

Fraud and corruption: measurement, strategies and policing

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PhD

2012

“Whilst registered as a candidate for the above degree, I have not been registered for any other research award. The results and conclusions embodied in this thesis are the work of the named candidate and have not been submitted for any other academic award”.

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Abstract

The ten-refereed papers underlying this thesis primarily focus on the measurement of fraud and corruption, counter fraud and corruption strategies and the policing of fraud and corruption. The refereed papers deal with these issues in different contexts e.g. health care, sport, the FTSE 100 etc and illustrate that while different sectors there are common themes and strategies needed to prevent and reduce fraud and corruption. All of the publications in this thesis therefore make suggestions – some implicit and some explicit – on how to tackle fraud and corruption and are thus not only an academic contribution to knowledge, but also have practical relevance too. This contribution is based on actual research, rather than literature based work, and therefore includes a variety of research methods and the publication of primary research. Furthermore, many of these publications are international in their approach drawing on literature from around the world. Therefore, to ‘set the scene’ the contemporary relevance and importance of the research is explained with a focus on the contribution to knowledge these papers produced. This is followed by the contribution these papers have made in exposing the limitations of present policing of fraud and corruption strategies. This is then supported by the usefulness of fraud risk measurement exercises, and then the development of an anti-fraud culture, which is a common theme in the majority of these papers. In the conclusion all the core elements of these papers are combined to illustrate the contribution this research has made to current academic debate regarding fraud and corruption.

Chapter One

Introduction and outline of research

Due to its nature fraud and corruption are hard to prevent, and while the measurement of fraud and corruption are open to contestation little is known about the usefulness of counter fraud strategies and the techniques of measuring fraud and corruption to help reduce the incidence of such acts. Furthermore, the one agency the public predominantly rely on to tackle fraud and corruption – the police – is limited in its capacity in tackling fraud and corruption due to a lack of professional knowledge and expertise (Brooks et al., 2009).

All the papers presented in this thesis contribute to the development of knowledge regarding fraud and corruption and:

- the limitations of international policing fraud and corruption
- measurement of fraud and corruption
- the importance of developing an anti-fraud and corruption culture

All of the papers in this thesis contain (1) primary research, (2) an academic contribution to knowledge, (3) contribution to practice, (4) are international in their orientation and (5) published in a range of different journals disseminating this information to a wide, international audience. Their contribution to knowledge is:

- (1) The production of empirical evidence in a variety of sectors of the limitations of present counter fraud and corruption strategies

- (2) Improved and practical suggestions on how these sectors can increase resilience to fraud and corruption
- (3) Advice and promotion of 'as clear as possible' measurement of fraud and corruption (while aware of its limitations)
- (4) Proposing solutions to international 'policing' of fraud and corruption

The papers are presented in date of publication order so as to see the ongoing development of a body of academic knowledge. The papers are:

- (1) **Brooks, G.**, Button, M., and Frimpong, K. (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504

Originality/value – First survey of FTSE 100 and their counter fraud strategies

- (2) Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244

Originality/value – In depth analysis of strategies used by central 'governmental bodies' to counter fraud and corruption and noted limitations of present anti-fraud and corruption culture

- (3) **Brooks, G.**, Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87

Originality/value – Illustrates the need for developing fraud loss measurement exercises and risk assessment as part of a counter fraud and corruption strategy.

- (4) **Brooks, G.**, and Blaszczynski, A. (2011). Judicial decisions on cases involving problem gambling and crime in England and Wales. *International Journal of Gambling Studies*, 11 (1), 81-92

Originality/value: Illustrates that people employ deception as part of a defense in cases that involve problem gambling and crime and limited data on link between fraud,

corruption and problem gambling

(5) Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234

Originality/value - First review of Cyprus police counter fraud and corruption strategy to credit card fraud.

(6) **Brooks, G.** (2011). Challenging the myth of urban regeneration: Raising the profile of problem gambling with a media campaign. *Journal of Gambling Studies*, (available online DOI 10.1007/s10899-011-92767)

Originality/value- An up-to-date analysis of the media representation of gambling and its association with fraud and corruption, particularly sport

(7) Button, M., Gee, J., and **Brooks, G.** (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75

Originality/value: – An analysis of international fraud risk measurement exercises

(8) **Brooks, G.**, and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319

Originality/value: - An examination of the police in tackling fraud and corruption and the 'relationships' they have with other organisations

(9) **Brooks, G.** (2012). Online gambling and money laundering: Views from the inside. *Journal of Money Laundering Control* 15 (4), (in press)

Originality/value - Interviews with key personnel in gambling industry in anti-money laundering, fraud, corruption and integrity units

(10) **Brooks, G.**, Lee, J., and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity. *Journal of Contents*, May 2012, (in press)

Originality/value – First paper to be published examining the fraud and corruption of football in Korea

Quality of Research

Simple metrics are often employed to assess the quality of research. Two common metrics are the number of citations and quality of the journal in which the work was published, with the latter often expressed as an impact factor.

Citations

These are a useful indication of the relevance of research. However, a note of caution has to be raised. Some papers might have little reference made to them; this is for two reasons: one is that they are recently published, as many are in this thesis, and there is little opportunity for them to be referred to, and the second is that the work is attempting to break ‘new’ ground and is in need of digestion before it is referred to and/or criticised. However, the total number of citations is 28 so far. The citation count in this thesis was derived from the journal websites. These journals underestimate the numbers of citations, as citations in ‘grey’ literature (e.g., official reports, conference papers, working papers etc), will be missed, which are difficult to capture.

