

# **FRAUD ADVISORY PANEL ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



COMPANY REGISTRATION NO: 04327390  
CHARITY REGISTRATION NO: 1108863



**The Fraud Advisory Panel acts as the collective voice of the counter-fraud profession. We help fight fraud and protect society by supporting and connecting front-line professionals.**

**OUR VISION**

A society free from fraud and financial crime.

**OUR MISSION**

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

**OUR VALUES**

Integrity  
Independence  
Inclusivity

# ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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## Chairman's welcome

Welcome to the Fraud Advisory Panel's annual report and accounts for 2019, a year of reflection and new beginnings.

It has been inspiring to meet so many of you this past year and to learn much more about the fraud-fighting issues that matter most to you in your professional lives. We often hear from members how important it is that the Panel continues to provide as much support as possible so, at the start of the year, we commissioned an independent review of the membership scheme to help us identify clearly what it is we do well (and less well) and what you – our members – really need and expect from us.

The review did an excellent job of highlighting the ways in which we as an organisation must evolve if we are to keep pace with the ever-changing threat we face from criminals. Later in this report there are details of the Panel's accomplishments and challenges in 2019. But you can also read about our plans for the future and the significant investment we are making to deliver the kind of organisational change that can provide increased support for members and help us do more to protect society from fraud.

The government's publication of a new economic crime plan early in the summer helped bring fraud (and economic crime more generally) back into sharper focus. We welcome the plan and will do everything we can to support its realisation. We remain hopeful that its vision will be matched by the sustained action needed if we are to pose an effective challenge to the well-resourced and technically advanced fraudsters of tomorrow.

For our part, we will be placing much greater emphasis on improving the reach and influence of our work by forging more effective partnerships, and we have made a strong start. External support has always been invaluable to us, particularly the continuing generous support of our founders, ICAEW. But in 2019 we also began forming some important new relationships with like-minded organisations in civil society and joint work in areas of mutual concern has already begun.

Recent changes at board level (particularly the appointment of two new deputy chairs in the energetic forms of Arun Chauhan and Frances Coulson) have given the Panel a broader-based leadership capable of meeting the ever-increasing number of engagements we are asked to fulfil. The new structure will also stand us in good stead as we begin to recruit a new chair for July 2021.

The Panel's year was also marked by shock and sadness when trustee Phillip Hagon QPM passed away suddenly in the summer. Phill was both colleague and friend to many of us on the board and among the membership. In December 2019 he would have celebrated ten years as a trustee. He was a great advocate for the Panel and supporter of the work it does (particularly the Future Fraud Professionals Network). He is sorely missed.

**As Phill said of his own involvement in the Panel:**  
*'I became involved because I liked its broad experience base and diverse perspectives. I could see it had a vital role to play in protecting the public and encouraging the authorities to do more'.*

So it is in this spirit that I would like to close, by thanking you for choosing to become part of our vital community and for working closely together to make sure that the Fraud Advisory Panel continues to sustain its extraordinary momentum and remarkable contribution. There are still many exciting possibilities in prospect and I very much look forward to working with you all in 2020.

A handwritten signature in black ink, which appears to read 'D Clarke'. The signature is fluid and cursive, written on a white background.

**David Clarke**  
Chair

## Thanks to our supporters

Fraud Advisory Panel would like to thank everyone who supported its work in 2019, whether through sponsorship or in-kind donations of time, expertise, venues and refreshments. Our efforts to tackle fraud and financial crime simply would not be possible without you.

In particular we would like to thank: BDO, Cifas, CIPFA, Crowe UK, DLA Piper, HSBC, International Compliance Association, KPMG and UK Finance, as well as all the individual charities, professional advisers, regulators and other participants across the UK and around the world who took part in International Charity Fraud Awareness Week.

Nor can we forget the 100+ volunteers who supported us throughout the year by generously sharing their knowledge and expertise with us. Thank you, one and all.

And finally, our special thanks go to ICAEW for its continuing support.

