in particular through the media, to help our messages reach a wider audience

We saw a significant increase in our public profile as expanded social media activity helped us reach a more mainstream audience.

Making our voice louder and clearer

Altogether we answered 37 media enquiries from television (including BBC *Rip Off Britain* and REN TV), radio (BBC Radio 5 Live, Share Radio, Jazz FM) and online/print (Reuters, *the Telegraph*, *Professional Security*, *Charity Times*, *Accounting Web*). Topics ranged from money laundering and charity fraud, to investment scams and local policing priorities.

Drawing on some of our ground-breaking work of the last five years, two independent pieces of investigative journalism quoted the Fraud Advisory Panel extensively. Both articles looked at the shortcomings of the UK's company formation regime (something we first highlighted in our 2012 special report, *The abuse of company incorporation to commit fraud*) and were widely syndicated overseas, resulting in significant international coverage on a critical issue that is yet to be addressed adequately.

We are frequently asked to speak at other organisations and we welcome these opportunities to help highlight the ways in which they might better protect themselves and their activities against fraud. In 2016 we received ten such invitations, mostly from housing associations, local authorities and charities.

Traffic to our website grew significantly in the first full year of operation since a major redesign and relaunch. The total of 27,870 unique visitors was more than twice the 11,762 in 2013.

Broadening our reach

Since establishing our Twitter presence (@Fraud_Panel) in October 2015 we have begun to use it more frequently to improve our engagement with certain audiences and spread the anti-fraud message more widely. With almost 400 Twitter followers we were able to become more active in helping promote key third-party campaigns such as *Take Five*, *7 Deadly Cyber Sins* and *#ThinkRandom*. We continue to run a LinkedIn Group which members use to share information and build contacts.



@Fraud_Panel

We lent our support to a multi-channel national scams campaign run by Santander. The bank's own research found that one in four UK adults has been scammed (losing £438 on average) and that 4% would be comfortable giving their personal and bank details to a stranger. The 4% figure was tested in a London shopping centre by Paul Wilson from BBC Television's *The Real Hustle* who found that of the people he asked 85% were prepared to give him their details. As part of the campaign we were able to give independent, expert prevention advice during a series of television and radio interviews (including slots on Channel 5, *Good Morning Britain*, ITV News Central, Share Radio, talkRadio, Chester's Dee, The Wireless, Radio Yorkshire and Sunrise Radio) which significantly improved the reach of our message, particularly in the regions.



Develop a new five-year strategic plan to increase the effectiveness of our anti-fraud activities

This was the final year of the Fraud Advisory Panel's 2012-16 strategic plan. Towards the end of the year we reviewed our old strategy and began to work on creating a new one.

Seeking members' views and contributions

We formally surveyed members as part of our continuing efforts to understand their opinions and priorities. Members consider that the most important work we do is in policy and research, along with the many helpsheets we publish.

In the past there has been some criticism that our activities are too concentrated in London, and yet three members' meetings in the Midlands and Wales had to be cancelled because of low attendance and the majority of members who responded to our survey identified London as their preferred location. Nonetheless we remain absolutely committed to maintaining the Fraud Advisory Panel as a nationwide organisation with a strong regional presence. We also plan to make greater use of tools like surveys, webinars and podcasts to make sure that every member's voice is being heard.



Our members benefit enormously from having access to a central, authoritative source focussed on fraud matters.

James Helme, associate director, Grant Thornton UK LLP

Reviewing progress

For the past five years our energies have been focused on cementing our position as a leading innovator and influencer in the areas of anti-fraud thought, policy development and best practice. In the table below we consider how well we performed against our strategic objectives.

