

Fraud Advisory Panel

Annual report and financial statements

For the year ended 31 December 2021

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

Our members work in all sectors of the economy – public, private and voluntary – and are at the forefront of tackling fraud.

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
JMW Solicitors LLP
KPMG LLP
Northern Ireland Audit Office
Pinsent Masons LLP
PwC
RSM
Smith & Williamson
StoneTurn Ltd
Synectics Solutions
Tenet Compliance & Litigation
The Law Society
University of Oxford
Wedlake Bell LLP (formerly Moon Beever Solicitors)
XXIV Old Buildings

Contents

Welcome from Sir David Green CB QC	2
Thanks	
Report of the board of trustees	4
Achievements and performance	
Plans for the future	
Our financial position	
Structure, governance and management	
Trustees, staff and advisers	
Statement of trustees' responsibilities	18
Independent auditor's report	19
Financial statements	22
Statement of financial activities	
Balance sheet	
Statement of cash flows	
Notes to the financial statements	
Reference and administrative details	27

Our vision, mission and values underpin everything we do and keep us focussed on where we can make the biggest difference in fighting fraud.

Vision

Our vision is for a society free from fraud and financial crime.

Mission

Our mission is to work towards a society where people are protected from fraud and financial crime.

Values

Our values are integrity, independence and inclusivity.

Welcome from Sir David Green CB QC



Last year the coronavirus pandemic continued to make its presence felt around the world. In the UK the year began with a third national lockdown and ended with the rapid spread of the new and more contagious omicron variant. But as omicron proved less lethal than expected, anxiety has given rise to a degree of optimism that perhaps we are over the worst.

Like many other organisations, the Fraud Advisory Panel was significantly affected by the pandemic for a second year running. Many of our carefully thought-out plans were again deferred to make way for new and more pressing matters. As the pandemic continued to transform people's individual circumstances, we also lost some members. Overall, though, the Panel has weathered this storm very well indeed, and that is testament to everyone concerned.

Our twenty events attracted some 1,200 attendees in 2021. A sixth successful Charity Fraud Awareness Week was bigger and better in spite of the limitations imposed by the pandemic, and more relevant because of them. Delivering such an ambitious vision in the face of so many practical and logistical challenges, and given the Panel's modest resources and tiny permanent staff, was a positively Herculean achievement.

The work we do supporting public policy has, if anything, been given a renewed urgency by the uncertainty and complications. Our voice was among the first (and then the most persistent) to draw attention to fraud vulnerabilities in the emergency covid support being given to businesses. We continued to campaign on a number of long-standing legal

vulnerabilities and governance weaknesses: shedding new light on business attitudes to compulsory fraud reporting; contributing our unique perspective to the audit reform and fraud detection debate; and keeping up the pressure to tackle the instrumental part played by social media in so much fraud. We even took our vision of a society-wide approach to preventing fraud and building systemic resilience to the heart of government, meeting with officials and ministers, and briefing a select committee.

The hard work has now begun to get us back on track and return our activities to some semblance of normality. One important part of that is to continue rethinking our financial foundations – how we fund both our core operations and individual events. A particularly exciting development – the collaboration with Barclays you can read about on page 6 – is a promising sign of what is possible.

Another is to take stock of, and build on, the lessons of the last two years. Regardless of what the future holds, we are determined to ensure that the Panel's activities and resources remain readily accessible to all our members, wherever they are. Wherever possible this will mean continuing to make our events and activities available in person and online, so that members can always choose how they get involved.

A new year heralds new beginnings for the Fraud Advisory Panel. For 2022 we have a new three-year strategy, a new chair and two new members of staff. I am very much looking forward to my first year as chair and in particular the opportunity to meet with members – in person, no less. I want to hear about the things that concern you most about fraud, as well as how you think we – the only charity dedicated to tackling fraud – can best support the counter-fraud community and, by extension, better protect businesses, our fellow charities and society at large.

The Panel's work has never been more important. I do hope you will join me.

Sir David Green CB QC

Chair



A FINAL WORD FROM DAVID CLARKE

I retired as chair of the Fraud Advisory Panel on 31 December 2021. It has been a great honour and privilege to lead the Panel over the past three years, including during what has proved to be one of the most significant crises of our generation, the coronavirus pandemic.

We, in the fraud-fighting community, have every right to feel immensely proud of what we have achieved during these challenging times. By working together, closely and creatively, we have been able to sound the alarm on new fraud threats and do so much to support and protect honest businesses and wider society from those who are determined to prey on the vulnerable.