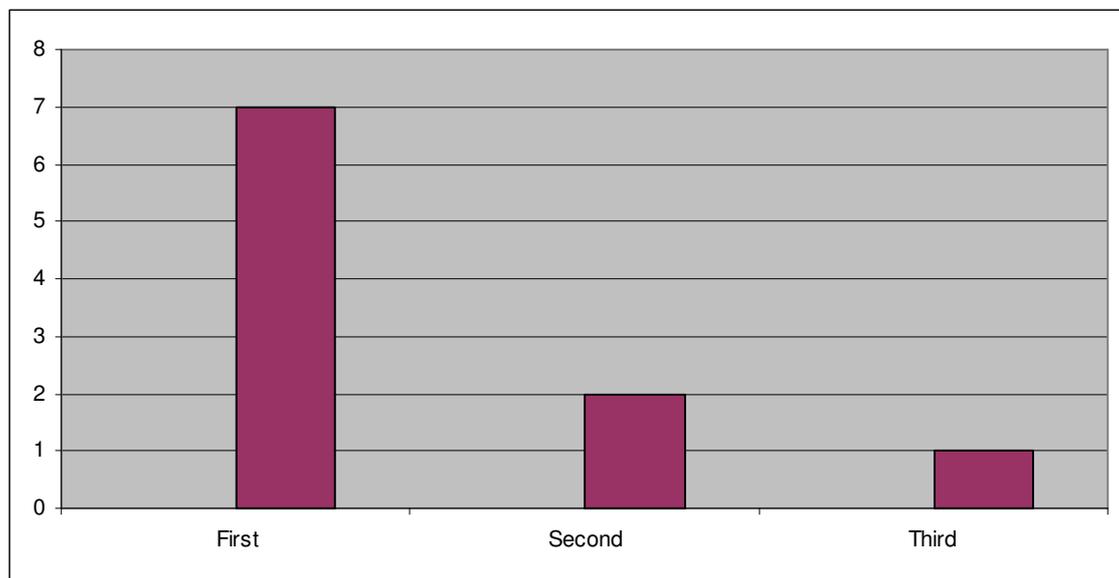
Journal rankings

The ranking of the journals the papers have been published in has been drawn from a variety of sources; (a) the Social Science Index Citation (b) Internal Departmental RAE List (c) Journals’ own website. Combined, these sources provide a cross-referenced

overview of the ranking system. The most important of these however is the journals' websites, as they have the most up-to-date impact factor ranking. There are four papers in this thesis ranked B and six-ranked C.

Of the 10 refereed papers 2 are singled authored, 5 are joint-authored and 3 with two fellow authors. Of these papers the breakdown is as follows: First author on 7 papers, second author on 2 papers and third author on 1 paper.

Table 1: Authorship of papers



The papers submitted in this thesis also complement one another to form a coherent and logical approach, enabling a triangulation of ideas. For example, part of a successful counter fraud strategy will involve risk assessment, development of anti-fraud culture and policing of fraud and corruption; these three core elements are in the papers submitted (Brooks et al., 2009; Button and Brooks, 2009; Button et al., 2011; Brooks et al., 2012)

Methods in published papers

In all of the papers submitted, a combination of different methods were employed that make a contribution to knowledge in analysing the development of counter fraud and corruption strategies, the measurement of fraud and corruption and the ‘policing’ of fraud and corruption.

This array of methodological approaches is a strength of this submission, with the papers illustrating a broad reach and depth of knowledge of methodological issues and techniques available to obtain information and data from different research ‘populations’ e.g., the police, gambling personnel working in integrity units and counter fraud specialists. The range of methods in the papers submitted consisted of:

Surveys
Content analysis
Design of interview schedule
Single semi-structured interviews
Collective semi-structured interviews
Face-to-face interviews
Telephone interviews
Documentary analysis
Analysis of primary qualitative data
Analysis of primary quantitative data
Secondary data analysis
Different sampling techniques

Furthermore, the methodological approaches helped expose the limitations of previous literature and contributed to knowledge by:

- Exposing the limitations of international policing of fraud and corruption strategies (see chapter 2)
- Illustrating the value of fraud loss risk measurement exercises to combat fraud and corruption (see chapter 3)
- The importance of developing anti-fraud culture in public and private sector (see chapter 4)

These three groupings are inextricably linked and the information in the papers submitted complements one another to form a coherent, logical approach.

There is also a justification and explanation as to why the chosen methods were employed in all the papers submitted depending on the focus of research e.g., survey for FTSE 100, snowball sample to secure access to ‘hard to reach’ gambling employees. A rationale is therefore provided and substantiated in all the papers submitted e.g., the advantages and disadvantages of a snowball sample (Brooks, 2012), the development of a coding framework (Brooks, 2011), the application of a postal survey (Brooks et al., 2009; Button and Brooks, 2012), single and collective semi-structured interviews (Brooks, 2012; Brooks and Button, 2012)

In addition, aware that all methodological approaches are limited (see conclusion) all papers submitted noted the limitations of the methods used ranging from sampling a population, gaining access to a company and/or person(s), location, personnel, design, subject and recording of interviews, categorisation of content analysis, and analysis and interpretation of primary and secondary data.

Furthermore, the methodological reflection exhibited in the papers is an integral part of research. This knowledge and use of a range of methods, a limitation of them and personal reflection on improving future research is a common theme in the papers

submitted. The application of methodological approaches however has philosophical and theoretical antecedents. The methods used in the submitted papers are thus part of a broad social science approach. The theoretical debates in these papers are therefore also an integral part of research.