Objectives	Key accomplishments
Become more visible and more vocal.	<p>We launched a new, more usable website to give everyone better access to honest and impartial advice.</p> <p>Our <i>Fraud Facts</i> guides were replaced with two new series covering various aspects of anti-fraud best practice and UK legislation.</p> <p>We published sector-specific guidance for housing associations and charities.</p> <p>We began to use webinars and Twitter to reach a wider audience.</p> <p>We collaborated with a much broader range of organisations than ever before.</p>
Facilitating change through a greater emphasis on thought-leadership initiatives.	<p>We completed an ambitious and comprehensive research and publishing project (the civil justice initiative) to help improve access to justice for fraud victims in England and Wales. It culminated in a series of seven publications and a set of 16 recommendations for government-led reforms (2012-13).</p> <p>We published three important special reports looking at: ten years on from the Fraud Review (2016); how fraud victims are treated (2015); international approaches to tackling fraud (2014).</p> <p>We created and ran a major conference on fraud and corruption in war zones and armed conflicts (2014). We also conceived and led two national conferences on charity fraud (2015 and 2016) and a dedicated fraud awareness week (2016).</p> <p>Our expert roundtables shone a spotlight on several important but largely overlooked issues including how criminals can exploit digital currencies (2014) and the limited liability regime (2012).</p> <p>We also began to do more work in Europe, seeking to share UK best practice with other jurisdictions.</p>
Encouraging the greater involvement of young professionals.	<p>New membership schemes and benefits packages for students and young professionals were created (2016).</p> <p>We have systematically involved students more closely in our major events, with several acting as conference rapporteurs and others providing valuable support to our civil justice initiative.</p>
Advising and supporting professionals in the fight against fraud.	<p>Each year we have run a comprehensive programme of events and members' meetings.</p> <p>Members' interests have been vigorously represented in our responses to government consultations and our expanding participation in external stakeholder groups.</p> <p>A dedicated LinkedIn group was created to help members network and share information.</p> <p>We re-engineered our membership database to create a more efficient membership system and to make us much more effective in communicating with, and supporting, our members.</p>

Future plans

The wider anti-fraud community has made great progress against difficult odds in the fight against fraud but there remains a long way to go. Much more needs to be done to generate new ideas and insights, spread best practice, engage a new generation and hold government to account. In other words, the Fraud Advisory Panel remains as relevant today as when founded almost 20 years ago.

Our new strategic plan, which will take us to 2021, has reconsidered how we can use our combined abilities and resources to best effect. In future we will have five broad priorities.

Our five-year plan

- 1 Acting as a voice for victims**
- 2 Generating new thinking**
- 3 Building financial security**
- 4 Promoting anti-fraud best practice**
- 5 Developing and supporting professionals**

To achieve these things we will focus on activities that will:

- help everyone to go about their daily lives with confidence and free from the fear of fraud;
- constantly challenge established fraud thinking, understanding and responses;
- make our membership more diverse, vibrant and inclusive; and
- create a sustainable and secure financial future for the Fraud Advisory Panel.

Our aims for 2017

Over the next 12 months we intend to develop new and constructive relationships and new thinking to improve fraud resilience across the UK and Europe, all with a particular emphasis on demystifying the fraud landscape for victims. To these ends we will:

1

Assist communities, sectors and nations to strengthen their anti-fraud defences by:

- establishing new channels to broaden our engagement with wider SME audiences;
- exploring opportunities to work with accountancy bodies in the UK and Europe; and
- supporting key stakeholders by sharing insights and best practice.

2

Support the fraud professionals of the future by:

- launching and promoting dedicated schemes for students and new professionals;
- establishing relationships with leading universities to promote counter-fraud careers; and
- creating opportunities for young professionals to build their networks and contribute to our thinking.

3

Shape public policy on fraud by:

- commissioning new research into the way we deal with fraud;
- expanding our activities as a respected and influential media commentator; and
- making a greater effort to engage with government on key policy issues.

4

Redefine our future role and direction by:

- delivering even higher quality services and support to members;
- seeking ways to differentiate ourselves from other anti-fraud organisations; and
- examining new funding models to gradually reduce our reliance on ICAEW's grant funding.

Financial review

Income

Key sources of income during the year included the following.

- **Membership subscriptions** of £61,422 (2015: £55,599). On 1 January each year membership subscriptions increase by no more than the annual rate of inflation calculated using the retail price index (RPI) on 30 September. For 2017 subscriptions were increased to £65 for individuals and £1,322 for corporates.
- **Grant funding** from ICAEW of £64,948 (2015: £64,948). For 2016 ICAEW committed to providing continuing funds to support our work as well as to provide accommodation and associated overheads at no cost to the Fraud Advisory Panel. Funding for 2017 remained uncertain at the end of the year.
- **Donations** of £450 (2015:0) are received on an ad-hoc basis.
- **Event income** of £31,989 (2015: £23,487). This includes income of £11,821 from our annual conference on internal audit and fraud, run in partnership with the CIIA.
- **Other trading activities** of £13,850 (2015: £13,150). This includes charity fraud conference income of £12,350 received from one main sponsor and five exhibitors which enabled us to offer the event to charity professionals at a substantially discounted rate. Any surplus income from the conference was used to finance the charity fraud awareness week and summary publication.

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 the Fraud Advisory Panel during 2016.

Expenditure

Expenditure decreased slightly in 2016 to £154,370 (2015: £159,304).

Reserves

Our reserves policy is to maintain sufficient free revenue reserves to meet the equivalent of at least three months' operating costs (which averages £38,592). This policy is reviewed annually.