Thank you once more for the opportunity to be part of such a special and important organisation.

David Clarke

Retiring chair

Thank you

We would like to thank everyone who has supported us this year. In particular our thanks go to the 150-plus volunteers who generously shared their time, knowledge and expertise, and to everyone who participated in our research projects looking at charity fraud and mandatory fraud reporting by business.

Our special thanks also go to ICAEW for its continuing support.

Report of the board of trustees

OUR ACHIEVEMENTS AND PERFORMANCE

For the second consecutive year the coronavirus pandemic made its presence felt on our operations. Meanwhile, a welcome ratcheting up of official interest in fraud-related matters also put further pressure on our activities and resources. As a result, some of our planned activities had to be delayed or postponed once more, or superseded by the new activities demanded by the evolving crisis.

Supporting public policy

Auditing fraud

In the first half of the year we participated in two important consultations expected to lead to changes in the way directors and auditors detect and deal with material fraud. The first was the Financial Reporting Council's consultation on ISA (UK) 240 and auditors' responsibilities. The second was the Department for Business, Energy and Industrial Strategy's consultation on restoring trust in audit and corporate governance. Our response to the latter was informed by a series of short membership surveys we conducted in 2020 which were based on the recommendations of the Brydon Review.

While we support changes to the current audit regime, we also caution that anyone seeking to rely on audited company accounts should be encouraged to do so only with care. It is important to understand the limitations of the auditor's remit – to identify 'material misstatement' – whether caused by fraud or error. It should never be assumed that there is no fraud inside a company simply because the auditors have not detected it.

Fraud on social media

Many of our members and wider stakeholders remain very concerned by the growing use of social media to commit fraud. Fraudsters use social media to plan and commit crime because it is fast, convenient and low risk.

We were astonished when fraud was initially left out of the Online Harms Bill. In April we joined forces with (amongst others) Cardiff University, Cifas, Cyber Defence Alliance, Prevention of Fraud in Trade, Synectics Solutions and the Telecommunications UK Fraud Forum to call for a complete re-think of society's online fraud defences. As a consequence we were able to discuss our concerns with parliamentarians and officials at the Home Office and DCMS, culminating in

June with our presentation to the online scams session of the all-party parliamentary group on digital. The Home Office's call for information on the Computer Misuse Act 1990 also gave us the opportunity to reiterate our strong belief that the Act needs broad-based modernisation if it is to catch up, and then keep pace, with rapid technological change.

We continue to keep a watching brief in this area to ensure that the dual problems of user-generated fraud and fake online adverts are adequately addressed as part of a concerted effort to stem the growing tide of online fraud.

Making fraud reporting compulsory

75%

support mandatory fraud reporting

73%

favour making fraud reporting mandatory through a new 'all-crimes' law

79%

say boards of directors should be responsible for reporting

We were delighted to be invited to collaborate with the ACFE UK Chapter and Perpetuity Research on a new examination of the pros and cons of introducing a mandatory fraud reporting requirement for organisations in England and Wales. The study reviewed the relevant literature, convened a roundtable discussion, held a series of one-to-one interviews with fraud experts and other professionals, and surveyed 209 people currently active in tackling fraud as part of their professional roles.

Overall, participants are in favour of making fraud reporting mandatory, whether through new legislation or by extending existing law. However, that support is qualified by a desire first to see certain obstructions to reporting overcome, in particular those relating to organisational culture and behaviour. The research also uncovered a number of other important factors which might help encourage more voluntary reporting by organisations, and these were shared with government officials, regulators and law enforcement.

We call on government to:



- make tackling fraud a national priority and provide the resources to do it properly;



- champion the management of fraud as part of good corporate citizenship; and



- streamline existing mechanisms to make voluntary reporting easier.

Tackling fraud on the pandemic stimulus schemes

We continue to call on government to:

- publish the names of companies in receipt of government-backed loans;
- create a centralised data repository through which lenders must share information on these loans; and
- establish a cross-sector committee to advise on crisis strategy, policy and tactics.

From the start of the pandemic we warned about the fraud risks associated with the government's various stimulus schemes. We began by writing to the Chancellor of the Exchequer (June 2020), then the minister of state for the Cabinet Office and HM Treasury, the city minister and the security minister (August 2020), and finally a second letter to the Chancellor (February 2021). Disappointingly, only the parliamentary secretary to the Cabinet Office responded.