### CORPORATE MEMBERS

ACCA	Hitachi Capital UK Plc
Access Bank Plc	HM Land Registry
AFPA Trust	ICAEW
Association of Certified Fraud Examiners	Institute of Chartered Accountants of Scotland
BDO LLP	International Compliance Training
BTVK Advisory LLP	KPMG LLP
CCAB	Kroll (a division of Duff & Phelps)
CIFAS – Leaders in Fraud Prevention	MHA
Corporate Research and Investigations	Moon Beaver Solicitors
Crown Agents Bank	Northern Ireland Audit Office
Deloitte LLP	Open Banking
Devonshires	Pinsent Masons LLP
EY	Prudential Plc
Financial Conduct Authority	PwC
FTI Consulting	Smith & Williamson
GoFundMe	Tenet Compliance & Litigation
Grant Thornton UK LLP	

# 2019

## in numbers

### PUBLIC POLICY

**16** RESPONSES  
TO CONSULTATIONS +60%

**6** STAKEHOLDER GROUPS  
PARTICIPATED IN -25%

### MEMBERS

**303**  
COUNTER FRAUD PROFESSIONALS\* +4%

**270**  
INDIVIDUALS

**33**  
CORPORATES, WITH

**444**  
REGISTERED REPRESENTATIVES

**4** MEMBERS' MEETINGS

### SUPPORT FOR COUNTER FRAUD PROFESSIONALS

**29**  
EVENTS ATTRACTING MORE THAN 1,100  
PEOPLE IN TOTAL

15 TRAINING COURSES +25%

8 WEBINARS +33%

6 OTHER EVENTS -45%

### CONSUMER, BUSINESS AND CHARITY AWARENESS

**20** HELP SHEETS, CASE STUDIES AND  
SPECIAL REPORTS + 54%

**17** E-LEARNING RESOURCES AND  
PRACTICAL TUTORIALS +143%

**1** INTERNATIONAL FRAUD  
AWARENESS WEEK

**18** SPEAKING ENGAGEMENTS AND/OR  
EXHIBITION STANDS +29%

REACHING A COMBINED AUDIENCE OF  
MORE THAN 2,500 PEOPLE

### MEDIA ENGAGEMENT

**3,661**  
TWITTER FOLLOWERS +30%

**1,063**  
LINKEDIN FOLLOWERS WITH ANOTHER

**229**  
REGISTERED FOR OUR MEMBERS' GROUP

**71,846**  
WEBSITE VISITS -31%

**20+**  
MEDIA ENQUIRES -54%

\*as at 31 December 2019

# Report of the board of trustees

## Achievements and performance

In 2019 our energies were focused on co-operation, collaboration and consolidation. Resolving our future funding arrangements and reassessing our offerings to members absorbed significant amounts of time and energy but we were still able to push forward with our five-year strategic plan (2017-2021), building on the initiatives we began in the first two years.

### 1. Improving trust and accountability

Over the past three years we have witnessed a gradual nationwide ratcheting up of interest in fraud and financial crime. Inevitably this has required us to dedicate a much greater share of resources to advocacy work and to making sure we can contribute effectively to a rapidly growing number of formal and informal consultations each year. In 2019 we responded to 16 consultations, more than three times as many as in 2017 (5).

As usual, we also continued to represent our members' views across a number of stakeholder forums, convened by a range of organisations, including: the City of London Police (including Action Fraud), Charity Commission, Cabinet Office and RUSI (Royal United Services Institute).

### Economic crime plan

Summer saw HM Government and UK Finance publish the *Economic Crime Plan 2019-2022*, setting out their shared vision for defending the UK against economic crime. Prior to publication we worked busily behind the scenes to make sure the Panel's collective voice was, and continues to be, heard.

A key part of this work was the forging of strong new relationships with a number of other civil society organisations working in this field, including: Spotlight on Corruption (formerly Corruption Watch), Transparency International UK (TI UK), Global Witness, The Sentry and RUSI. Collectively we wrote to the chancellor of the exchequer and the home secretary raising our concerns about proposed governance arrangements and decision-making processes, and suggesting that the public/private collaborative model be extended to the wider private sector and civil society. We are now working with some of the same organisations to monitor and influence how the plan is delivered.

### Corporate misconduct

It is hard to believe that at the end of March 2020 three years will have passed since the Ministry of Justice closed its call for evidence on corporate criminal liability for economic crime (to which we contributed). In September we joined with Spotlight on Corruption and TI UK to ask the lord chancellor for an indication of what progress is being made towards publishing the government's response. We met with the lord chancellor in early 2020 to discuss this further.