Theoretical debates

Rather than present a single theoretical framework that is part of a PhD submission, depending on the discipline, the papers in this submission employ three different yet overlapping theoretical frameworks. These are:

- The theoretical discussion regarding the development of counter fraud and corruption strategies and measurement of them
- The international 'policing' of fraud and corruption
- Media discourse on fraud and corruption and gambling

All these theoretical approaches have common elements e.g., fraud and corruption are subject to interpretation on how they are defined and measured. Many of the papers make reference to fraud rather than corruption (Brooks et al., 2009, Button and Brooks, 2009; Brooks et al., 2011) with some explicitly referring to corruption (Brooks et al., 2012). The reason for this is the theoretical confusion in the literature, which is compounded by the fact that fraud is often referred to as corrupt but corruption will not necessarily entail fraud. This problem of definition is part of the theoretical debates, and it is suggested that corruption is the broad overarching description of legal and illegal acts, some of which are legal but seen as corrupt and others that are illegal and corrupt

(Brooks et al., 2012) of which fraud is one. Fraud is therefore explicitly referred to in some papers (Brooks et al., 2009; Button and Brooks, 2009; Button et al., 2012), as it is the main focus on the paper, with corruption the main focus of other papers e.g., money laundering (Brooks, 2012) match fixing (Brooks et al., 2012) and the discourse of sporting corruption (Brooks, 2012).

For the sake of clarity however the three theoretical approaches in the papers are presented independently, with common key elements of the frameworks in all the submissions.

Developing a counter fraud and corruption strategy

Due to its nature fraud and corruption is hard to prevent. To ‘prevent’ fraud however a proper strategy that can be measured in some way is considered necessary. No measurement is perfect but it is an integral part of a counter fraud and corruption strategy. There are key elements to any counter fraud and corruption strategy, regardless of the focus the sector, and these are well documented in this submission (Brooks et al., 2009; Button and Brooks, 2009). The key theoretical debates surrounding the development and design of a counter fraud strategy however centre on:

- Definition of fraud and corruption
- Development of anti-fraud culture in the public and private sector
- Measurement of fraud and corruption

These key elements are a part of the ongoing theoretical debates in the papers in this submission, with the initial problem on how to define fraud and corruption. While

there are some differences as to what fraud is a common theme of the theoretical debates is that fraud is based on deception in an attempt to secure some type of financial benefit with the intention of securing some advantage – immediate or in the future - and depriving an individual(s), a number of people or an organisation of honest services or benefits at the expense of other individuals and organisations. This definition is wide-ranging and organisations in the FTSE 100, (Brooks et al., 2009), the international health care sector (Brooks et al., 2011) international law enforcement (Papadopoulos and Brooks, 2011; Brooks and Button, 2012) the ‘gambling’ sector (Brooks and Blaszczyński, 2011; Brooks, 2011) and central government (Button and Brooks, 2009, Button et al., 2012) contain theoretical debates on the problem of definition.

The next problem in this theoretical debate is the problem associated with developing an anti-fraud and corruption culture. The problem, yet again, is one of definition. However, this is made even more complex by attempting to define a ‘culture’ as well. Therefore, it is often ambiguous as to what anti-fraud and corruption strategies contain. This confusion was highlighted by Button and Brooks (2012) regarding the development of ‘strategies’ in the public sector and illustrated the theoretical confusion and lack of clarity as to what an anti-fraud and corruption culture is, and should contain.

The final problem in these theoretical debates is that once defined how fraud and corruption strategies are measured, if at all. The theoretical framework employed in these papers examines the problem of recoding crime data, known victimisation, which is not always the case with fraud and corruption, a willingness to report a crime to the police, and reasons why organisations deal with fraud and corruption as an internal issue rather than contact the police.

These key debates are ongoing and the papers in this submission are a contribution to that debate. They however are linked to the theoretical debate on the ‘policing’ of fraud and corruption found in a number of papers in this submission (Brooks et al., 2009; Papadopoulos, and Brooks, 2011; Brooks and Button, 2012 and Brooks, 2012).

The ‘policing’ of fraud and corruption

The theoretical debates regarding the policing of fraud and corruption often view the police as incapable or disinterested in dealing with fraud in England and Wales (Brooks et al., 2009) and Cyprus (Papadopoulos and Brooks, 2011). This lack of police interest has been confirmed by a number of studies (Button et al., 2009; Doig, 2006) and it appears to have led many organisations to deal with matters of fraud in-house and increase their own fraud investigative resources or seek help from the private sector. The theoretical debates therefore centre on the attitude of the police and the reasons for the lack of interest in policing fraud and corruption, the knowledge and skills of the police regarding fraud and personal and professional working relationships with other ‘law enforcement’ public sector bodies, which are highlighted in a number of papers in this submission (Brooks et al., 2009; Papadopoulos and Brooks, 2011; Button and Brooks, 2012)

Gambling, fraud and corruption

The theoretical debates regarding gambling primarily focus on individual addiction, organised crime and corruption in sport. Drawing on a combination of disciplines –

psychology, sociology and journalism – the corruption is portrayed in the media as a potential danger. Presented in such a way that it is easy for the public to digest and understand and elicit an emotional response, gambling is associated with fraud and corruption and presented as addictive and criminogenic (Brooks, 2012). The theoretical debates illustrate the power of a media discourse that can define social reality by collecting information, then interpreting and presenting narratives and shaping public attitudes regarding ‘social issues’.