Our concerns have since been validated – first by the National Audit Office's own estimates and then, in January 2022, when Treasury and Cabinet Office minister Lord Agnew resigned at the despatch box in protest at inadequate oversight and a 'lamentable' track record in tackling fraud in the loan schemes. An estimated £4.3bn of fraudulent loans have had to be written off by the Treasury.

Preventing economic crime

Over the past two years the government has steadily taken more of an interest in economic crime and, more specifically, fraud. In early July we gave oral evidence to the Treasury select committee's inquiry into economic crime, taking the opportunity to call for more action to address a host of pressing matters, among them online fraud, the UK company registration regime and authorised push payment fraud. We also highlighted the urgent need for government to take proper responsibility for keeping society safe from fraud by providing funding and resources appropriate to the challenge and creating the infrastructure and systems (including designed-in fraud resilience) needed to anticipate and prepare for future threats.

As members of the Economic Crime Civil Society Organisations Steering Group we continue to track and inform delivery of the government's 2019-22 Economic Crime Plan (ECP). The government is also planning a new fraud strategy.

Other activities

Across the year we responded to nine consultations and calls for information/evidence, as well as many more informal requests. Two of the consultations were on key public policy priorities for us.

- Authorised push payment fraud – we advocate the extension of the compulsory reimbursement code to all payment service providers.
- Corporate criminality liability – we recommend the creation of a new corporate offence of 'failure to prevent economic crime' (with a statutory defence of adequate or reasonable procedures).

Resource constraints and urgent, event-driven activities meant that we had to postpone for another year our plan to research the impact of language choice and terminology on fraud attitudes and perceptions.

Supporting professionals

Annual programme of events

1,200

people attended our 20 events and training courses

25

speaking engagements reached an audience of 3,000+

87%

of attendees gave our two-day fraud conference a 4- or 5-star rating

Continuing our 2020 approach, all our education and training activities were delivered online and most were provided free. Only our fraud conference and in-house training courses were fee-based.

In February we held our first major fraud conference since 2018 (when our annual collaboration with the Institute of Internal Auditors ended). *Preparing for the new world: a toolkit for action* was a collaboration with R3 and INSOL Europe that brought together almost 180 delegates from across the globe to discuss hot topics in economic crime. The two highest-rated sessions were both cryptocurrency-related: exploring the impact of OneCoin, one of the biggest crypto Ponzi schemes ever uncovered; and explaining the latest legal developments in crypto assets and smart contracts. Some 90% of attendees said they would attend again, ensuring that the conference will be repeated in 2022, but next time as a hybrid.

“

Excellent two days; thank you very much indeed'

“

Great views, fantastic insight and relevant

“

A fantastic selection of speakers on a very interesting topic

We also concluded our Future Fraud Professionals series of career-oriented webinars for anyone interested in pursuing a career in an economic crime-related field. A planned mentoring scheme and foundation course to support new counter-fraud professionals had to be postponed to 2022.

Supporting businesses

For much of the year we were in discussions with Barclays to plan a nationwide programme of counter-fraud advice, support and protection for businesses in the aftermath of the pandemic. Funding was agreed in November and a new 12-month campaign will start in 2022. We are very excited about this initiative. It will see us return to providing focused support for a group which has always been at the core of our charitable work – the small business community. By extension, of course, we will also be increasing our support for their customers, investors, shareholders and suppliers, as well as the wider public. More details will be available soon.

Supporting charities

Charity fraud awareness week

81%

feel better able to raise awareness within their own charity

87%

have recommended the new website to a friend or colleague

All

participating international regulators say the week was effective in raising awareness

For the sixth consecutive year we acted as the Charity Commission's strategic partner, leading charity fraud awareness week and working closely with colleagues from the UK Charities Against Fraud Group, International Charity Regulators Group and other key stakeholders. We thank everyone for their time and effort in once more making the week a great success.

An expanded range of activities and unforeseen logistical delays made the 2021 event a more than usually demanding undertaking for us. As well as the traditional social media campaign we also: created a brand-new website (www.preventcharityfraud.org.uk); worked with colleagues from the Charity Finance Group to reinvigorate and relaunch the fraud pledge campaign; created or updated 20 helpsheets; and produced 18 live or on-demand webinars. Meanwhile, a series of high profile speaking engagements culminated in David Clarke (our then-chair) appearing on the BBC's Rip Off Britain Live.