We also responded to the most recent consultation on company law reform, which is also considering the transparency of UK corporate entities and the role of Companies House. Since publishing our 2012 special report, *The abuse of company incorporation to commit fraud*, we have repeatedly called for Companies House to be more energetic and robust in its role as gatekeeper. We said no different on this occasion.

***'Everything you've done to ... educate both charities and the public on the dangers of fraud is amazing and it's clear that all the hard work you've put in over the years is really paying huge dividends now. Given how few of you work at the Fraud Advisory Panel the impact you are having is huge, especially in the charity sector.'***

**Senior participant**

**International Fraud Awareness Week 2019**

### The law enforcement response

The Panel contributed to two inspections by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS): one, a continuing examination of the law enforcement response to fraud (*A time to choose* was published in April); the other, a new study of cyber-dependent crime (*Cyber: keep the light on*, published in October).

Following the inspectorate's recommendations we were also consulted about new guidance for fraud victims who submit a report to Action Fraud, to help them understand what will happen next and how their information will be used. Once they report a crime people expect a certain level of service from law enforcement and it is important to get this advice right.

Given the increasing official focus on preventing fraud and financial crime our ever-popular biennial Great Fraud Debate explored whether fraud prevention better rests with the private sector rather than law enforcement.

### Other activities

We have been monitoring the introduction of new measures to protect customers from authorised push payment fraud (these include the 'confirmation of payee' protocol and a new code governing contingent reimbursements) and will continue to scrutinise developments in this area throughout 2020.

We also began to formulate proposals to increase support for the accountancy profession in its efforts to improve the identification and reporting of fraud.

### Charity fraud

For the fourth consecutive year we led the award-winning charity fraud awareness week (21-25 October), helped by colleagues from around the UK and in Australia, New Zealand and the USA.

A key feature of this year's campaign was the launch of a new online resources hub. Hosted by UK Finance, it is home to a wealth of practical materials for charity professionals and advisers, including 40 free tutorials, on-demand webinars, videos, case studies, and help sheets. The hub will remain available until October 2020 from

<http://bit.ly/Charityfraudhub>

On the tenth anniversary of our ground-breaking charity fraud survey (2009) we also helped the Charity Commission repeat the original exercise, expanded to include questions on cybercrime. Some 15,000 registered charities across England and Wales were asked about their experiences and 22% responded, making this the largest-ever analysis of UK charity fraud. The results – which will inform our future activity – clearly highlight a continuing need for sustained action to improve the sector's awareness and resilience.

#### **SOME HEADLINE FINDINGS ...**

**ALMOST HALF**  
of UK charities have no 'good practice' fraud protections in place.

**MANDATE/  
CHIEF EXECUTIVE FRAUD**  
is the most common fraud type.

**PHISHING/  
MALICIOUS EMAILS**  
are the most common cyber-attacks.

**MOST VICTIMS**  
respond by enhancing their internal controls and/or security arrangements.



# CHARITY FRAUD AWARENESS WEEK 2019 EVALUATION HIGHLIGHTS

CHARITY  
FRAUD  
AWARENESS  
WEEK. 2019  
21-25 October

All.  
Together.  
Now.

In 2019 International Charity Fraud Awareness Week continued to grow in reach and profile, with charity and not-for-profit organisations from around the world joining regulators from Australia, New Zealand, the US and the UK to raise awareness and share good practice.

## SUPPORTERS GOT INVOLVED BY...

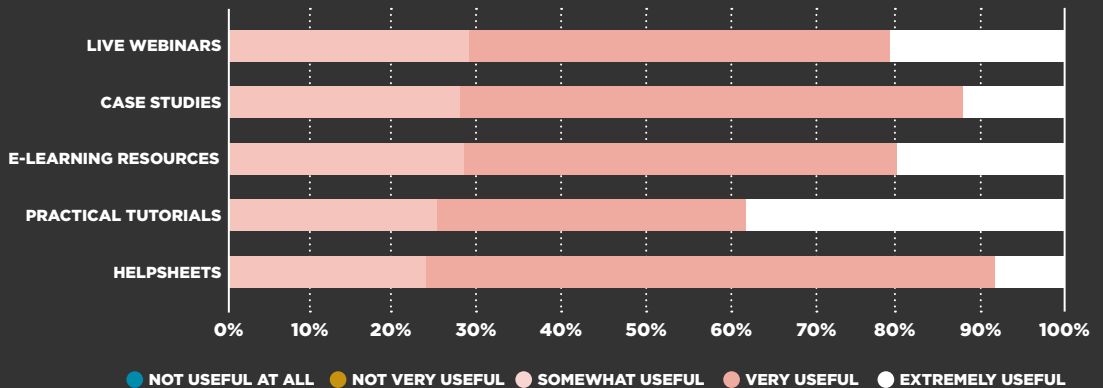
Joining the conversation at #CharityFraudOut... Using the free resources available on the hub...  
Entering the UK Charities Against Fraud Awards... Organising their own counter fraud activities



