

Fraud Advisory Panel Annual report and financial statements

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY REGISTRATION NO: 04327390
CHARITY REGISTRATION NO: 1108863



The Fraud Advisory Panel is the collective voice of the counter-fraud profession. We help fight fraud and protect society by supporting, connecting and uniting frontline professionals.

**If you are
working to
counter fraud,
you need to
be here**

Our vision

A society free from fraud and financial crime.

Our mission

To bring together professionals of all kinds to improve fraud resilience across society and around the world.

Our values

Integrity
Independence
Inclusivity

Fraud Advisory Panel Annual report and financial statements

FOR THE YEAR ENDED 31 DECEMBER 2020

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Welcome from David Clarke

At the very start of 2020 none of us imagined how much our world – the world – would be turned upside down just a few months later.

Here, at the Fraud Advisory Panel, having secured funding for a further three years, we began the new year optimistically with renewed vigour and ambitious plans. But as the coronavirus pandemic began to unfold we soon realised that things were about to change dramatically.

It is a tribute to everyone involved in the Panel's work that we were able to respond and adapt so quickly. By the time the first lockdown was announced our team was already working from home and had begun moving our activities online (insofar as that was possible). All of which has been to great effect: we are now more visible; our members are more engaged; and our profile and reach have grown.

Our strategy throughout the pandemic has been consistent: to support members, maintain public profile and play as active a part as possible in keeping businesses and the public safe from fraud in such difficult and unusual times. Our COVID-19 Fraud Watch Group was a shining example of this and something of which I am immensely proud. This coalition of counter-fraud professionals met regularly for six full months from the start of the first lockdown. Not only were we able to sound early warnings of emerging fraud risks we also facilitated the sharing of valuable, actionable intelligence with the authorities. My thanks to everyone who contributed to and supported this initiative. We simply could not have done it without you.

Our ability to galvanise members to confront new fraud challenges was a highlight of 2020. But like many other charities we also suffered our lows. Carefully thought-out plans for 2020 fell by the wayside and event income (an important funding stream for us) declined even as demand for our support grew. We are doing everything we can to maintain the high level of service our members and stakeholders have come to expect. But we are not out of the woods yet, so we continue to take a more cautious approach to managing our finances. From all the great work I have seen I am confident we will weather this storm and, in the end, emerge strengthened by it.

Sadly, later this year I will be stepping down as chair of the Fraud Advisory Panel. Leading this organisation for the past two years has truly been one of the most rewarding experiences of my professional life. I have been fortunate indeed to have met many of our fabulous and inspiring members and to learn about their work at the cutting edge of fighting fraud and financial crime. But while I may soon be stepping down from the board, this is certainly not farewell. In the years ahead I will continue to support the vital work our important charity does. I hope you will too.



A handwritten signature in black ink, appearing to read 'David Clarke'.

David Clarke
Chair

Our corporate members

ACCA

Access Bank Plc

Association of Certified Fraud Examiners

Baker Tilly

BDO LLP

CCAB

Cifas - Leaders in Fraud Prevention

Corporate Research and Investigations

Deloitte LLP

EY

Financial Conduct Authority

FTI Consulting

GoFundMe

Grant Thornton UK LLP

Hitachi Capital UK Plc

HM Land Registry

ICAEW

Institute of Chartered Accountants of Scotland

International Compliance Training

ISAM Funds (UK) Ltd (from 8 March 2021)

JMW Solicitors LLP

KPMG LLP

Moon Beever LLP

Northern Ireland Audit Office

Pinsent Masons LLP

PwC

RSM

Smith & Williamson

Synectics Solutions

Tenet Compliance & Litigation

The Law Society (from 1 January 2021)

University of Oxford

Thank you

Thank you to the 150+ volunteers who supported us during the year, whether through in-kind donations of time and expertise or venues and refreshments. Our efforts to tackle fraud and financial crime simply would not be possible without you.

Our special thanks go to Natalie Nova and Felix Keating for their assistance with various projects throughout the year, as well as to UK Finance for continuing to host our charity fraud awareness hub. We would also like to thank ICAEW for its continuing support.