We were delighted when all these efforts were recognised in the 2021 Tackling Economic Crime Awards (TECAs). Charity fraud awareness week was named as a finalist in the 'outstanding partnerships' category.

The nature and extent of our participation in future is now under review.

“

The new website was a great platform for the week

“

I like the fact that it was free, and the webinars were recorded, so you can fit it around your work day

“

Just downloaded all the charity fraud helpsheets as these are ... really excellent

Charity fraud in the pandemic

65%

think the pandemic has increased their charity's fraud risks

14%

say they spend nothing on fraud prevention

Payment diversion

is the most common fraud suffered

In the Autumn we teamed up with BDO to canvass charities about their experiences of fraud during the coronavirus pandemic. In particular we wanted

to know what impact the pandemic was having on their experience of fraud and what they are doing to manage the risks.

Charities say that the pandemic has increased fraud risks and made them more difficult to manage. Worryingly, even though most respondents expect these risks to stay the same or increase in the short term, 60% have not increased their fraud prevention spending and one-in-seven still invests nothing at all.

Transforming ourselves as a charity

New website

Although tenders for our new website were sought in Spring, delays to our other activities have had the knock-on effect of postponing development work until the end of the year. The website is now expected to launch in summer 2022, at which point we will begin work on our new, integrated CRM system.

Building financial security

The board and its finance committee regularly consider new ways to generate the income we need to meet growing demand for our services and the rising costs of running a charity like ours. Key developments this year included:

- The finance committee completed a comprehensive review of membership fees leading to approval by members of a significant one-off increase for 2022 – the first such increase since our membership scheme was introduced twenty years ago.
- After examining our traditional sources of funding we are now moving towards a more project-based funding model. Our forthcoming business fraud campaign is a prime example of this approach.
- We now actively encourage donations, both as part of the subscription renewal process and when working with, or providing support to, other organisations.
- New and enhanced membership categories and benefits will be rolled out when our new website is launched.

Charity Fraud Awareness Week

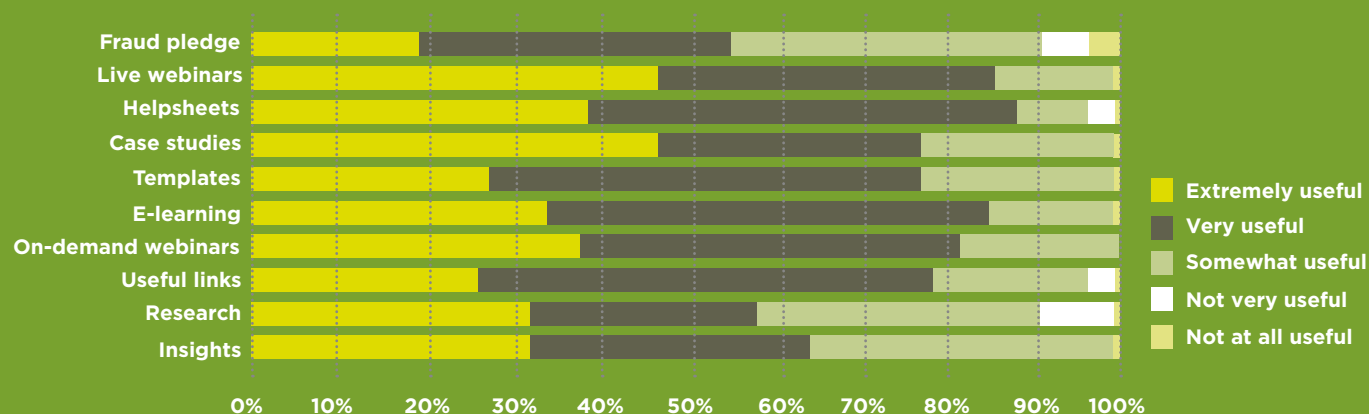
HIGHLIGHTS¹ 2021

Now in its sixth year, Charity Fraud Awareness Week brings the third sector together to share knowledge, expertise and good practice in fraud prevention.

Key features

- new website
- fraud pledge
- social media campaign
- twitter chat
- helpsheets
- live webinars
- blogs
- new research
- templates
- case studies
- e-learning
- useful links
- on-demand webinars

How useful are the resources on preventcharityfraud.org.uk?