At the end of the year the Fraud Advisory Panel held unrestricted funds of £134,889, which equates to ten-and-a-half months of free reserves (2015: £116,540). This was considered an appropriate amount based on anticipated operating expenditure for the coming year.

Structure, governance and management

Legal status and structure

The 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.

Objectives and activities

The charity is governed by its articles of association, which were last updated and adopted on 30 June 2011. These articles set out our principal objective as being:

'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 the same, making the useful results of such research available to the public;
- education of those actually or potentially affected by fraud concerning the foregoing and in relation to regulatory and legal aspects of the same; 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.'

Public benefit

Our trustees have a duty to report on the charity's public benefit and to follow the Charity Commission guidance on provision of the public benefit requirement under the Charities Act 2011. The manner in which we have paid due regard to that guidance and met our principal objective is demonstrated by the section on achievements and performance, starting on page 9.

Board of trustees

The board of trustees has overall responsibility for the governance and strategic direction of the Fraud Advisory Panel, as well as for ensuring that the charity upholds its ethos and values, and delivers its key objectives.

A maximum of 15 trustees are appointed for fixed terms of three years. Further terms are possible but it is board policy that trustees should not serve for 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.

The board meets six times a year. In 2016 the board and staff members also attended a session on the roles and responsibilities of trustees as well as a half-day strategic planning workshop designed to inform the organisation's goals and priorities in the years ahead. A list of trustees appears on pages 24 and 25.

Board committees

Committees are convened periodically to perform specific duties delegated to them by the board. Each is governed by its own terms of reference. During 2016 three such committees considered matters relating to nominations, funding and membership.

- **The nominations committee** is responsible for recruiting new trustees and ensuring that the board contains a broad mix of skills, experience and knowledge. It met once.
- **The funding committee** reviews existing income streams and identifies new ones. This work is ongoing and the committee is expected to make recommendations to the board in mid-2017.
- **The membership committee** met three times and made a total of 15 recommendations aimed at creating a more diverse, vibrant and inclusive membership. All recommendations were accepted in full and will be implemented over the next 12 months.

Trustee recruitment and appointment

Trustees are identified through a transparent recruitment and selection process, overseen by the nominations committee, and then elected by members at the AGM. Vacancies are typically advertised to members. More informal approaches are sometimes made, including to non-members believed to possess the necessary qualities.

New appointees receive a trustee handbook and are given the continuing support of the chair, deputy chair and staff. The training needs of trustees are reviewed annually.

Staff and management

The Fraud Advisory Panel has no direct employees. There is a full-time staff of two, both seconded from ICAEW. Day-to-day operational management is delegated to the manager (also the company secretary) who is accountable to the board of trustees and attends its meetings.

Volunteers

We rely heavily on the continued support of members and other fraud professionals, who donate an enormous amount of time, knowledge and expertise to help ensure that our ambitious annual programme of work is carried out.

About 60 volunteers supported the Fraud Advisory Panel during 2016, speaking at events, helping to write publications and guidance, and contributing to our official statements on public policy. A list of those individuals and organisations can be found on page 35.

Qualifying indemnity insurance

Indemnity insurance is held by the Fraud Advisory Panel covering trustees and volunteers.

Managing risks

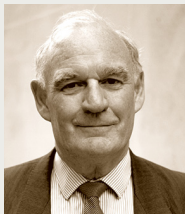
Ours is a risk-conscious organisation committed to ensuring that risks are properly identified, assessed and managed. The board reviews risks regularly and is satisfied that reasonable steps are being taken to manage them. The full risk register is reviewed annually.

An established system of internal controls governs all of our operations and has been designed 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 most significant risks identified so far are outlined below, along with their potential impact and examples of what is currently being done to mitigate them.

Risks	Action
Inability to respond to emerging issues quickly enough to meet our key objectives.	Pre-planned activities limited to a manageable level so that we remain agile and responsive to new issues as they arise.
Website or email system is compromised, resulting in reputational damage and/or regulatory action.	Regular reviews and tests performed on our online security arrangements to ensure they remain fit for purpose.
Loss of ICAEW financial support leading to the downscaling of activities and an inability to meet our objectives in full.	Board committees established to consider funding arrangements and membership issues.

The trustees



David Kirk

Chair

Partner, McGuireWoods; chair of editorial board, *The Journal of Criminal Law*; former chief criminal counsel, Financial Services Authority (2009–2013); former director, Fraud Prosecution Service (2006–2009).