## RESOURCES

- 11 helpsheets
- 10 e-learning resources
- 6 case studies
- 6 practical tutorials
- 6 webinars
- 2 research reports
- 1 launch event
- 1 social media campaign

## HOW USEFUL DID YOU FIND THE RESOURCES?



**988**  
AWARENESS HUB  
REGISTRATIONS

**26.2M** (UP 32%)  
POTENTIAL TWITTER  
IMPRESSIONS\*

**8.4M** (UP 61%)  
POTENTIAL REACH  
\* COMBINED TOTAL FOR  
#CHARITYFRAUDOUT  
AND #CHARITYFRAUDOUT2019

**60+**  
BLOGS AND MEDIA  
ARTICLES  
ACROSS SECTORS

**100%**  
OF PEOPLE SURVEYED  
THOUGHT THE SOCIAL  
MEDIA CAMPAIGN WAS  
EFFECTIVE IN RAISING  
AWARENESS OF FRAUD

**86%**  
OF PEOPLE SURVEYED MADE  
CHANGES AS A RESULT OF WEEK.  
MOST COMMONLY REVIEWING:  
• RELEVANT POLICIES  
• PROCESSES FOR STAFF  
TO RAISE CONCERNS

**'The online format worked  
really well and the fact  
that the resources will  
be available for a year  
afterwards is great too.'**

**96%**  
OF PEOPLE SURVEYED  
SHARED THE GUIDANCE  
WITH OTHERS

**'Getting better each year.'  
'An excellent campaign.'**

**'It's really useful in getting my  
organisation's people thinking  
more about fraud.'**

**'Very interactive and useful.'**

**CHARITIES  
AGAINST FRAUD  
AWARDS 2019  
WINNER**  
SUPPORTED BY BDO

**BRITISH  
COUNCIL**

RESOURCES ARE FREE TO DOWNLOAD FROM <http://bit.ly/Charityfraudhub>

## 2. Advancing our understanding of fraud

### Domestic corruption

The mid-year publication of our special report is always an important annual event for us. *Hidden in plain sight: domestic corruption, fraud and the integrity deficit* examined what kind of domestic corruption problem, if any, the UK might have. We found that a focus on bribery overseas has left domestic corruption risks (in areas such as business, education, local government and the electoral system) badly neglected and poorly understood. Meanwhile, the likely fraud impact of departure from the European Union remains unknown. In the summer these serious matters were discussed in more detail by experts and officials at our annual lecture, adding the Panel's voice to a growing chorus demanding a clear and positive commitment to ethical practice in business and government.

### The language of fraud

For the past three years we have been keen to commission new research into how the language and terminology we use when we talk about and conceptualise fraud might help or hinder the fight against it. We have shared our plans and ideas with members and stakeholders alike but wider political and financial pressures have left us with insufficient capacity to make a start. We were pleased to see our friends at Cifas take a first look at these issues by contributing an introductory piece to the December edition of the government's *Public Sector Counter Fraud Journal*. But we remain convinced that the substantial research we envisage is still vitally needed to help clarify, shape and advance the fight against fraud, and we now hope to make progress with this important project during 2020.

### New technologies and robotics

Having looked at the impact of technology on fraud in our 2018 special report, *Fraud futures: understanding the old to prepare for the new*, we have continued to explore the rise of crypto-fraud, the ways in which crypto-assets can be traced, and the consequences of transformational technologies like artificial intelligence and blockchain.

Their use in committing fraud as well as fighting it is now commonplace but in constant flux, creating challenges and opportunities which will form an important theme running through our future work.