7

LIVE WEBINARS WITH

587

ATTENDEES

11

ON-DEMAND
REGIONAL UPDATES

20

HELPSHEETS

135+

CHARITIES SIGNED
THE FRAUD PLEDGE

65+

PIECES OF MEDIA COVERAGE

NEW WEBSITE

preventcharityfraud.org.uk

100%

OF PEOPLE SURVEYED
SAID THEY TRUSTED
THE INFORMATION ON
THE SITE



6.8K
USERS

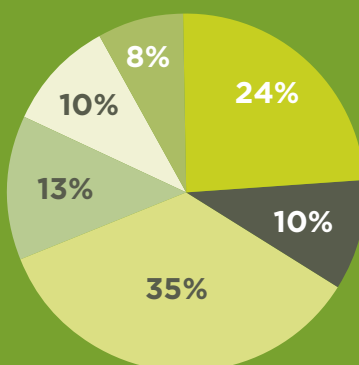


1.6K
DOWNLOADS



31K
PAGE VIEWS

How people got involved



- Used the resources
- Social media campaign
- Attended a webinar
- Organised own activities
- Took pledge
- Other

“

It was a well-organised and informative week.

For information on how to prevent, detect and respond to fraud visit preventcharityfraud.org.uk

Charity Fraud Awareness Week

Impact 2021²

Participants were surveyed for their views on the week

96%

SAID THE WEEK
WAS EFFECTIVE
IN RAISING
AWARENESS
OF FRAUD

65%

HAD MADE CHANGES AS A
RESULT OF THE WEEK

92%

SAID THE WEEK
MAKES IT EASY
FOR CHARITIES
TO TALK ABOUT
FRAUD

100%

SAID THEY WOULD LIKE
TO SEE THE WEEK RUN
IN 2022 AND

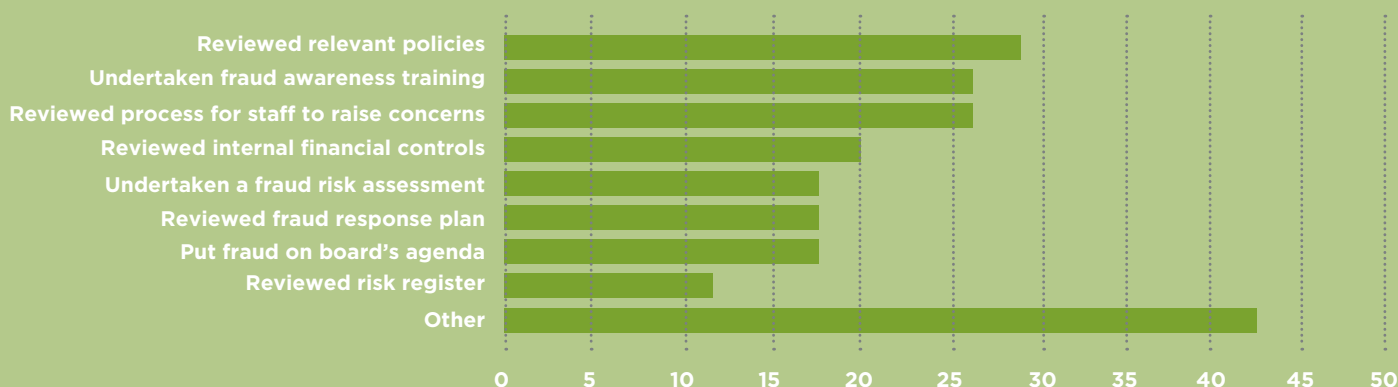
89%

HAD SHARED THE
RESOURCES WITH
OTHERS

86%

OF INTERNATIONAL
REGULATORS SAID
THEY'D ACTIVELY
PARTICIPATE

Changes made as a result of the week (%)





20.2M

POTENTIAL TWITTER
IMPRESSIONS

8.9M

POTENTIAL REACH

A TWITTER CHAT
YIELDED ANOTHER

5M

POTENTIAL
IMPRESSIONS
WITH A REACH OF

574K

Participating countries included the United Kingdom, United States of America, Bosnia and Herzegovina, Australia, South Africa, India, Canada, Netherlands, Kenya, Ireland

¹ Statistics as at 20 November 2021

² Participants were surveyed for their views on the week

³ Combined total for #StopCharityFraud and #CharityFraudAwarenessWeek



“

It's very supportive
in my role as fraud
champion.

“

[It] provides a way
to institutionalise
attention to
education about the
prevention of fraud.