Report of the board of trustees

Achievements and performance

The onset of the coronavirus pandemic at the start of 2020 saw our best laid plans postponed as we reprioritised, refocused and redeployed resources and activities to provide an emergency response. Many of the postponed activities have now been carried forward into 2021, as set out on page 10.

1. Responding to COVID-19 fraud

Protecting businesses and individuals

Throughout the pandemic our approach has been to stay as active and visible as possible, helping keep businesses, individuals and the nation safe from fraud in these times of heightened risk.

We raised awareness of current and emerging fraud risks in three ways: our own annual programme of events; speaking at events convened by other bodies; and responding to media enquiries on current and emerging fraud risks. Our media work resulted in more than 71 pieces of print, broadcast and internet coverage. We also ratcheted up our social media activity and saw a substantial increase in follower numbers.

‘Fraud Advisory Panel resources provide timely, practical and informative materials that are used extensively by ICA members. They are trusted resources providing essential information for compliance professionals in the growing area of fraud. This area has become ever more important with the spike in activity seen during the pandemic.’

TOM PERRY, HEAD OF MEMBERSHIP, ICA

COVID-19 fraud watch group

As an immediate response to the pandemic we established a cross-sector, cross-industry coalition of more than 70 trusted partners from various government departments (including the Cabinet Office), industry bodies, law and accountancy firms, and the City of London Police. For six months, from the end of March to the end of September, the group met regularly: sharing information on emerging threats; acting as a conduit for warnings to the public, private and third sectors; and providing advice on prevention. The summary proceedings were shared with partners so that they could cascade them through their business networks and ensure the widest possible audience.

‘Thanks for the brilliant summaries over the past few months.’

A COVID-19 FRAUD WATCH GROUP MEMBER

Stimulus scheme fraud

In June we raised concerns about the fraud risks within the government’s stimulus schemes and wrote to the Chancellor of the Exchequer asking for the names of companies receiving bounce-back (BBL) and business interruption (CBIL) loans to be published for the purposes of crime control and transparency.

In August our follow-up letter to the Minister of State for the Cabinet Office and HM Treasury, the City Minister and the Security Minister proposed the creation of: a central data repository so that lenders can share information relating to COVID-19 loans and grants; and a cross-sector crisis committee to provide impartial, expert opinion on strategy, policy and procedures to support the safe and orderly distribution of public stimulus money.

Then, in October, our fears were confirmed when the National Audit Office estimated the credit and fraud losses of the various support schemes at between £15bn and £26bn. HMRC has now begun to publish the names of companies claiming furlough funding under the Coronavirus Job Retention Scheme and the Chancellor of the Exchequer has announced (as part of the 2021 budget) a new HMRC-led Taxpayer Protection Taskforce to combat fraud within COVID-19 support packages and to strengthen law enforcement for BBLs. But we will continue to monitor developments and press for action on these important matters.

Co-ordinating charity fraud awareness week 2020

Once more we led the award-winning charity fraud awareness week (now in its fifth year) in association with the Charity Commission. Although this year's programme was pared down we still managed to convene two key events and mount a strong social media campaign. The fraud awareness workshop and future-looking webinar (both provided free of charge) attracted a combined audience of more than 1,000 charity professionals, many more than we would usually expect for events like these.

Our popular charity fraud awareness hub remained active until 31 December 2020, continuing to offer free resources and practical guidance until the contract with the current provider ended. We are now investigating alternative arrangements.

Contributing countries

UK, USA, CANADA, AUSTRALIA, DENMARK, SOUTH AFRICA, INDIA, BOSNIA AND HERZEGOVINA, COMOROS, UAE

100

REGISTRANTS FOR THE WORKSHOP

KEY ACTIVITIES

1. WEBINAR
2. WORKSHOP
3. SOCIAL MEDIA CAMPAIGN

915

TOTAL VIEWS OF THE WEBINAR

Twitter campaign

19.4M

POTENTIAL IMPRESSIONS

5.9M

POTENTIAL REACH

1,450

CONTRIBUTORS

371

AVERAGE TWEETS PER DAY

2.8M

POTENTIAL IMPRESSIONS PER DAY

CORE MESSAGES

- BE FRAUD AWARE
- TAKE TIME TO CHECK
- KEEP YOUR CHARITY SAFE

'Tackling fraud and raising awareness - through webinars, resources and the wider campaign - plays a key role in keeping fraud uppermost in charities' minds; that's vital at a time like this when increased economic pressure is being exerted by the pandemic.'