Regardless of how complex the social issue, a social problem is primarily created around key emotive issues, rather than factual issues, such as addiction and crime, with gambling a social threat to the integrity of sport (Brooks, 2012; Brook et al, 2012) and its association with fraud and corruption and addiction.

However one paper in this submission uses these theoretical debates regarding the power of the media discourse of gambling and places them into a new context in a court of law (Brooks and Blaszczyński, 2011). This ‘original’ research indicated how already convicted offenders and legal representatives use gambling addiction as a legal tactic in the hope of reducing a potential custodial sentence. This deception or fraud is linked to the ‘media knowledge’ that gambling is primarily seen as addictive, and as such the theoretical discourses on gambling reach beyond media consumption to be employed in a legal context.

Chapter Two

Exposing the limitations of present policing of fraud and corruption strategies

The relevant papers in this chapter are:

- **Brooks, G.**, Button, M., and Frimpong, K. (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504
- Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244
- Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234
- Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in football: Research into how well football protects itself against fraud*. London: PKF
- **Brooks, G.**, and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319
- **Brooks, G.** (2012). Online gambling and money laundering: 'Views from the inside'. *Journal of Money Laundering Control*, 15 (4) (in press)

Exposing the limitations of the police to combat fraud and corruption has been documented elsewhere (Levi, 1987, Doig, 2006, Doig et al., 2001 and Button et al., 2008). However, two issues distinguish the papers submitted in this thesis from those referenced above: (1) the papers in this submission are contemporary, and (2) make

suggestions on how policing fraud and corruption could be improved.

‘Policing’ fraud and corruption: No dedicated fraud squad

The police are often seen as incapable or disinterested in dealing with fraud (Brooks et al., 2009) and corruption in England and Wales and Cyprus (Papadopoulos and Brooks, 2011). This lack of police interest has been confirmed by a number of studies (Button et al., 2009; Doig, 2006) along with The Fraud Review Team (2006) that uncovered this lack of interest. Furthermore, many ‘fraud squad’ detectives are financial investigators specialising in money laundering and organised crime rather than police officers. Put against the cost of fraud to the British economy estimated to be around £73 billion (NFA, 2012), the police's limited capacity is clearly exposed (Brooks and Button, 2012; Levi et al., 2007). This ‘state of affairs’ is part of the reason for the research (see papers above) and recently commissioned research on The Evaluation of Civil Prosecutions of Fraud (East Midland Fraud Forum, West Midlands Police and Eversheds (see Commissioned Research in Appendices 1) .

Fraud squads with limited resources

Previous research (Button et al., 2008) has illustrated the lack of appetite the police have for tackling fraud and corruption. This is not a criticism of the police, merely recognition that the police lack the expertise and resources to deal with fraud and corruption in most cases in different international jurisdictions (Papadopoulos and Brooks, 2011; Brooks and Button, 2012). Furthermore, there is little evidence that the police support the development of an anti-fraud and corruption culture. There are

benefits to developing such a culture (see chapter 4), but developing an anti-fraud culture within an organisation is difficult. Papers supporting this point of view are:

- **Brooks, G.**, Button, M., and Frimpong, K (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504
- Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234
- **Brooks, G.**, and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319

These papers are not a criticism of the police but are a practical observation on the limited resources made available to tackle fraud. However, Brooks and Button (2012) found that those working in the public sector showed sympathy and understanding towards the police. This is perhaps because those in the public sector work closely with the police and countenance similar financial pressures e.g., NHS and DWP. The private sector however is highly critical of the police, which was illustrated elsewhere (Brooks et al., 2009) and the research illustrated that it was often a lack of perceived willingness on the part of the police to investigate the fraud, particularly if a major fraud, that deter the private sector in working with the police to combat fraud.

The papers in this submission thus discovered that there is thus an expectation on the victim to investigate the fraud. Once an individual and/or company are aware that it is a victim of fraud it should report the incident to the police; however reporting a

fraud to the police was based on a number of factors: (1) the seriousness and severity of the fraud and corruption committed, (2) the individual and/or company attitude toward the police and (3) faith in police to deal with complex fraud cases, a decision was made to investigate the fraud in-house or contact the police. Such an attitude has led many organisations to rely on their own fraud investigative resources or to turn to the private sector (Gill and Hart, 1997; Doig et al., 2001 Doig, 2006, Brooks et al., 2009). This however could also create a vacuum where organisations have no need of the police and become their own judge and jury deciding, perhaps on limited information, on the outcome of the case. This is supported by:

- **Brooks, G.**, Button, M., and Frimpong, K. (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504
- Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in Football: Research into how well football protects itself against fraud*. London: PKF
- **Brooks, G.** (2012). Online gambling and money laundering: 'Views from the inside'. *Journal of Money Laundering Control*, 84 (4), 305-319

In all these papers it was discovered that unless there was a serious organised or terrorist element some frauds would secure zero interest from the police in England and Wales. In other areas, the police might take an interest depending upon local circumstances; however, rather than dismiss the police as ineffectual the police possess knowledge and expertise in investigation, which others can draw on to build a criminal case.

It does however need to be emphasised that the police are not a homogeneous body. While police culture has been well documented (Holdaway, 1983; Punch, 1985)

the police consists of different organisations e.g., SFO, SOCA in England and Wales (Brooks and Button, 2012) and also Cyprus (Papadopoulos and Brooks, 2011) and people with an array of talents, skills and specialist knowledge. In the case of fraud, though, this specialist skill is limited. This limitation however is not simply because of a lack of interest it is also because of factors beyond their control. These factors are the range of Key Performance Indicators set by the Home Office in England and Wales that they are expected to fulfill, the limited resources available to them to tackle complex crimes such as fraud and acts of corruption and the specialist knowledge required to investigate fraud. Consequently, the limited appetite the police have for fraud is a combination of a lack of interest (for some), lack of knowledge and skills and an emphasis on fulfilling set performance indicators (Brooks et al., 2009, 2012).