For information on how to prevent,
detect and respond to fraud visit
preventcharityfraud.org.uk

OUR PLANS FOR THE FUTURE

For the next three years our focus will be on helping businesses, charities and other organisations to strengthen their fraud resilience. We will do this by drawing upon the extensive knowledge, skills and expertise of our members, as well as actively seeking opportunities to collaborate with like-minded organisations.

Priorities for 2022

Protecting businesses and supporting counter-fraud professionals

The SME business community is the heart of the UK economy. The coronavirus pandemic has taken a heavy toll and this is now a critical time for many businesses. We are ideally placed to help them recover, prosper and grow without fear of fraud. Over the next 12 to 18 months we will focus our efforts on a new campaign, bringing together individuals and organisations already involved in supporting the UK business community to raise awareness of fraud and cybercrime, and to share best practice in prevention, detection and response. We will also complete a number of initiatives carried over from last year.

1 Improving our understanding of fraud by:

- highlighting the complexity of current UK fraud reporting channels;
- documenting the impact of the pandemic on fraud; and
- examining the ability of social housing providers to tackle tenancy fraud and the impact this has on families and local communities across England (working with the Tenancy Fraud Forum).

2 Helping organisations build their fraud resilience by:

- delivering a new nationwide campaign to support and protect businesses; and
- maintaining the preventcharityfraud.org.uk website and its content.

3 Supporting and representing the counter-fraud profession by:

- raising awareness of the roles performed by various counter-fraud professionals;
- developing a mentoring scheme for new professionals;
- delivering our annual programme of training and events; and
- rolling out new and enhanced membership categories and benefits.

4 Strengthening our own financial security by:

- launching a new, modern website with easy-to-use payment mechanisms;
- moving toward a new, integrated CRM system; and
- seeking-out more grant funding and sponsorship for our charitable activities.

Our financial position

Income

Our 2021 income was £113,796 (2020: £73,405).

- **Membership subscriptions** of £56,947 (2020: £56,642). On 1 January each year our membership subscription rates usually increase by no more than the annual rate of inflation to the previous 30 September, calculated using the retail price index (RPI). However, a resolution voted on by members at our AGM approved a significant one-off increase, such that rates for 2022 will be: £80 for individuals and £1,850 for organisations. Students pay £40.
- **Donations** of £1,593 (2020: £1,100). For the first time in 2021 members were invited to make voluntary gift aid donations to the Fraud Advisory Panel. Donations were also received following some speaking engagements.
- **Event income** of £55,247 (2020: £15,575). This was primarily from charity fraud awareness week and its associated website. Income was also generated by the fraud conference and delivery of our bespoke training courses.

All income is used solely to further our charitable objectives. Any surplus or deficit is carried over. No money is paid or transferred to members except as payments in good faith in certain clearly-prescribed circumstances.

No trustee had any 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

Our annual expenditure increased to £172,520 (2020: £149,090).

This was mainly due to the increased cost of delivering charity fraud awareness week and its associated website. Work also began on our new corporate website. For the second consecutive year most of our activities were delivered online.

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 £43,130.

Unrestricted funds at year end – including the £65,000 one-year grant commitment from ICAEW – were £155,091 (2020: £213,815), or 11 months of free reserves. This figure was slightly lower than in the previous year because of the partial release of the ICAEW grant debtor and increases in event and website expenditure. Nonetheless it is considered sufficient given anticipated operating expenditure for the coming year.

Work to raise additional funds to cover core costs and future project work is always a priority for trustees and staff alike. Towards the end of the year Barclays committed £111,686 towards a 12-month campaign starting in 2022 to support and protect small businesses from fraud.

Fundraising

The Fraud Advisory Panel does not raise funds directly from the public and is not, therefore, registered with the Fundraising Regulator. No fundraising complaints have been received.

Structure, governance and management

Legal status and structure

Founded in 1998, the Fraud Advisory Panel is a charitable company limited by guarantee, registered in England and Wales. It was incorporated on 22 November 2001 and became a registered charity on 5 April 2005. The charity was set up under a memorandum of association and is governed by articles of association last updated and adopted on 22 July 2020.

The Fraud Advisory Panel is a membership body with 181 paid up members at the end of the year (151 individuals and 30 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 that they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the Panel’s current and future activities, as demonstrated in the achievements and performance section starting on page 4. All our trustees are volunteers and receive no private benefit from serving on the board.

Board

Up to 15 trustees can serve on our board at any one time. Trustees are appointed for fixed terms of three years, with further terms possible. ICAEW is entitled to appoint up to one-third of trustees. A further three can be co-opted. On 31 December there were 13 serving trustees (listed on page 17).