CARON BRADSHAW, CHIEF EXECUTIVE, UK CHARITY FINANCE GROUP

NOW

MORE THAN EVER...

#CHARITY FRAUD OUT

CHARITY FRAUD AWARENESS WEEK
19 - 23 OCTOBER 2020

Five years, five campaigns

Uniting the sector

Charity Fraud Awareness Week 2016-2020

2016

2017

2018

Do you use the
F-word? Start
a conversation
TODAY!

LOOK
LISTEN
SPEAK
CHARITY
FRAUD OUT!



Starting the conversation

The campaign encourages and empowers charities to talk about fraud and to share good counter fraud practice. It went global in 2018.

Charity fraud awareness hub*

The 2019 campaign was accompanied by the launch of a new dedicated fraud awareness hub featuring free resources for charity professionals, available until 31 December 2020.

MOST POPULAR CONTENT

1. BEYOND COVID-19: KEEPING YOUR CHARITY SAFE FROM FRAUD (WEBINAR)
2. BOARD SUPPORT FOR COUNTER FRAUD (HELPSHEET)
3. FINANCIAL CRIME RISKS (HELPSHEET)
4. COMMON CYBER FRAUDS (WEBINAR)
5. KEEPING DATA SAFE (HELPSHEET)

22,642

UNIQUE VISITORS



#CharityFraudOut
Twitter campaign

4,658+
CONTRIBUTORS

62.3M
POTENTIAL TWITTER
IMPRESSIONS

2019

2020

All.
Together.
Now.

CHARITY
FRAUD
OUT!

Now

MORE THAN EVER...

#CHARITY FRAUD OUT

18

HELPSHEETS

10

CASE STUDIES

25

WEBINARS

2

RESEARCH
REPORTS

6

PRACTICAL
TUTORIALS

11

GUIDES

10

EVENTS &
TRAINING

3

ANNUAL AWARDS
WITH 5 RECIPIENTS

200+

PIECES OF MEDIA COVERAGE

96%

OF PEOPLE SURVEYED
IN 2019 SAID THEY
SHARED THE GUIDANCE
WITH OTHERS.

86%

OF PEOPLE SURVEYED
IN 2019 MADE CHANGES
AS A RESULT OF
THE WEEK

100%

OF PEOPLE SURVEYED IN 2019
THOUGHT THE SOCIAL MEDIA
CAMPAIGN WAS EFFECTIVE IN
RAISING AWARENESS OF FRAUD

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

'Getting better each year.'

'Very interactive and useful.'

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

* STATISTICS FOR THE PERIOD 21 OCTOBER 2019 TO 1
DECEMBER 2020

^ STATISTICAL ANALYSIS OF THE HASHTAG
#CHARITYFRAUDOUT ONLY. OTHER ANCILLARY
HASHTAGS WERE USED TO A LESSER EXTENT IN EACH
CAMPAIGN.

2. Promoting anti-fraud best practice

Improving fraud reporting

A major piece of work for us throughout 2020 was developing proposals for a new secure, trusted and independent helpline to provide chartered accountants with confidential expert advice, guidance and support on fraud-related matters. Our objective was to help improve fraud reporting (including the quality and usefulness of the accountancy profession's reports to law enforcement), assist investigations with improved intelligence, speed-up the identification of fraud trends and support better-targeted and more proactive prevention.

We were unable to secure funding for our project but were nonetheless pleased to help one of the professional accountancy bodies expand its own helpline services. A new, anonymous fraud advisory helpline was launched on 1 February 2021 and we provided tailored fraud awareness training for its staff.

Separately we also contributed to continuing work on the next generation national fraud and cybercrime reporting service (including the service standards for Action Fraud).

28

EVENTS

2,856
DELEGATES

↑160%

Delivering training and events

From March 2020 all of our education and training activities were moved online. We expect them to remain there until October 2021 at the earliest. Consistent with the approach adopted by many other organisations, we made no charge for all but two of our events and did not resume charging until January 2021.