The police then play a minor role in investigating fraud. The problem illustrated in the papers in this thesis appears to occur where organisations that do not possess a professional fraud team have no option but to go to the police. It is here, that the majority of problems occur when organisations and individuals are dependent on the police for assistance. From this research it is apparent that different organisations have different relationships with the police. This is illustrated by:

- Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244
- Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234

Brooks, G., and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319

The papers in this thesis further illustrate that personal local relationships with the police are important. Without this informal, but still professional relationship, many victims of fraud will be disappointed in the response from the police. This is compounded further by the fact that the police mostly exercise their powers of arrest and search rather than manage and investigate the case (Brooks and Button, 2012). This was not because of the attitude towards fraud that the police has, but that fraud is complex, international and requires specialist knowledge that most police officers do not have access to; this discussion is however for chapter 4 and suggestion on solutions to this problem.

From the research (Brooks and Button, 2012) we discovered that the police are not completely disinterested in fraud and corruption. Instead, their approach is based on a variety of factors that shape the way they deal with fraud. These factors are personnel and financial resources, knowledge of fraud, jurisdiction and Key Performance Indicators. All affect the way the police deal with fraud and thus the relationships they have with organisations and members of the public. Rather than dismiss the police as disinterested in fraud then, it might be more relevant to suggest that as an organisation itself, the police have members that have increasing, but varying, appetites within their own organisations (Brooks et al., 2009: Brooks and Button, 2012) in an international context (Papadopoulos and Brooks, 2011).

Chapter Three

Empirical evidence: Measuring fraud and corruption

The relevant papers in this chapter are:

- Gee, J., Button, M., and **Brooks, G.** (2009). *The financial cost of fraud*. Milton Keynes: MacIntyre Hudson
- Gee, J., Button, M., and **Brooks, G.** (2010). *The financial cost of healthcare fraud*. Milton Keynes: MacIntyre Hudson
- Gee, J., Button, M., and **Brooks, G.** (2010). *The financial cost of UK Public Sector Fraud: A less painful way to reduce public expenditure*. Milton Keynes: MacIntyre Hudson
- Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in football: Research into how well football protects itself against fraud*. London: PKF
- **Brooks, G.**, Button, M. and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87
- Button, M., Gee, J., and **Brooks, G.** (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75
- **Brooks, G.** (2012). Online gambling and money laundering: ‘Views from the inside’. *Journal of Money Laundering Control*, 15 (4), (in press)
- **Brooks, G.**, Lee, J., and Kim, H. (2012). Match-Fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity. *Journal of Contents*, May 2012 (in press)

In chapter one and two it was illustrated how all the papers in this submission contribute to previous and present academic knowledge and the papers ‘fit’ together into a coherent ‘body of knowledge’. In this chapter the focus of attention however is on fraud risk measurement exercises. These risk assessment exercises are important as many of the papers show that public and private sector bodies possess a counter fraud strategy, but do not assess its ‘effectiveness’ and thus have no indication if it is preventing and/or reducing the incident of fraud and corruption.

Illustrating the value of fraud risk measurement exercises to combat fraud and corruption

Fraud, like all crime, and especially corruption is difficult to measure, and this is further compounded by the lack of interest and limitations that some private (Brooks, et al., 2009) and public organisations (Papadopoulos and Brooks, 2011; Button and Brooks, 2012) have in recognising and then dealing with this problem.

Previous literature (Doig, 2006) however has also shown that many organisations refuse to accept that their business is vulnerable to fraud and corruption, playing down the potential for fraud and corruption or claim that fraud and corruption in their business is under control. This is far from the truth. Even if these public and private bodies accept the threat fraud and corruption have on the integrity and commercial revenue of their respective businesses, the starting point is to record and measure the cases of fraud and corruption and put measures in place that reduce and counteract such a threat, as best they can. The papers supporting this research are:

- Gee, J., Button, M., and **Brooks, G.** (2009). *The financial cost of fraud*. Milton

Keynes: MacIntyre Hudson

- Gee, J., Button, M., and **Brooks, G.** (2010). *The financial cost of healthcare fraud*. Milton Keynes: MacIntyre Hudson
- Gee, J., Button, M., and **Brooks, G.** (2010). *The financial cost of UK public sector fraud: A less painful way to reduce public expenditure*. Milton Keynes: MacIntyre Hudson
- **Brooks, G.**, Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87
- Button, M., Gee, J., and **Brooks, G.** (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75

The categorising of some frauds and acts of corruption are open to contestation. Interpretation of ‘events’ and ‘acts’ are always contested and due to the nature of fraud and corruption even more so as deception is central to acts of fraud and corruption. This is compounded by the limitations of previous attempts to measure the level and depth of fraud and corruption and the problem of surveying ‘hard to reach’ populations of corrupt individuals. These papers therefore illustrate that we are aware many measures of fraud and corruption are limited and were critical of them we also produced suggestions on improving the measurement of fraud and corruption. Much of the literature of developing a counter fraud strategy has come from the public sector. It was therefore worthwhile research to survey the FTSE 100 (Brooks et al., 2009) to discover to what extent the most successful private sector organisations do to prevent fraud and corruption and relationship with the public sector ‘policing’ bodies’. This is supported by:

- **Brooks, G.**, Button, M., and Frimpong, K. (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504
- Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234

Furthermore, this relationship with 'policing bodies' is supported by

- Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in football: Research into how well football protects itself against fraud*. London: PKF
- **Brooks, G.** (2012). Online gambling and money laundering: 'Views from the inside'. *Journal of Money Laundering Control* 15 (4), (in press)
- **Brooks, G.**, Lee, J., and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity. *Journal of Contents*, May 2012 (in press)

The most accurate measures of fraud are currently fraud loss risk measurement exercises (Brooks et al., 2011). The central premise of this approach is that within a total number of transactions there will be a number of fraudulent and mistaken cases (contractors paid twice, wrong salary paid and so on as a result of error rather than fraud), which have not been discovered. A fraud risk measurement exercise focuses on a specific area of activity, such as procurement, payrolls, expense claims, and so on. A statistically valid sample is then reviewed and from this they are usually classified as fraudulent, error or acceptable. The important difference in this type of measurement

compared with others is that by assessing a range of transactions in detail those undertaking the review are able to discover a sample of cases of fraud and error, which otherwise would not have been discovered. From this, it is then possible to extrapolate on the actual levels of fraud (to a specific statistical confidence level). The aim of this exercise then is to uncover the fraud and also errors committed.

Evidence supporting this is a selection of previously published reports for both the public and private sector and commissioned research. These are:

- Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in football: Research into how well football protects itself against fraud*. London: PKF
- Gee, J., Button, M., and **Brooks, G.** (2010). The financial cost of UK public sector fraud: A less painful way to reduce public expenditure. Milton Keynes: MacIntyre Hudson

From this research papers have been accepted for publication: These are:

- **Brooks, G.**, Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87
- Button, M., Gee, J., and **Brooks, G.** (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75

The papers in this chapter illustrate that it is possible to measure the nature and extent of fraud and corruption to some extent. This however is the first step to reducing the

incidence of fraud. If an organisation is not aware of the extent or nature of its losses, how can it apply the right solution to reduce them? Where losses have been measured, and the organisations concerned have accurate (or as accurate as possible) information about the nature and extent of fraud, there are examples that losses have been reduced and these papers (Brooks et al., 2009, 2011; Button et al., 2012) are a contribution to this academic body of knowledge.

Chapter 4

Suggested solutions: Developing a measurable anti-fraud and corruption culture

The relevant papers in this chapter are:

- **Brooks, G.**, Button, M., and Frimpong, K. (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504
- Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244
- Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in football: Research into how well football protects itself against fraud*. London: PKF
- **Brooks, G.**, Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87
- Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234
- **Brooks, G.**, and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319
- **Brooks, G.**, **Lee, J.**, and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity. *Journal of Contents*, May 2012 (in press)

In this chapter the focus is on developing and maintaining an anti-fraud culture. Putting a strategy in place and regular risk assessment exercises are part of the process of

developing an anti-fraud culture, but a key element of preventing some fraud and corruption is to have a measurable anti-fraud and corruption culture (Button et al., 2012).

Developing an anti-fraud and corruption culture

In the research put forward in this thesis the structure of public and private sector organisations are not monolithic, but often fragmented into ‘departments’, with specific role(s). There are therefore elements of discretion in policy and practice, which means that countering-fraud and corruption, is pursued with different approaches and commitment (Brooks et al., 2009; Button and Brooks, 2009) by different organisations. In the public sector the extent of the problem of fraud was captured by HM Treasury surveys that assess ‘governmental bodies’ anti-fraud strategies. This survey produced data on the numbers of frauds, types and costs in ministerial, non-ministerial, executive bodies and non-departmental public bodies, as well as some quantitative information on the strategies to combat fraud, with descriptions of best practice. This survey however is dependent on organisations appraising their own particular anti-fraud strategy.

Furthermore, the research indicated that carrying out a regular risk assessment to identify potential weaknesses in a strategy is vital to applying measures to prevent and detect frauds and acts of corruption, and that someone should have ownership of counter fraud corruption risk strategy; this however is not always the case as was illustrated in the international private and public sector by:

- **Brooks, G., Button, M., and Frimpong, K. (2009).** 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504

- Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244
- **Brooks, G.**, Lee, J., and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity. *Journal of Contents*, May 2012 (in press)

One of the most important parts of a counter fraud and corruption strategy is developing an anti-fraud/corruption culture. In Button and Brooks (2009) significant gaps in counter fraud strategies were exposed in the public sector e.g., in (Button et al., 2012) it was established that only 63 percent of ministerial, non-ministerial, executive bodies and non-departmental public bodies have a fraud awareness programme.

Furthermore, to have a real impact on the culture of an organisation there has to be a system of on-going instruction and dissemination of risks (see Papadopoulos and Brooks, 2011; Brooks, et al., 2012). These need to be targeted to all employees not only those new to an organisation. However, an anti-fraud and corruption culture can range from a circulation of a clear policy, with updates on 'new' threats to the organisation to a simple annual newsletter. Therefore, some initiatives are positive and some nothing more than window-dressing, which will have little impact on the culture of employees and attitude towards fraud and corruption. The claim that public sector bodies and private organisations have counter fraud strategies are therefore mixed, with some robust and others pursuing very limited strategies, as illustrated by (Button and Brooks, 2009) and (Brooks et al., 2009, 2012) highlighting major gaps in some practice in the international public and private sector in England and Wales (Brooks et al., 2009), Cyprus (Papadopoulos and Brooks, 2011) and Korea (Brooks et al., 2012) in developing

anti-fraud and corruption workplace culture

Furthermore, if an organisation claims to have a counter fraud and corruption strategy, it has to check, re-check and assess all applications for employment and all parts of its counter fraud strategy. Without such measures it can hardly claim to have a strategy. Even if the work is contracted out, it is the purchasing agency that is responsible for checking the integrity of the company/individuals with whom they are in business with. As Button and Brooks (2009) and Brooks et al., (2011) suggested, fraud and corruption is not in need of assistance, and should be the responsibility of the host company/agency.