Bi-monthly board meetings resumed in 2021 after last year’s more frequent meetings in response to the unfolding coronavirus pandemic. A total of six meetings were held (2020: 9). The finance and nominations subcommittees also met regularly (four times each) to discuss the charity’s financial affairs and the appointment of a new chair.

Other committees

In 2021 the Fraud Advisory Panel had one standing members committee – the advisory committee – which met three times to provide strategic advice to the board and to assist with the delivery of certain activities (listed on page 17). Other ad hoc groups were convened to assist with policy work, particularly consultation responses.

Trustee recruitment and training

New trustees are recruited using a variety of methods – including personal recommendation, word of mouth and advertisements – depending on the skills, experience and knowledge sought. New trustees receive a handbook containing relevant information on policies, procedures, and governance. They also receive continuing support from the chair, deputy chairs and staff. Training needs are assessed annually.

Management and staff

The Fraud Advisory Panel has no direct employees. Staff are seconded from ICAEW. There are two full-time staff members. From 8 February 2022 a part-time campaign manager (on a fixed term contract) also joined the team to assist with the business fraud campaign. Day-to-day management of the charity 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.

Most of the day-to-day financial management is delegated to ICAEW's finance department, which must conform to ICAEW standards and is subject to regular review by its internal audit function. An annual letter of assurance is provided to us by ICAEW. Financial processes which fall outside the remit of the ICAEW finance department were independently reviewed towards the end of the year by a nominated board member to ensure that existing controls are adequate and sufficiently robust.

Our two most significant risks, along with what is being done to mitigate them, are outlined below. The board is satisfied that appropriate steps are being taken to manage these risks.

- **Coronavirus pandemic:** The board is closely monitoring the impact of the coronavirus pandemic on our finances. Income derived from events and subscriptions has been most affected. In particular we've seen a reduction in the number of individual members renewing their subscriptions. Their reasons vary but are often connected to the pandemic – illness, early retirement, career changes or breaks. Where appropriate (and possible) we try to re-establish contact with lapsed members and then to phase-in their return to participation in fee-based activities.
- **ICAEW financial support:** The board is in discussion with ICAEW regarding its financial support after 31 December 2022, when the current three-year grant-funding commitment comes to an end. We are also actively seeking to expand funding beyond our traditional sources.

Trustees, staff and advisers

Chair

Sir David Green CB QC (from 1 January 2022)
David Clarke (until 31 December 2021)

Trustees

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

Nominations committee

Sir David Green CB QC (chair, from 16 February 2022)
David Clarke (chair, until 31 December 2021)
Arun Chauhan
Frances Coulson
Oliver Shaw

Finance committee

Sophie Falcon (treasurer, on maternity leave)
Brendan Weekes (interim treasurer)
Arun Chauhan (from 7 April 2021)
Jonathan Holmes
Kerry Radford (ICAEW financial accountant)

Advisory committee

Rachel Sexton (chair, from 16 February 2022)
David Bacon (chair, until 31 December 2021)
Dave Carter
William (Bill) Cleghorn
Maria Cronin
Tamlyn Edmonds
Tim Harvey
Stephen Hill
Laura Hough
David Kirk
David Rowe-Francis
Andy Mayo
Jackie Morley
Steven Philippsohn
Andrew Price
Paul Wainwright
Ros Wright CB QC

Staff

Mia Campbell
(head of operations and company secretary)
Hope Sapey
(executive, from 28 February 2022)
Alan Bryce
(business fraud campaigns manager, from 8 February 2022)

Thank you

The Fraud Advisory Panel extends a huge thank you to Zara Fisher, who served as our executive for more than five years until 3 December, and to David Clarke, who served as a trustee director for more than 12 years and as our chair for the last three.

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.

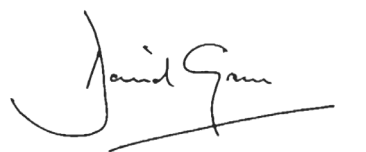
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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 6 April 2022 and are signed on their behalf by:



Sir David Green CB QC

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 2021 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 2021 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 18, 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.

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;
- reviewing the charitable company's risk assessment and considering whether this is indicative of non-compliance with laws and regulations; and
- identifying and testing journal entries posted that significantly impact on the result for the year and postings in accounts that are considered to be higher risk.