## 3. Supporting counter-fraud professionals

Supporting professionals as they fight fraud and protect society is at the very heart of everything we do. Making sure we remain a relevant and attractive

organisation for members is as important now as it ever was. At the beginning of the year we commissioned a comprehensive review of our membership scheme with the objective of identifying new opportunities, refining our core offering, and finding ways to expand our influence further. A general survey of all members augmented by a series of in-depth interviews revealed that, while we are generally recognised as doing great work, there is more we can do to raise our profile and support our members. One of the key lessons is that we have been spreading ourselves too thinly; to make sure our work has the impact (and receives the recognition) it deserves we need to do less but do it better. How this will work in practice is something we have been thinking about a lot, so members will begin to see changes quite soon in 2020, starting with our plans for the future (see page 10).

- You want our key priorities to be support for businesses and charities.
- You think public policy work, campaigns and help sheets are the most important things we do.

### Improving accessibility to our events and activities

The survey also revealed that most members believe they have had sufficient opportunities to contribute to our activities and say they are happy with how (and how often) we communicate with them.

In 2019 more than 1,000 people attended our 29 training courses, workshops, executive breakfast briefings and webinars as part of their professional development. But members would like us to run even more of these kinds of events, so we have begun increasing our online offerings and making sure events and activities are as accessible and inclusive as possible.

It is now easy to dial-in to any of our member meetings. We have increased the number of webinars and trialed live-streaming for big events like the AGM and the annual lecture. We are also looking at our Future Fraud Professionals Network (open to anyone with less than five years' professional experience) and exploring ways to expand its offerings and integrate it more fully into our structure.

#### 4. Building a more financially secure future

Discussions with ICAEW continued throughout the year, culminating in a funding commitment for three further years. The much-needed financial security this brings also gives us the confidence to continue our important core work while simultaneously actively pursuing other funding options to expand our financial base.

#### 5. Strategic plan 2017 - 2021: our mid-term report

OBJECTIVE	KEY ACCOMPLISHMENTS 2017 - 2019
<b>Act as a voice for victims</b>	<ul style="list-style-type: none"> <li>✓ Responded to 31 consultations - many of them victim-focused</li> <li>✓ Answered more than 114 media enquiries</li> </ul>
<b>Generate new thinking</b>	<ul style="list-style-type: none"> <li>✓ Supported research into the nature and extent of fraud and cybercrime against charities in England and Wales</li> <li>✓ Published special reports into: corporate culture, ethics and fraud; the future of fraud; and domestic corruption</li> <li>✓ Launched a new Cyber Fraud Research Unit</li> </ul>
<b>Build financial security</b>	<ul style="list-style-type: none"> <li>✓ Secured a three-year funding commitment from ICAEW (2020 - 2022)</li> <li>✓ New funding opportunities actively pursued</li> </ul>
<b>Promote anti-fraud best practice</b>	<ul style="list-style-type: none"> <li>✓ Co-led three<sup>1</sup> international charity fraud awareness weeks</li> <li>✓ Created a new online charity fraud awareness hub with free resources</li> </ul>
<b>Develop and support individual counter-fraud professionals</b>	<ul style="list-style-type: none"> <li>✓ Conducted an independent membership audit</li> <li>✓ Launched our Future Fraud Professionals Network</li> <li>✓ Set up student (associate) membership</li> <li>✓ Strengthened our support for accountancy professionals (especially in the UK and Cyprus)</li> <li>✓ Convened 84 events, attended by 3,500 people</li> <li>✓ Introduced webinars and live-streaming (for selected events) to improve accessibility</li> <li>✓ Set up a new advisory committee to advise, support and challenge the board</li> </ul>

<sup>1</sup> The first week took place in 2016.

## Plans for the future

The board's permanent aspiration is to build a more financially secure and independent future. However, achieving that aspiration is sometimes hampered by the Panel's instinct for taking on more than its small, dedicated staff can hope to handle effectively – something the membership audit highlighted vividly. In 2020 we intend to address these matters through better-balanced priorities and a business transformation project.

Nonetheless, there will be no reduction in our efforts to add the Panel's distinctive perspective to official thinking on fraud, wherever we are able, and always with a particular emphasis on making sure that victims are properly heard and supported.

### To these ends we will:

#### 1. Generate new thinking on fraud by:

- commissioning new research into how we talk about fraud (special report);
- tracking and informing the delivery of the Economic Crime Plan 2019-2022; and
- instigating discussions about how to better protect and support fraud victims.