From the surveys by Button and Brooks (2009, 2011) it was possible to claim that apart from a reference check, which is a basic, standard procedure there appears to be no clear and consistent counter fraud and corruption strategy across ministerial, non-ministerial, executive bodies and non-departmental public bodies in England and Wales. For both the public and private sector seeking a reference is the start of the procedure rather than the end of the process of checking the suitability and integrity of a prospective employee. In addition to this even if cleared and offered employment, the employee might commit fraud at some future date (Brooks et al., 2012); therefore screening and checking should be ongoing rather than a one-time event. This is even more problematic if hiring employees from an agency (Button and Brooks, 2009).

At the time of publishing the papers in this chapter the development of an anti-fraud and corruption culture in the public and private sector was variable, and still is, as the following four papers illustrate.

- Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244
- **Brooks, G.**, Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87
- Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234
- **Brooks, G.**, and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319

In the papers evidence is provided that illustrates that there is limited information on counter fraud and corruption cultures in the private sector, with a little more clarity in the public sector, and the 'idea' of what a strategy was and is, and what it should contain was limited. From the FTSE 100 (Brooks et al., 2009) to the ministerial, non-ministerial, executive bodies and non-departmental public bodies (Button et al., 2012), to the Cyprus police (Papadopoulos and Brooks, 2011) and Korean football league (Brooks et al., 2012) a counter fraud and corruption strategy in an international context could mean a comprehensive measurable strategy to a verbal unsubstantiated response.

The papers in this chapter have exposed and illustrated the need for more work on developing anti-fraud and corruption cultures in the public and private sectors. There is scope for the promulgation of best practice in both the public and private sectors, and collaboration as private sector organisations often bid for public funds e.g., building and construction, and highlight the need for a central public body that is resourced to advise on matters of public and private fraud and corruption that contribute towards the £73

billion per annum Great Britain suffers at present. However, if a body – public or private or international - claims to have a counter fraud and corruption strategy *it must* also measure that strategy to assess its ‘effectiveness’ and make changes where necessary as ‘new’ products are developed in the private sector, or public bodies privatise some element of their public service. Papers supporting this are:

- Button, M., Gee, J., and **Brooks, G.** (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75
- **Brooks, G.**, and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319
- **Brooks, G.** (2011). Challenging the myth of urban regeneration: Raising the profile of problem gambling with a media campaign. *Journal of Gambling Studies*, (available online DOI 10.1007/s10899-011-92767)
- **Brooks, G.** (2012). Online gambling and money laundering: ‘Views from the inside’. *Journal of Money Laundering Control*, 15 (4) (in press)
- **Brooks, G.**, Lee, J., and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity. *Journal of Contents*, May 2012 (in press)

Regardless of the sector, developing an anti-fraud and corruption culture is more than a theoretical exercise and is one that needs leadership and direction if it is to be at all successful. At present, both the public and private sector need to ‘mind the gap’ (Button and Brooks, 2009) that presently exists between policy and practice in preventing fraud. All of the papers presented here contribute to this debate and highlight matters of

concern, but also provide suggestions on how to tackle them. They thus form a coherent body of knowledge and contribute to the international academic and practice based discourse in the world of fraud and corruption.

Conclusion

The papers underlying this thesis cover

- The production of empirical evidence in a variety of sectors of the limitations of present counter fraud and corruption strategies
- Improved and practical suggestions on how these sectors can increase resilience to fraud and corruption
- Illustrate the international context of fraud and corruption
- Advice and promotion of ‘as clear as possible’ measurement of fraud and corruption (while aware of its limitations)
- Proposing solutions to ‘policing’ fraud and corruption

These papers reflect both the theoretical development and empirical application of methods and practical, useful suggestions on how to improve contemporary counter fraud and corruption strategies and practice.

In total ten papers are presented. These papers have been accepted and published in a range of refereed journals and cited by other authors. They are therefore considered relevant and of high quality for others to refer to them in journals and international conference proceedings. Furthermore, some of the papers are so contemporary and still only available online that time is perhaps needed to assimilate them into the research canon. All the papers submitted for the PhD contain primary research and make suggestions and proposals on developing counter fraud and corruption strategies.

Highlights in this thesis are:

- Publications in a variety of high ranking refereed journals
- First survey of FTSE 100 and counter fraud strategies and noted limitations and

attitudes towards the police appetite for fraud

- In depth analysis of strategies used by central ‘governmental bodies’ to counter fraud and corruption and noted limitations of developing an anti-fraud corruption culture
- The promotion of fraud measurement exercises in healthcare
- First review of how Cyprus police ‘prevent’ credit card fraud and the need for a clear counter fraud and corruption strategy
- The analysis of fraud and corruption and gambling court cases and defendants use of deception
- First review of football clubs resilience to fraud in England, Wales, and Scotland
- First review of Korea football K-League counter fraud and corruption strategy after match fixing scandal
- First paper on how online gambling establishments prevent money laundering and corruption

Research is continuing in this field of study as demonstrated by the papers in Appendices One and currently in submission in Appendices Two

Limitations of research

In this section of the chapter I reflect on the individual limitations of each paper submitted. This is followed by a review of the limitations of the ‘body of knowledge’ presented in this thesis and its limitations. Finally, recommendations are made for future research in the wide-ranging subject of fraud and corruption.