The pandemic hit our planned annual programme in two other ways. A major fraud conference - planned with R3 and INSOL Europe - was postponed until early 2021 to give us sufficient time to build a suitable virtual conference environment. Meanwhile, demand for our inhouse training waned with the first lockdown and did not pick up again until the latter part of the year.

An unexpected benefit of the move online has been to make our events more accessible for many more members. While the total number of events remained at a similar level to 2019, attendance shot up by more than 160%.

Contributing to public policy

As a small charity we have only limited capacity to respond to the many consultations on fraud, particularly now that fraud is beginning to receive the attention it truly deserves from government and other bodies. In 2020 we became more selective in our approach but still managed to respond to more than 14 consultations (both formal and informal) on matters of particular interest to our members.

15

SPEAKING
ENGAGEMENTS

14+

GOVERNMENT
REPRESENTATIONS

We also continued to represent members' views on a range of stakeholder groups, including those convened by the Cabinet Office, Charity Commission, City of London Police, HM Treasury, Home Office, Information Commissioner's Office and National Crime Agency.

March saw senior representatives from the Fraud Advisory Panel, Transparency International UK and Spotlight on Corruption meet with the Lord Chancellor and Secretary of State for Justice to discuss the need for reform of corporate liability law. In November the government published its long-awaited response to its 2017 call for evidence and has now asked the Law Commission to review the identification doctrine. We continue to monitor developments in this area.

75,054
WEBSITE
VISITS

↑4%

71+
PIECES
OF MEDIA

↑255%

3. Generating new thinking on fraud

Tracking and informing the Economic Crime Plan

We continued to track and inform delivery of the Economic Crime Plan 2019-22 (ECP). We acted as chair and secretariat for the first two meetings of the newly established Economic Crime Civil Society Organisations' Steering Group, working with colleagues from Spotlight on Corruption, Global Witness, RUSI, Transparency International and (more recently) The Sentry. The group's purpose is to highlight new and emerging areas of economic crime risk which currently fall outside the ECP, as well as to provide independent challenges to official thinking. Senior representatives from the Home Office, HM Treasury and UK Finance all attend part of each meeting as observers.

Over the summer we convened an expert roundtable to discuss the prosecution of serious complex fraud and the new economic crime court proposed for central London (set out under the ECP - see action 24). We will publish a summary of the group's discussion in 2021.



Although we planned to commission new research into the wider effect and consequences of the kind of language we use when we talk about fraud, this too had to be put on hold. However, we did participate in three broad-based stakeholder groups focused on fraud communications and strategic messaging, convened by the City of London Police, National Crime Agency, and UK Finance and the Home Office (see action 41).

Supporting and protecting victims

Our executive breakfast briefing on the HBOS Reading fraud successfully highlighted some of the very significant challenges counter-fraud professionals face when pursuing fair access to justice for anyone affected by fraud and financial crime, and especially SMEs.

We also continued our work as a project board member of the national economic crime victim care unit.

4. Developing and supporting professionals

Enhancing member benefits

Following the 2019 membership audit we commissioned a second phase in September. Our aim is to create an offering that better reflects the full career lifecycle of members, with a roadmap for implementation in 2021.

Our desire to increase awareness of the variety of roles performed by counter-fraud professionals will also inform our 2021 website redesign.

Supporting future fraud professionals

In the middle of the year we began evaluating the effectiveness of our Future Fraud Professionals Network with one-to-one interviews with members of the steering committee and a wider stakeholder survey. The network has been a pilot scheme for the past three years and these results have now been fed into the second phase of our membership audit to help shape our future offering.

Three events for network members included the first in a series of five career webinars created in direct response to feedback gathered by our survey. These seminars highlight the pathways and opportunities open to students and new professionals interested in pursuing careers in fields related to fighting fraud.

5. Transforming our business systems and processes

While our digital transformation project progressed more slowly than planned, some important preliminary work was possible over the summer. This included migrating the site and its routine upkeep to new providers as well as exploring options for processing online payments. We intend to seek tenders for our new website during 2021.

New sources of funding and opportunities to form new strategic partnerships were both key considerations in 2020 for the board and its finance subcommittee. A range of possibilities have been identified and these will be explored further during 2021.