#### 2. Develop and support professionals by:

- raising awareness of the roles performed by various counter fraud professionals;
- rolling out new and enhanced member benefits; and
- integrating and expanding our Future Fraud Professionals Network.

#### 3. Promote society-wide anti-fraud best practice by:

- preparing proposals to improve fraud reporting;
- supporting International Charity Fraud Awareness Week (19-23 October); and
- delivering our annual training and events programme.

#### 4. Transform our business systems and processes by:

- exploring a new integrated CRM system and website;
- introducing more accessible payment methods (such as online and direct debits); and
- identifying opportunities to form strategic funding partnerships with others.

## 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**

## Our financial position

During 2019 we began investing significantly in the transformation of our membership scheme, resulting in a planned deficit of £49,922. However, £195,000 of additional funding from ICAEW, covering 2020-2022, turned a planned deficit into a reported surplus of £145,078.

### Income

Annual income increased to £356,457 (2018: £157,185), the key sources being:

- **Membership subscriptions** of £52,883 (2018: £48,892). On the first day of each year we increase membership subscription rates by no more than the annual rate of inflation on the previous 30 September (calculated using the retail price index – RPI). Subscriptions for 2020 are £72 for individuals and £1,454 for organisations.
- **Grant funding** from ICAEW of £260,000 (2018: £65,000). ICAEW has committed to providing an annual grant of £65,000 for the next three years, along with accommodation and associated overheads at no cost to the Panel. Three years of funding for 2020-2022 was committed in December, along with the 2019 grant of £65,000.
- **Donations** of £150 (2018: £0).
- **Event income** of 37,679 (2018: £36,777).
- **Other trading activities** £5,500 (2018: £6,400) to support the launch of international charity fraud awareness week.

All income is used solely for the purposes of promoting our charitable objectives. Any surplus or deficit is carried forward. No amounts are paid or transferred to members except as payments in good faith in certain clearly prescribed circumstances.

Trustees are volunteers and receive no private benefit from being a member of the board of the Fraud Advisory Panel. None of the trustees had a financial interest in Fraud Advisory Panel during the year. Any expenses reclaimed from the charity are set out in the notes to the accounts.

### Expenditure

To kick-start the transformation of our membership scheme a significant investment was made – including a temporary increase in staff – resulting in increased total expenditure of £211,379 (2018: £161,648).

### Reserves

Our policy on reserves (which is reviewed annually) is to maintain sufficient free revenue reserves to meet the equivalent of at least three months' average operating costs (or £52,845).

Unrestricted funds at year end were £289,500 (2018: £144,422), or 16 months of free reserves. This figure was substantially higher than in previous years because of the three-year (£195,000) ICAEW grant, but it was nonetheless considered appropriate given anticipated operating expenditures for the coming year.

Work to raise additional funds (to cover core costs and future project work) remains a priority for trustees and staff alike.

### Fundraising

Because the Fraud Advisory Panel undertakes no direct fundraising with the general public it is not registered with the Fundraising Regulator.

# Structure, governance and management

## Legal status and structure

Fraud Advisory Panel is a charitable company limited by guarantee registered in England and Wales. It was established in 1998, incorporated on 22 November 2001, and registered as a charity on 5 April 2005.

The charity was set up under a memorandum of association and is governed by articles of association which were last updated and adopted on 30 June 2011.

## Objectives and activities

The Fraud Advisory Panel exists to protect society from fraud. Our objective is **'the protection of life and property by the prevention, detection, investigation, prosecution and deterrence of fraud'**, particularly through:

- **research** into the nature, extent and causes of fraud and into the means, systems and techniques of preventing, detecting, investigating, prosecuting and deterring it;
- **education** of those actually, or potentially, affected by fraud; 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.

The main activities undertaken to fulfil this objective can be broadly categorised as: education and training; research and campaigning; and career development and support for financial crime-fighting professionals.

## Public benefit

Our trustees take into account the Charity Commission's public benefit guidance when reviewing the charity's aims and objectives, and when making decisions about the Panel's current and future activities. The manner in which trustees paid due regard to that guidance, and met our principal objective, is demonstrated in the achievements and performance section starting on page 5.

## Board

The board consists of a maximum of 15 trustees appointed for fixed terms of three years (with further terms possible). ICAEW is entitled to appoint up to one-third of board members. A further three trustees can be co-opted at any one time. At the end of the year there were 11 serving trustees (listed on page 14). The board met five times in 2019.