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

Date: 06 June 2022

Financial statements

Statement of financial activities

(incorporating an income and expenditure account)
for the year ended 31 December 2021

		Unrestricted funds 2021	Unrestricted funds 2020
	Note	£	£
Income and endowments from:			
Donations and legacies			
Membership subscriptions		56,947	56,642
Donations		1,593	1,100
Charitable activities			
Event income		55,247	15,575
Investment income – bank interest		9	88
Total income and endowments		113,796	73,405
Expenditure on charitable activities	2	(172,520)	(149,090)
Total expenditure		(172,520)	(149,090)
Net (expenditure) and movement in funds		(58,724)	(75,685)
Funds brought forward	3	213,815	289,500
Funds carried forward	3	155,091	213,815

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 25 to 27 form part of these financial statements.

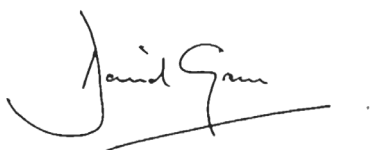
Balance sheet

as at 31 December 2021

Company number: 04327390

	Note	2021 £	2020 £
Current assets			
Debtors	4	73,770	142,649
Cash at bank and in hand		115,473	111,841
		<u>189,243</u>	<u>254,490</u>
Current liabilities			
Tax and social security		(1,633)	(2,574)
Accruals and deferred income		(32,519)	(38,101)
Amounts due to related undertakings		-	-
		<u>(34,152)</u>	<u>(40,675)</u>
Net assets		<u>155,091</u>	<u>213,815</u>
Funds of the charity			
Unrestricted funds	5	<u>155,091</u>	<u>213,815</u>

The financial statements on pages 22 and 23 were approved and authorised for issue by the board on 6 April 2022 and signed on its behalf by:



Sir David Green CB QC

Chair

The notes on pages 25 to 27 form part of these financial statements.

Statement of cash flows

for the year ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net movement in funds	(58,724)	(75,685)
Adjustments for:		
Decrease in trade and other debtors	68,879	59,160
(Decrease)/increase in creditors	(6,523)	435
Net cash provided by/(used in) operating activities	3,632	(16,090)
Net increase/(decrease) in cash and cash equivalents	3,632	(16,090)
Cash and cash equivalents at the beginning of year	111,841	127,931
Cash and cash equivalents at end of year	115,473	111,841

Notes to the financial statements

for the year ended 31 December 2021

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 grant commitment from ICAEW for 2022 and consideration of the continued 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 2022 was £28,391 (2021: £28,764).

- 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 2020 the £130,000 committed for future years was held as a debtor in the balance sheet. The £65,000 income from ICAEW in relation to the 2021 grant was received in the year and has reduced the ICAEW grant debtor balance to £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

	2021	2020
	£	£
Direct costs		
Events	14,429	10,264
Publications	9,481	7,898
Website	16,673	5,000
	<u>40,583</u>	<u>23,162</u>
Support costs		
Seconded staff	107,640	107,847
Governance	13,548	11,689
Other expenses	10,749	6,392
	<u>172,520</u>	<u>149,090</u>

The Fraud Advisory Panel has no employees. Two ICAEW employees were seconded to the Fraud Advisory Panel for most of the year although one member of staff left at the beginning of December (2020: two). 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 2021 (2020: none). Expenses of £1,204 (2020: £313) 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 £3,300 (2020: £3,150) 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

	2021
	£
Members' funds at 1 January	213,815
Deficit for the year	(58,724)
Members' funds at 31 December	<u>155,091</u>

4. Debtors

	2021	2020
	£	£
Due within one year:		
Amounts owed by associated undertaking	65,000	73,125
Prepayments and accrued income	1,413	1,755
Other debtors	7,357	2,769
	<u>73,770</u>	<u>77,649</u>
Due after one year:		
Amounts owed by associated undertaking	-	65,000
	<u>73,770</u>	<u>142,649</u>

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 and recharged costs of £107,765 (2020: £107,901) which includes the costs associated with the two seconded employees. At the end of the year nil was owed to the Fraud Advisory Panel (2020: £8,125 in relation to fraud awareness training delivered to ICAEW staff). At the year-end the Fraud Advisory Panel had recognised £65,000 in debtors for grant funding committed for 2022 (2020: £130,000).

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

Bates Wells & Braithwaite London LLP
(trading as Bates Wells)
10 Queen Street Place
London EC4R 1BE

HelloDPO Ltd

Rewell House
Chichester Road
Arundel BN18 0AJ