Plans for the future

2021 is the final year of our current five-year strategic plan. While continuing to support businesses, charities and professionals in 2020 – educating and protecting them from the risks of fraud in the present environment – we will now refocus our efforts on helping them get back to work safely and free of fraud.

1. Generate new thinking on fraud by:

- commissioning new research into how we talk about fraud (for a special report); and
- tracking and informing the delivery of the Economic Crime Plan 2019-2022.

2. Develop and support professionals by:

- raising awareness of the various roles performed by counter-fraud professionals;
- piloting a new foundation fraud course for new professionals;
- developing a mentoring scheme for new professionals.

3. Promote counter-fraud best practice by:

- creating a new, nationwide campaign to support and protect business;
- supporting International Charity Fraud Awareness Week (18-23 October); and
- delivering our annual programme of training and events.

4. Transform our business systems and processes by:

- commissioning a new, modern website;
- moving towards a new, integrated CRM system; and
- introducing more convenient payment methods (such as online and direct debits).

5. Build financial security by:

- seeking more grant funding and other financial support for our charitable activities;
- reviewing the basis on which membership subscriptions are calculated; and
- rolling out new and enhanced membership categories and benefits.

Our five-year strategy

- acting as a voice for victims
- generating new thinking
- promoting best practice
- developing and supporting professionals
- building financial security

Our financial position

Income

Annual income was £73,405 compared to £356,457 in 2019. (2019 income was significantly higher because it included that year's annual ICAEW grant of £65,000 and all £195,000 of the three-year grant commitment for 2020-2022.)

- **Membership subscriptions** of £56,642 (2019: £52,883). 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 2021 are: £73 for individuals; £1,471 for organisations; £25 for students.
- **Donations** of £1,100 (2019: £150) primarily received following approaches to City livery companies.
- **Grants** of £0 (2019: £260,000). ICAEW paid the 2020 grant of £65,000 in quarterly instalments thus reducing the debtor balance. ICAEW does not charge for accommodation and associated overheads.
- **Event income** of £15,575 (2019: £37,679) primarily from delivering bespoke inhouse training.
- **Other trading activities** of £0 (2019: £5,500).

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.

None of the trustees had a financial interest in the Fraud Advisory Panel during the year. Any expenses reclaimed from the charity are set out in the notes to the accounts.

Expenditure

Annual expenditure decreased to £149,090 (2019: £211,379) because most activities were moved online and strenuous efforts were made to reduce spending in response to the coronavirus pandemic.

Reserves

Our reserves policy (reviewed annually) is to maintain sufficient free revenue reserves to meet the equivalent of at least three months' average operating costs (or £37,272).

Unrestricted funds at year end (including the two-year grant commitment from ICAEW of £130,000) were £213,815 (2019: £289,500) or 17 months of free reserves. This figure was slightly lower than the previous year because of the partial release of the ICAEW grant debtor and the reduced spending that was a knock-on effect of the pandemic. Nonetheless this figure was considered appropriate given anticipated operating expenditure for the coming year.

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

Fundraising

The Fraud Advisory Panel does not fundraise directly from the general public and is therefore not registered with the Fundraising Regulator. No complaints about our fundraising activities have been received.

Structure, governance and management

Legal status and structure

The 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 22 July 2020 to provide greater flexibility to hold general meetings in circumstances whereby physical (in-person) meetings are not possible and to ensure a minimum number of directors is maintained at all times.

The Fraud Advisory Panel is a membership body. At the end of the year we had 276 paid up members (249 individuals and 27 corporates). All members must comply with a code of conduct.

Objectives and activities

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 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 ongoing support for counter fraud professionals.

Public benefit

Our trustees confirm they have complied with their duty under Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the current and future activities undertaken by the Fraud Advisory Panel. The manner in which trustees do this is demonstrated in the achievements and performance section starting on page 4. Trustees are volunteers and receive no private benefit from being on the board.

Board

The board consists of up to 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 12 serving trustees (listed on page 14).

To closely monitor the impact of the coronavirus pandemic on the charity and its operations the board met more frequently in 2020 – nine times instead of five. Two subcommittees – each governed by its own terms of reference – also met regularly.

- **The nominations committee** – which met once – manages the trustee recruitment and appointment process.
- **The finance committee** – which met four times – supervises and manages the charity's financial affairs.