William (Bill)
Cleghorn MBE

**Deputy chair
Nominations committee chair**

Director, Aver Corporate Advisory Services Ltd; fellow, Association of Business Recovery Professionals.



Arun Chauhan

(from 5 July 2016)

Director, Tenet Compliance & Litigation.



David Clarke

Nominations committee member

Group head of translation compliance and multilingual due diligence, Today Translations; counter-fraud specialist, Today Advisory Services; former detective chief superintendent.



Frances Coulson

Senior partner and head of insolvency and litigation, Moon Beever Solicitors; founder partner, ShawnCoulson; special constable, National Crime Agency; chair, R3 fraud group; member, R3 policy group.



Phillip Hagon QPM

Independent security consultant; junior warden, Worshipful Company of Security Professionals; former senior security adviser, Sainsbury's; former commander, Metropolitan Police Service.



Dr Stephen Hill

Director, Hill Bingham; founder, Snowdrop Consulting; volunteer, City of London Police; honorary steering committee member, London Fraud Forum.



Jonathan Holmes

(from 5 July 2016)

Partner, PwC.



Sharon Lemon OBE

Director and head of fraud and cybercrime prevention, Fidelity International; former head of intelligence, Royal Bank of Scotland.



Hitesh Patel

Partner and UK head of forensic for corporates, KPMG; liaison panel member, City of London Police.



Patrick Rappo

(from 5 July 2016)

Partner, Steptoe & Johnson; former joint head of the bribery and corruption division, Serious Fraud Office.



Oliver Shaw

Nominations committee member

Detective superintendent, City of London Police; former head of the force's Economic Crime Directorate.



David Stevens

(ICAEW appointed)

Integrity and law manager, ICAEW; manager, CCAB money laundering working party; secretary, CCAB ethics group.

Until 5 July 2016



Will Kenyon

Partner, PwC.



Philip (Monty) Raphael QC

Special counsel, Peters & Peters Solicitors LLP; visiting professor of law, Kingston University.

Staff



Mia Campbell

Manager and company secretary



Zara Fisher

Executive

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the 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 United Kingdom 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 judgments 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 United Kingdom 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 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 5 April 2017 and are signed on their behalf by:



David Kirk
Chair



William Cleghorn
Trustee

INDEPENDENT AUDITOR'S REPORT

to the members of Fraud Advisory Panel

We have audited the financial statements of Fraud Advisory Panel for the year ended 31 December 2016 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 26 and 27, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

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 2016 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.

Opinion 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 Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with those financial statements and has been prepared in accordance with applicable legal requirements.

In the light of our 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 Trustees' Annual Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.



Richard Weaver

Senior Statutory Auditor
for and on behalf of haysmacintyre
Statutory Auditor
26 Red Lion Square
London
WC1R 4AG
5 April 2017

FINANCIAL STATEMENTS

Statement of financial activities

(incorporating an income and expenditure account)
for the year ended 31 December 2016

	Note	Unrestricted funds 2016 £	Unrestricted funds 2015 £
Income and endowments from:			
Donations and legacies			
Membership subscriptions		61,422	55,599
Grant funding		64,948	64,948
Donations		450	-
Investment income - bank interest		60	66
Charitable activities			
Event income		31,989	23,487
Other trading activities		13,850	13,150
Total income and endowments		172,719	157,250
Expenditure on charitable activities	2	(154,370)	(159,304)
Total expenditure		(154,370)	(159,304)
Net income/(expenditure) and movement in funds		18,349	(2,054)
Funds brought forward	3	116,540	118,594
Funds carried forward	3	134,889	116,540

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 33 and 34 form part of these financial statements.

Balance sheet

as at 31 December 2016

Company number: 04327390


	Note	2016 £	2015 £
Current assets			
Trade and other debtors		8,558	22,735
Prepayments and accrued income		12,988	1,163
Cash at bank and in hand		161,849	138,219
		<u>183,395</u>	<u>162,117</u>
Current liabilities			
Creditors: amounts falling due within one year		-	-
Accruals and deferred income		(46,476)	(44,963)
Amounts due to related undertakings		(2,030)	(614)
		<u>(48,506)</u>	<u>(45,577)</u>
Net assets		<u>134,889</u>	<u>116,540</u>
Funds of the charity			
Unrestricted funds	4	<u>134,889</u>	<u>116,540</u>

The financial statements on pages 30 and 31 were approved and authorised for issue by the board on 5 April 2017 and signed on its behalf by:



David Kirk

Chair



William Cleghorn

Trustee

The notes on pages 33 and 34 form part of these financial statements.

