

Message

From: Mark Cheeseman [mark.cheeseman@cabinetoffice.gov.uk]
on behalf of Mark Cheeseman <mark.cheeseman@cabinetoffice.gov.uk> [mark.cheeseman@cabinetoffice.gov.uk]
Sent: 06/11/2020 10:23:44
To: [redacted] NR [redacted] startuploans.co.uk [redacted] NR [redacted] @british-business-bank.co.uk; [redacted] NR [redacted] @beis.gov.uk
CC: [redacted] NR [redacted] @beis.gov.uk; Taylor, Tom (Finance & Portfolio) [Tom.Taylor@beis.gov.uk]; Peck, Gemma (BEIS) [Gemma.Peck@beis.gov.uk]; Pawley, Laurence (Business Growth) [laurence.pawley@beis.gov.uk]; [redacted] NR [redacted] 2@beis.gov.uk [redacted] NR [redacted] @cabinetoffice.gov.uk; [redacted] NR [redacted] @cabinetoffice.gov.uk; Rich Wentel [rich.wentel@cabinetoffice.gov.uk]; [redacted] NR [redacted] @cabinetoffice.gov.uk; [redacted] NR [redacted] @cabinetoffice.gov.uk
Subject: Fraud Measurement and Bounce Back Loans

Dear [redacted] NR and [redacted] NR (cc. [redacted] NR),

Thank you for your time to discuss the Fraud and irregularity measurement activity that British Business Bank are undertaking with PWC with the intention of getting an understanding of the extent of fraud within the Bounce Back Loans scheme.

I had a chat with [redacted] NR and [redacted] NR who between them have run the government's fraud measurement programme for the past 4 years and sit on its Oversight Board. As I said in the meeting, I have extensive experience of this from a public body with qualified accounts and then advising other governments.

My view is that it may be helpful to formalise our advice to you (as experts in this area). It probably goes without saying that as BEIS and BBB own the risk here, it is your call whether you take the advice, but we would appreciate a formal response.

So, we have some advice, an offer and then a request. I hope it is all helpful!

Advice

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- I understand the time constraints you are now under but my advice is that the optimal model would have been to measure fraud once in one programme and to align it to the government standard. I think that the position suggested at the end of the meeting by [redacted] NR may help us get towards that. However, by commissioning something from PWC that does not align to the standard, you run an increased risk that it does not give you what you need. My feeling is that this risks being an inefficient use of public money.

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- We would advise that, to start, a smaller sample size tested in more depth would tell you more about the fraud loss than a large, light touch sample.

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- The more light touch your testing is, the less reliable the results will be. While a smaller sample will make the results less statistically valid, a larger sample, 'lightly' tested will make the results less reliable.

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- From reviewing the PWC document together we feel that some of the risks look like good ones to cover. However, unless there is a great deal of data under the 'eID&V Credit Check' heading, we cannot see that the data sets listed give you an effective check of these risks.

Irrelevant & Sensitive

Irrelevant & Sensitive

These would be deeper, more reliable checks.

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- So, our advice is that either more detailed tests (I replaced 'checks' with 'tests') are undertaken, driven by the specific risks, or that this limitation is openly recognised as part of the testing alongside the impact of this on the reliability of results.

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- There is a difficult balance for you as both you and the NAO are keen to try and understand the extent of loss sooner rather than later. If time were not a factor, rather than trying to undertake a 'broad and shallow' approach to testing to cover lots of the risks in one go, it would be more beneficial to do in-depth testing of specific risks where there is ready access to data. This would be accompanied with an understanding of where you have not been able to test (and thus the limitations of your testing). Over time, this would be followed up with testing of additional risks as and when appropriate and comprehensive test data can be obtained.

Offer

We have a lot of experience in the central team, and in departments who have done fraud measurement. We have already sent through to you advice on measuring fraud and error, using the government best practice framework. Please do ask where you want further advice or access to this, or if you want links to those who do fraud measurement day in and day out in HMRC, DWP and DHSC.

Request

In my role as the lead for fraud across government, I am expected to provide a view on the threat and provide an overall assessment of the level of fraud and advise on how it is being dealt with. I feel it is really important that any activity on measurement in this space is assessed against the framework that the government has invested in and agreed. This enables me to have confidence in the different measurements that are done and to assess whether they should be recognised in the cross government evidence base.

The Fraud Measurement Oversight Board was set up by Ministers and the CEO of the Civil Service's instructions and is an independent board with experienced senior leads, external advisors from other sectors and a member of the NAO also sitting on it.

My request is that, whatever fraud measurement activity is undertaken, it is reviewed through the standard process, so I am able to take a view and provide assurance on how it fits into the overall government evidence base.

Please do let me know what you think.

Best

Mark

		<p>Mark Cheeseman Director, Fraud, Debt and Grants Director, Government Counter Fraud Function Chair of the Counter Fraud Profession Board E: mark.cheeseman@cabinetoffice.gov.uk M: I&S Follow us on Twitter @cabinetofficeuk</p>
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Please note, I may send emails early or late to help me work flexibly and balance my work and home commitments. I do not expect others to be replying at those times.