Other committees

In 2020 the Fraud Advisory Panel also operated two standing members committees.

- **The advisory committee** – which met three times – provides strategic advice to the board and assists with the delivery of certain activities (listed on page 14).
- **The future fraud professionals steering committee** – which met three times – manages the activities of the future fraud professionals network (listed on page 14).

Other ad hoc groups are set up from time-to-time to assist with specific activities or to respond to consultations. Four such groups considered: matters relating to COVID-19 fraud; audit and fraud; the new economic crime court (as set out under the Economic Crime Plan); and the proposed economic crime levy.

Trustee recruitment, induction and training

Trustees are identified through a transparent recruitment and selection process before being elected at the AGM. New trustees receive a handbook containing relevant information on policies, procedures, and governance. They also receive the continuing support of the chair, deputy chairs and staff.

Training needs are assessed annually.

Management and staff

The Panel has no direct employees. Two full-time staff are seconded from ICAEW. Day-to-day management is delegated to the head of operations, who is also the company secretary.

Qualifying indemnity insurance

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

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.

Because responsibility for the day-to-day management of the Panel's finances is delegated to ICAEW's finance department, our internal financial controls meet its own standards and are regularly reviewed by its internal audit function.

The coronavirus pandemic

The coronavirus (or COVID-19) pandemic posed a significant challenge and has been a key source of uncertainty for the Fraud Advisory Panel throughout 2020 and beyond. This was most keenly felt in relation to event income, which decreased significantly. The reasons were twofold: we immediately moved onto an emergency footing to help protect businesses and individuals from COVID-related fraud (providing free awareness-raising events and increasing our external speaking engagements); and because it became very difficult to charge for events when many other organisations were not. The Panel returned to charging for certain events at the start of 2021.

The board is monitoring the situation closely to ensure it can (insofar as possible) respond swiftly to the evolving situation and so minimise any further negative consequences for our operations.

Trustees, staff and advisers

Trustees

David Clarke (chair)
David Bacon
Arun Chauhan (co-deputy chair)
Frances Coulson (co-deputy chair)
Lee Fitzgerald (from 12 February 2020)
Jonathan Holmes
Patrick Rappo
Rachel Sexton
Oliver Shaw
Sophie Wales
Brendan Weekes
Edna Young

Biographies are available online

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

Nominations committee

David Clarke (chair)
Arun Chauhan (from 10 February 2021)
Frances Coulson
Oliver Shaw

Finance committee

Sophie Falcon (treasurer)
Jonathan Holmes
Kerry Radford (ICAEW financial accountant)
Brendan Weekes

Advisory committee

David Bacon (chair)
Dave Carter
William (Bill) Cleghorn
Maria Cronin
Tamlyn Edmonds
Gary Forbes
Tim Harvey
Stephen Hill
Laura Hough
David Kirk
Andy Mayo
Jackie Morley
Steven Philippsohn
Andrew Price
David Rowe-Francis
Paul Wainwright
Ros Wright CB QC

FFPN steering committee

Tara Prendergast (co-chair)
Jamie Roberts (co-chair)
Divya Devadoss
Alistair Franke
Jessica Lightowler
Sean McGuinness

Staff

Mia Campbell (head of operations and company secretary)
Zara Fisher (senior 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 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 that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish whether or not the auditor is aware of that information.

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 7 April 2021 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 2020 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 2020 and of the charitable company's net movement in funds, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to income and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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 the charitable company's 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

8 April 2021

Financial statements

STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted funds 2020	Unrestricted funds 2019
	Note	£	£
Income and endowments from:			
Donations and legacies			
Membership subscriptions		56,642	52,883
Donations		1,100	150
Grant funding		-	260,000
Charitable activities			
Event income		15,575	37,679
Other trading activities			
		-	5,500
Investment income - bank interest		88	245
Total income and endowments		<u>73,405</u>	<u>356,457</u>
Expenditure on charitable activities	2	<u>(149,090)</u>	<u>(211,379)</u>
Total expenditure		<u>(149,090)</u>	<u>(211,379)</u>
Net (expenditure)/income and movement in funds		<u>(75,685)</u>	<u>145,078</u>
Funds brought forward	3	<u>289,500</u>	<u>144,422</u>
Funds carried forward	3	<u>213,815</u>	<u>289,500</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 22 to 24 form part of these financial statements.

