



Our Perspective

The 2006 Fraud Review: One giant leap?

The 2006 Fraud Review was welcomed by government and businesses alike as a turning point in the fight against economic crime in the UK. It gave rise to both the Fraud Act 2006, which came into force the following year and introduced the first UK offence of fraud, and to the UK Bribery Act 2010 - arguably the toughest legislation against bribery in the world. Ten years after this review, the *Fraud Advisory Panel* has asked the question: has the fraud review delivered on its promises?

Objectives of the 2006 Fraud Review

The overarching aim of the Fraud Review was an 'anti-fraud culture throughout society based on deterrence, prevention, detection, investigation, sanctions and redress for victims.' (See *The Fraud Review, Ten years on* in further reading).

In 2009 the first National Fraud Strategy was published. Later, in 2011, the *Fighting Fraud Together* national strategy was published. This was the first time that so many government, industry, voluntary and law enforcement bodies - 37 in total - had made a stand together to combat fraud.

Fighting Fraud Together laid out 3 clear strategic objectives towards to the reduction of fraud:

- Awareness - educating people and organisations to protect themselves
- Prevention - through stronger systems and controls
- Enforcement - through more efficient and effective punishment for committing fraud

The good, the bad and the ugly

In addition to the legislation resulting from the Fraud Review the *National Fraud Strategic Authority (NFSA)* - later the *National Fraud Authority (NFA)* - was established in 2008; the *City of London Police* became the national lead force in fraud prevention in 2008 and was given funding for counter-

fraud policy; *Action Fraud* - the world's first single-point fraud reporting system - was established in 2009 along with the *National Fraud Intelligence Bureau* (responsible for analysing, packaging and redistributing intelligence about fraud); the 1st annual fraud indicator was published in 2010; and the *National Crime Agency (NCA)* was established in 2013 to lead 'UK law enforcement's fight to cut serious and organised crime' (see www.nationalcrimeagency.gov.uk).

Sadly, weaknesses in the systems meant that it was difficult to report a crime using *Action Fraud*, and its very existence led local police forces to divulge themselves of responsibility for dealing with such crimes, preferring to refer people directly to *Action Fraud*. This has been addressed in part with the introduction of 'Action Fraud 2' - an improved version of the system - however, 'The NFIB pushes useful and usable fraud crime information to local forces, but no-one...seems able to persuade local forces to use it properly'.

Developments also took a backward step, cited in part to be due to cuts through austerity, with the abolition of the national fraud indicator in 2014, and perhaps worst of all, the closing

To receive Kasalana's Our Perspective updates on a quarterly basis, please email sarah.keeshan@kasalana.com quoting reference OP12.

Further reading:

- The Fraud Advisory Panel, *The Fraud Review, Ten years on*. <https://www.fraudadvisorypanel.org/wp-content/uploads/2016/06/The-Fraud-Review-Ten-Years-On-WEB.pdf>
- National Fraud Authority (NFA), *Fighting Fraud Together*. <https://www.gov.uk/government/publications/nfa-fighting-fraud-together>
- Anti-corruption summit 2016. <https://www.gov.uk/government/topical-events/anti-corruption-summit-london-2016/about>
- UK Government decision on 'failure to prevent economic crime' - a step too far? <http://www.nortonrosefulbright.com/knowledge/publications/132917/uk-government-decision-on-failure-to-prevent-economic-crime-a-step-too-far>
- Corporate failure to prevent. <http://newsroom.howardkennedy.com/corporate-failure-to-prevent>

of the *National Fraud Authority* in 2014. Fraud strategy has transferred to the *NCA*, however it is widely felt that there is still a requirement for a single-purpose strategic body responsible for seeing the big picture in the prevention of fraud.

In addition to this, recent failed attempts to extend the failure-to-prevent section 7 (of the Bribery Act) offence to cover all economic crimes has been seen as a big step backwards and indicative of the piecemeal approach to tackling fraud that led to the national strategic body being closed. More recently, former UK Prime Minister *David Cameron* announced the government's intention to extend corporate criminal liability to include failure to prevent tax evasion. This new offence was under consultation by *HMRC* (the UK Revenue) until 10th July 2016. Any responses have been somewhat eclipsed by recent political developments in the UK.

'Extending failure-to-prevent offences to all economic crimes is one of the great anti-fraud challenges of the day and we urge the government to press on with the job.'

Conclusion

Since 2006, the Government has made many positive moves towards fighting economic crime in the UK. However, without a strategic body to gain a big-picture view of where we are now, then monitor and analyse this position, we are in danger of continuously moving two steps forward and three steps back. We are still in need of strategic, consistent, continuous, and measurable action against such crimes, and the investment to make this possible.



Consultation meetings:

If you would like a free consultation with *Kasalana*, please email info@kasalana.com, or call +44 (0)1580 212832, quoting reference OP12C.

Why we do what we do

At *Kasalana* we have a client-centric approach to intelligence and believe in giving our clients what they need. The information we supply is openly asked for and freely given, and all our work is overseen by senior consultants with many years' experience in their field. With an ethical approach to investigation, we support improvements in global business practices and security.

All our intelligence is individually sourced and produced at the time of commissioning to answer the specific needs of our clients. We work honestly and transparently using a global network of resources to provide timely and accurate information to international clients. To read case studies, please go to www.kasalana.com.

Who we are

Formed in 2005, *Kasalana* is a specialist corporate intelligence company that conducts investigations globally on behalf of clients across all industries. We are experts in enhanced due diligence, background checks and litigation support, solving complex issues on behalf of our clients through investigation. Our clients include FTSE100, FTSE 250 and Fortune 500 corporations, global financial institutions, major law firms and leading private equity houses.

Prior to forming *Kasalana*, *Sam Pope* was Head of Business Intelligence, Deputy Director of Corporate Investigations and EMEA Director of Fraud & Forensic Services for a leading global security risk management company, where he led a team of 40+ investigators. A former defence journalist, Sam has extensive experience of investigating fraudulent activity including asset misappropriation, bribery and corruption, securities and investment fraud, regulatory and anti-trust violations. He frequently works in close collaboration with clients' other professional advisers. He is a member of the American Society for Industrial Security and the Association of Certified Fraud Examiners.

Gareth Crooker joined *Kasalana* in 2010 after working as Director of Corporate Investigations, South-East Asia, for a leading global security risk management company. He has been a business risk consultant for more than 20 years and specialises in pre-investment and compliance-driven due diligence and corporate intelligence. Gareth has also conducted bespoke research and analysis into the political, commercial and security risk environment in Europe and the Former Soviet Union. As well as his native English, Gareth has near-fluent French and Spanish, together with

Coming soon - Compliance screening service

Kasalana will soon be offering a graduated compliance screening service with three levels of report available - express, standard and extended. Suitable for bulk screening or ad-hoc searches, our flexible service will allow you to proceed with low-risk contracts with confidence, or highlight potential issues for better targeting of your enhanced due diligence process. If you would like to speak to Sam Pope or Gareth Crooker about this new service, please contact us at the telephone number or email address below.

Kasalana Limited
Bedgebury Business Park
Bedgebury Road
Goudhurst
Kent
TN17 2QZ

UK 0844 593 0230
Int +44 (0)1580 212832
E info@kasalana.com
W www.kasalana.com
[@KasalanaRisk](http://www.linkedin.com/company/kasalana-limited)