

FRAUD IN COVID-19 CONTEXT

The fraud threat posed during emergency situations is higher than at other times, and all public bodies and delivery partners should be attuned to the risks facing their organisations. The UK Government is committed to understanding these risks and taking action to reduce them, whilst checking controls and seeking recovery for any fraud that does occur.

International development organisations can reduce the threat of widespread fraud by capturing emerging risks, enhancing controls and, when possible, carrying out post-event assurance work

KEY PRINCIPLES

The following principles should be applied as a minimum by FCDO programme managers and delivery partners to effectively manage the levels of fraud in an emergency contexts:

1 Accept that there is an inherently high risk of fraud, so it is very likely to happen in your programmes

2 Capture Covid specific fraud risks on your risk register and adjust current risks in accordance with the new context. Escalate appropriately if these risks exceed your risk appetite

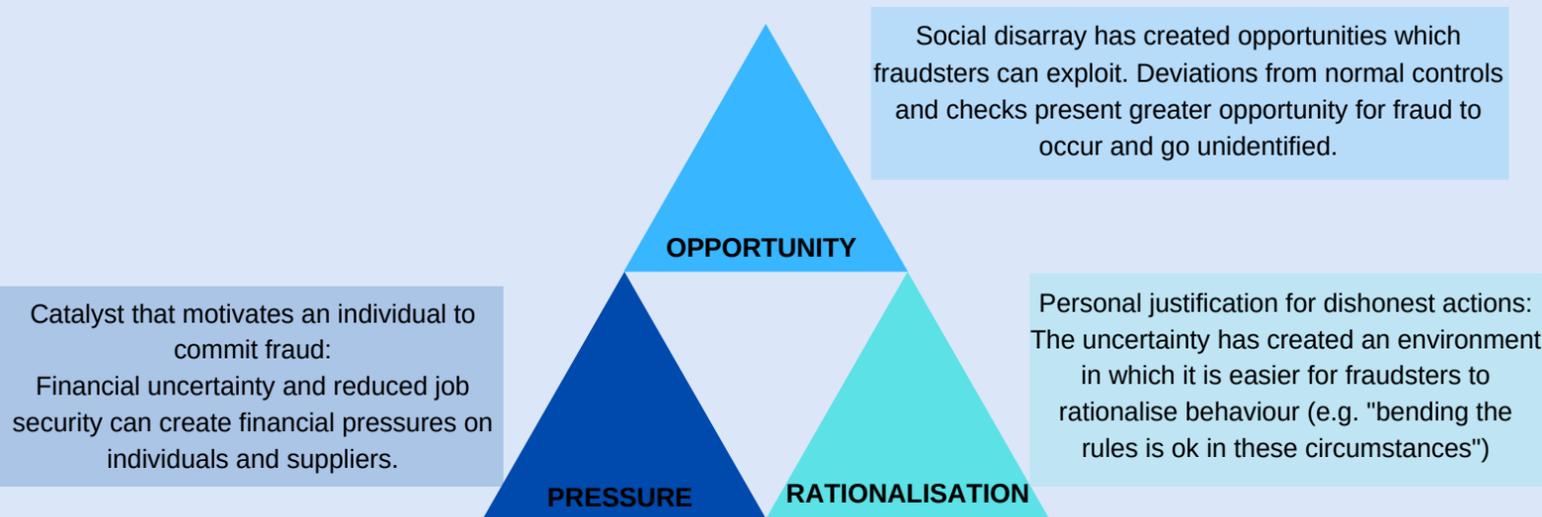
3 All allegations of fraud or corruption should continue to be reported immediately. A drop or low fraud reporting is a fraud red flag

4 Communicate with delivery partners, ensuring they understand FCDO's expectations regarding fraud risk and fraud reporting

5 Consider post event assurance activities to look for fraud in high risk areas, particularly those that are currently inaccessible

FRAUD TRIANGLE

Fraud typically occurs when three components align: Opportunity, pressure and rationalisation. The current COVID-19 crisis is no different and all three factors are thriving.



EMERGING COVID-19 FRAUD RISKS

Some of the most likely frauds to see an increase are:

Theft of Assets - COVID-19 assets and commodities are at a surplus and a rise in asset misappropriation will occur

Procurement Fraud – Inflation of Purchase order numbers, fake companies bidding for grants and low quality items being delivered

Bribery - Financial pressures will increase the risks of bribery and corruption e.g. Bribes demanded at checkpoints when transporting goods by road

Beneficiary Fraud - Ineligible beneficiaries or Ghost beneficiaries registering for payments or goods, often done in conjunction with partner staff

CONTINUE REPORTING

FCDO has a low appetite for UK Aid funds being used for unintended purposes or not properly accounted for. FCDO manages these risks robustly and requires those entrusted with FCDO resources within our delivery chains to do so too, showing zero tolerance for inaction or mishandling of fraud and corruption.

This means we invest in prevention, report and act upon all suspicions and learn from our experience. We always respond robustly to cases of fraud and corruption and have guidance to support staff with the reporting process.

All allegations of fraud or corruption should be reported immediately.

reportingconcerns@fcdo.gov.uk
+44 (0)1355 843747