Financial statements (continued)

BALANCE SHEET

AS AT 31 DECEMBER 2020
COMPANY NUMBER: 04327390

	Note	2020 £	2019 £
Current assets			
Debtors	4	142,649	201,809
Cash at bank and in hand		111,841	127,931
		<u>254,490</u>	<u>329,740</u>
Current liabilities			
Tax and social security		(2,574)	(2,443)
Accruals and deferred income		(38,101)	(37,670)
Amounts due to related undertakings		-	(127)
		<u>(40,675)</u>	<u>(40,240)</u>
Net assets		<u>213,815</u>	<u>289,500</u>
Funds of the charity			
Unrestricted funds	5	<u>213,815</u>	<u>289,500</u>

The financial statements on pages 19 and 20 were approved and authorised for issue by the board on 7 April 2021 and signed on its behalf by:



David Clarke
Chair

The notes on pages 22 and 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net movement in funds	(75,685)	145,078
Adjustments for:		
Decrease/(increase) in trade and other debtors	59,160	(192,065)
Increase in creditors	435	4,957
	<hr/>	<hr/>
Net cash movement used in operating activities	(16,090)	(42,030)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(16,090)	(42,030)
Cash and cash equivalents at the beginning of year	127,931	169,961
	<hr/>	<hr/>
Cash and cash equivalents at end of year	111,841	127,931

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies

General information

The 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 2019), 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 including the two-year grant commitment from ICAEW for 2021 and 2022 and consideration of the continued impact of the coronavirus (COVID-19) pandemic, 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 2021 was £28,764 (2020: £31,567).

- Grant funding received from ICAEW is recognised in accordance with the formal offer of funding to the charitable company. £260,000, consisting of £65,000 relating to 2019 and a further commitment of £65,000 per annum for 2020-2022 was recognised in the 2019 accounts. At the end of 2019 the £195,000 committed for future years was held as a debtor in the balance sheet. The £65,000 income from ICAEW in relation to the 2020 grant was received in the year and has reduced the ICAEW grant debtor balance to £130,000.

- 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

	2020	2019
	£	£
Direct costs		
Events	10,264	32,703
Publications	7,898	13,390
Website	5,000	7,315
	<u>23,162</u>	<u>53,408</u>
Support costs		
Seconded staff	107,847	114,543
Governance	11,689	10,499
Other expenses	6,392	32,929
	<u>149,090</u>	<u>211,379</u>

The Fraud Advisory Panel has no employees. Two ICAEW employees were seconded to the Fraud Advisory Panel for the year (2019: two, although 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. No expenses were paid during 2020 (2019: £1,286 - 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 £313 (2019: £1,693) 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 £3,150 (2019: £2,700) 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

	2020
	£
Members' funds at 1 January	289,500
Deficit for the year	(75,685)
Members' funds at 31 December	<u>213,815</u>

Notes to the financial statements for the year ended 31 December 2020 (continued)

4. Debtors

	2020	2019
	£	£
Due within one year:		
Amounts owed by associated undertaking	73,125	65,000
Prepayments and accrued income	1,755	1,584
Other debtors	2,769	5,225
	77,649	71,809
Due after one year:	65,000	130,000
Amount owed by associated undertaking	142,649	201,809

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 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 paid grant funding of £65,000 offsetting the debtor balance. This grant was recognised in the 2019 accounts as part of a three-year commitment (2019: £260,000) and also recharged costs of £107,901 (2019: £119,377) which includes the costs associated with the two seconded employees. At the end of the year £8,125 was owed to the Fraud Advisory Panel in relation to fraud awareness training delivered to ICAEW staff (2019: £127 was owed to ICAEW in relation to general running costs). At the year-end the Fraud Advisory Panel had recognised £130,000 in debtors for grant funding committed for 2021-2022 at £65,000 per annum (2019: £195,000).

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

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

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(trading as Bates Wells)

10 Queen Street Place

London EC4R 1BE

Dentons UK and Middle East LLP

The Pinnacle

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Milton Keynes, MK9 1FE

**If you are
working to
counter fraud,
you need to
be here**