Statement of cash flows

for the year ended 31 December 2016

	2016	2015
	£	£
Cash flows from operating activities		
Net movement in funds	18,349	(2,054)
Adjustments for:		
Decrease/(increase) in trade and other debtors	2,352	(8,969)
Increase in creditors	2,929	2,617
Net cash movement from operating activities	<u>23,630</u>	<u>(8,406)</u>
Net increase/(decrease) in cash and cash equivalents	23,630	(8,406)
Cash and cash equivalents at the beginning of year	138,219	146,625
Cash and cash equivalents at end of year	<u>161,849</u>	<u>138,219</u>

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies

Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards (the Charities (Accounts and Reports) Regulations 2008 and the SORP (FRS 102) *Accounting and Reporting by Charities* (revised in 2015) and the Companies Act 2006.

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

Income relating to sponsorship of events and attendance by exhibitors has now been reported within other trading income. In the previous years, these amounts have been presented within income from donations and legacies. The 2015 figure of £13,150 has been reclassified for comparability. This change in presentation is considered to present a more true and fair view of the charitable company's activities and has not impacted the result or net assets reported in the current or previous year.

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 2017 was £31,782 (2016: £35,019).
- Grant funding received from ICAEW is recognised quarterly. For 2016 this amounted to £64,948 (2015: £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

	2016	2015
	£	£
Direct costs		
Direct event costs	31,099	27,748
Publications	13,122	11,819
Website development	7,101	12,414
	<u>51,322</u>	<u>51,981</u>
Support costs		
Employment costs	89,594	90,755
Governance costs	9,439	8,097
Other expenses	4,015	8,471
	<u>103,048</u>	<u>107,323</u>
	<u>154,370</u>	<u>159,304</u>

The Fraud Advisory Panel has no employees. Two ICAEW employees were seconded to the Fraud Advisory Panel for the year.

Trustees receive no remuneration for their services, which are given voluntarily, and they receive no benefits in kind. Expenses of £1,784 (2015: £983) were paid to four trustees (2015: three) 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 £2,841 (2015: £275) 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 £1,850 (2015: £2,610) inclusive 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

	2016
	£
Members' funds at 1 January	116,540
Surplus for the year	18,349
Members' funds at 31 December	134,889

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

4. Members' liability

The charitable company is limited by guarantee. Each member (being 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 £64,948 (2015: £64,948) and recharged costs of £101,033 (2015: £101,977) which includes the costs associated with the two seconded employees. At the end of the year £2,030 (2015: £614) 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

+44 (0)20 7920 8721
www.fraudadvisorypanel.org

Company registration no. 04327390
Charity registration no. 1108863

Independent auditor

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

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

THANK YOU

We would like to thank everyone who has supported us during the year, whether through sponsorship or in-kind donations of time, expertise, venues and refreshments.

Mike Ashley
Jonathan Barne
Nick Blake
Robert Browell
Alan Bryce
Sir David Calvert-Smith
Mark Cheeseman
Rod Clayton
Martyn Croft
Euan Drysdale
David Emm
John Fernau
Pesh Framjee
Andrew Fyfe
Jim Gee
Jon Gibbs
Laura Gillespie
Lord Goldsmith QC PC
Commander Chris Greany
David Green CB QC
Jon Hayton

Laura Hough
Ian Hynes
Diana Isiye
Craig Kennedy
Richard Kusnierz
Daniel Lawrence
David Lee
Dr Michael Levi
Gavin MacColl
Kerri McGuigan
Ian Miller MBE
Lee Murphy
Kenneth Murray
Pascale Nicholls
Gerald Oppenheim
John O'Rourke
Jo Pearce
Chris Plummer
Sandra Quinn
Monty Raphael QC

Patrick Rappo
His Hon Geoffrey Rivlin QC
Neil Robertson
Martin Robinson
Michelle Russell
Liz Sandwith
Professor Eric Shepherd
Brian Shorten
Jayne Snelgrove
George Staple CB QC
Richard Strawson
Victoria Tills
Sophie Urquhart
Robert Wardle
Craig Watson
Brendan Weekes
Matthew Weitz
Bill White
Ros Wright CB QC

Aver
Baker Tilly Mooney Moore
Cifas
CIPFA Counter Fraud Centre
Crowe Clark Whitehill
Haymarket Risk Management
K2 Intelligence

Keegan and Pennykid
(Insurance Brokers)
Kroll
Lodge Service
Maclay Murray & Spens
McGuireWoods London
Peters & Peters Solicitors

Pinsent Masons
PwC
RSM
SAP
Serbian Association of
Accountants and Auditors

Special thanks to ICAEW for its continuing support

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