Sub-committees of the board are convened to expedite the execution of specific duties. Each is governed by its own terms of reference, approved by the full board. Current sub-committees are responsible for finances and nominations.

A new advisory committee (listed on page 14) met for the first time in 2019. Its aims are: to assist with the delivery of the Panel's work; to provide strategic advice and challenge to the board; to develop any members interested in taking a more active role; and to preserve our 'corporate memory'.

### **Trustee recruitment, induction and training**

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 also receive the continuing support of the chair, deputy chairs and staff.

Training needs are assessed annually. Independently-led training on trustee roles and responsibilities was held over the summer.

### **Management**

Day-to-day management is delegated to the head of operations.

The Fraud Advisory Panel has no direct employees. Two full-time staff are seconded from ICAEW. Temporary support is used to help with peaks in the workflow.

### **Risk management**

The Fraud Advisory Panel is a risk-conscious organisation with risks identified, assessed and reviewed continuously. An established system of internal controls (regularly reviewed) governs all our operations and provides reasonable assurance against the risk of fraud, error and the inappropriate use of our resources. The board is satisfied that appropriate steps are being taken to manage risk.

At the end of the year we were able to downgrade our most significant risk when ICAEW committed to another three years of funding. However, at the same time a new risk was emerging which now represents a significant challenge and key uncertainty for the Fraud Advisory Panel in 2020. That risk is the global coronavirus (or COVID-19) pandemic.

By 31 December 2019 a limited number of cases of what was then an unknown virus had been reported to the World Health Organisation. The spread of the virus and its economic impact are evolving at unprecedented speed and it will be some time before the full effects are felt and understood. The board is monitoring the situation closely to make sure it can respond with agility in securing our continuing operations and minimising the negative consequences for the Fraud Advisory Panel's activities, insofar as that is possible.

### **Qualifying indemnity insurance**

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

# Trustees, staff and advisers

## Trustees

David Clarke (chair from 1 January 2019)

David Bacon

Arun Chauhan (deputy chair from 13 February 2019)

Frances Coulson (deputy chair from 13 February 2019)

Phillip Hagon QPM (until 6 August 2019)

Jonathan Holmes

Patrick Rappo

Rachel Sexton

Oliver Shaw

Sophie Wales (previously Falcon)

Brendan Weekes

Edna Young

Lee Fitzgerald was co-opted to the board on 12 February 2020.

## Biographies are available online

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

## Nominations committee

David Clarke (chair)

Frances Coulson

Oliver Shaw

## Finance committee

Sophie Falcon (treasurer)

Jonathan Holmes

Kerry Radford (ICAEW subsidiary accountant)

Brendan Weekes (from 13 February 2019)

## Advisory committee

David Bacon (chair)

Dave Carter

William (Bill) Cleghorn

Maria Cronin

Tamlyn Edmonds

Tim Harvey

Stephen Hill

Laura Hough

David Kirk

David Rowe-Francis

Andy Mayo

Jackie Morley

Andrew Price

Paul Wainwright

Ros Wright CB QC

## Staff

Mia Campbell (head of operations and company secretary)

Zara Fisher (senior 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 6 May 2020 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 2019 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 2019 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](http://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

12 May 2020

## Financial statements

### STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2019

		Unrestricted funds 2019	Unrestricted funds 2018
	Note	£	£
<b>Income and endowments from:</b>			
<b>Donations and legacies</b>			
Membership subscriptions		52,883	48,892
Donations		150	-
Grant funding		260,000	65,000
<b>Charitable activities</b>			
Event income		37,679	36,777
<b>Other trading activities</b>			
Investment income – bank interest		245	116
<b>Total income and endowments</b>		<u>356,457</u>	<u>157,185</u>
Expenditure on charitable activities	2	<u>(211,379)</u>	<u>(161,648)</u>
<b>Total expenditure</b>		<u>(211,379)</u>	<u>(161,648)</u>
<b>Net income/(expenditure) and movement in funds</b>		<u>145,078</u>	<u>(4,463)</u>
Funds brought forward	3	<u>144,422</u>	<u>148,885</u>
Funds carried forward	3	<u><b>289,500</b></u>	<u><b>144,422</b></u>

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 2019

COMPANY NUMBER: 04327390

	Note	2019 £	2018 £
<b>Current assets</b>			
Debtors	4	201,809	9,744
Cash at bank and in hand		127,931	169,961
		<u>329,740</u>	<u>179,705</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year		-	-
Tax and social security		(2,443)	(3,724)
Accruals and deferred income		(37,670)	(29,944)
Amounts due to related undertakings		(127)	(1,615)
		<u>(40,240)</u>	<u>(35,283)</u>
<b>Net assets</b>		<b><u>289,500</u></b>	<b><u>144,422</u></b>
<b>Funds of the charity</b>			
Unrestricted funds	5	<b><u>289,500</u></b>	<b><u>144,422</u></b>

The financial statements on pages 18 and 19 were approved and authorised for issue by the board on 6 May 2020 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 2019

	2019	2018
<b>Cash flows from operating activities</b>	£	£
Net movement in funds	145,078	(4,463)
Adjustments for:		
(Increase)/decrease in trade and other debtors	(192,065)	28,265
Increase/(decrease) in creditors	4,957	(5,136)
Net cash movement (used in)/from operating activities	<u>(42,030)</u>	<u>18,666</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(42,030)</b>	<b>18,666</b>
Cash and cash equivalents at the beginning of year	169,961	151,295
<b>Cash and cash equivalents at end of year</b>	<b><u>127,931</u></b>	<b><u>169,961</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 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 that now include a three year grant commitment from ICAEW and consideration of the impact of the coronavirus (COVID-19), 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 2020 was £31,567 (2019: £26,019).

- Grant funding received from ICAEW is recognised in accordance with the formal offer of funding to the charitable company. For 2019 this amounted to £260,000, relating to £65,000 for 2019 and a further commitment of £65,000 per annum for 2020-2022 (2018: £65,000).

- 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

	2019	2018
	£	£
<b>Direct costs</b>		
Events	32,703	26,353
Publications	13,390	17,930
Website	7,315	6,089
	<u>53,408</u>	<u>50,372</u>
<b>Support costs</b>		
Seconded staff	114,543	99,484
Governance	10,499	5,185
Other expenses	32,929	6,607
	<u>211,379</u>	<u>161,648</u>

The Fraud Advisory Panel has no employees. Two ICAEW employees were seconded to the Fraud Advisory Panel for the year (2018: two). A temporary membership executive was also seconded from ICAEW for part of 2019. 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 £1,286 (2018: £293) were paid to three trustees (2018: four) 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 £1,693 (2018: £1,472) 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 £2,700 (2018: £2,150) 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

	2019
	£
Members' funds at 1 January	144,422
Surplus for the year	145,078
Members' funds at 31 December	<u>289,500</u>

The reported surplus for the year of £145,078 is made up of £195,000 additional funding commitment from ICAEW in relation to 2020-2022 less the deficit for the year of £49,922. Unrestricted reserves are the 'free' reserves of the charitable company.



#### 4. Debtors

	2019	2018
	£	£
<b>Due within one year:</b>		
Amounts owed by associated undertaking	65,000	-
Prepayments and accrued income	1,584	3,366
Other debtors	5,225	6,378
	<b>71,809</b>	<b>9,744</b>
<b>Due after one year:</b>	130,000	-
Amount owed by associated undertaking	<b>201,809</b>	<b>9,744</b>

#### 5. 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.

#### 6. Related party transactions

The Fraud Advisory Panel (FAP) 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 £260,000 (2018: £65,000) and recharged costs of £119,377 (2018: £106,269) which includes the costs associated with the two seconded employees and temporary member of staff for part of the year. At the end of the year £127 (2018: £1,615) was owed to ICAEW in relation to general running costs. At the year end Fraud Advisory Panel had recognised £195,000 in debtors for grant funding committed for 2020-2022 at £65,000 per annum (2018: nil by ICAEW).

## Reference and administrative details

### **Fraud Advisory Panel**

A company limited by guarantee

### **Registered and principal office**

Chartered Accountants' Hall

Moorgate Place

London EC2R 6EA

+44 (0)20 7920 8721

[www.fraudadvisorypanel.org](http://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 London LLP

(trading as Bates Wells)

10 Queen Street Place

London EC4R 1BE



FRAUD  
ADVISORY  
PANEL