Limitations of papers

(1) **Brooks, G.**, Button. M., and Frimpong, K. (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504

The key limitation to this paper is its low response rate –32 out of a 100. This level of

response however is 'typical' of the postal survey method. In addition the 3-month period set aside for the FTSE 100 organisations to respond was perhaps impractical. Furthermore, it was an assumption that FTSE 100 organisations would be familiar with a model counter fraud strategy; which the research highlighted was incorrect. This lack of knowledge from those that responded is an interesting result of the research; however assuming the FTSE 100 organisations has knowledge of a model counter fraud strategy was premature. The sample in this research however was representative of the FTSE 100, and helped produce a snap shot of opinion and knowledge of counter fraud. Further research is required revisiting the FTSE 100 and in future the FTSE 250.

(2) Button, M., and **Brooks, G.** (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244

The limitations of this paper are similar to those above. We designed a postal survey that required the respondents to answer closed and open questions. We surveyed all governmental ministerial departments, executive bodies and executive NDPB for one year thereby increasing the possibility of completed responses. The total number of questionnaires sent was 338 of which 135 were returned, a 40 percent response rate. Poor response rates however are a particular problem with postal surveys, and respondents may need an incentive, or reminder to respond, which we did not offer. Furthermore, such an approach might produce limited qualitative responses; this however was not a major issue with this research, as those that responded made useful and informative comments, particularly on screening and prospective employees and developing an anti-fraud culture.

(3) **Brooks, G.,** Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87

The limitation of this research is relying on secondary data/research. The problem of secondary data is the problem of verifying and determining the value of the secondary sources, and the accuracy and credibility of the information used. The criteria for choosing the research papers were explained in this paper, but the evaluation of secondary research/data is fraught with difficulties and one must consider the purpose, scope, authority, and audience that the information is based on. A reflection and far more demanding criteria are needed to increase validity of future research.

(4) **Brooks, G.,** and Blaszczyński, A. (2011). Judicial decisions on cases involving problem gambling and crime in England and Wales. *International Journal of Gambling Studies*, 11 (1), 81-92

This paper presents an examination of 70 original and Appeal Court cases from the Court of Appeal in England and Wales (Criminal Division) from January 2000 to January 2009 taken from Westlaw, an online legal website. As with secondary data the reliability of the content analysis is dependent on its coding, and its reproducibility and validity. Limitations of this research acknowledged that *Westlaw* appears to employ no standardised format resulting in varying inclusion of case background, detailed information and explanatory notes. In addition, a further potential limitation of Westlaw and a computer searches might result in false negatives (missed items of interests).

(5) Papadopoulos, A., and **Brooks, G.** (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234

The limitations of this paper were negotiated access to interviewees and inconsistent recording of interviews. To access key police personnel, it was agreed with the Cyprus police that the interview schedule would be sent to all potential interviewees before an interview could be arranged. While this no doubt affected the interviews and the data we obtained, it was necessary to access and interview key police personnel. There are problems with this approach e.g., prepared statements by the respondent. However, this negotiated access was required to complete the research. From the 19 interviews, which subsequently followed 16 was taped-recorded and 3 of them were in written form. This affected the quality of the interviews but 3 officers preferred the written responses to the interview questions mainly because they were reluctant to participate in a recorded interview. Therefore they were provided the choice of written responses so that they would be more willing to participate.

(6) **Brooks, G.** (2011). Challenging the myth of urban regeneration: Raising the profile of problem gambling with a media campaign. *Journal of Gambling Studies* (available online DOI 10.1007/s10899-011-92767)

This paper is an examination of discourses in one paper challenging the myth of 'gambling' as a form of urban regeneration. The use of one paper is justified in that it was a constant critic of extending access to gambling venues from 2004-2010. The methodological approach of a content analysis is explained in the paper, with the rationale for developing themed discourses of moral, criminal and psychological condemnation of gambling as a form of urban regeneration. However, the limitations

of content analysis e.g., false negatives (missed items of interests) and relying on one paper were recognised. It is hoped however that by three readings of the articles by independent researchers to form the categorisation of content it is a contribution to the presentation of gambling 'news'.

(7) Button, M., Gee, J., and **Brooks, G.** (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75

This paper analysed 132 fraud risk measurement exercises from around the world in different sectors. The limitations of this research however are relying on secondary data/research. The problem of secondary data is the problem of verifying and determining the value of sources, and precision and integrity of the information used. The criteria for choosing the research papers was explained in this paper, but the vast majority of the data are drawn from fraud risk measurement exercises in the public sector in large organisations mostly in 'western' nations with a well developed public sector. Furthermore, this research lacks balance as so few risk measurement exercises were from the private sector.

(8) **Brooks, G.,** and Button, M. (2012). The Police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319

This paper explored the police response to fraud in organisations in the public and private sector in England and Wales. Based on 28 semi-structured interviews with various personnel working in the field of counter fraud in the police, LA, NHS and DWP and other relevant fraud bodies, it illustrates the 'relationship' some of those

working in counter fraud have with the police. However, semi-structured interviews need careful management, as respondents refer to an issue(s) that is contemporary and relevant to them, rather than relevant to the research. Furthermore, more than one person interviewed the respondents potentially leading to different approaches in style and content depending on interviewee and researcher. As with all interviews the time, place and context were also important and this had an influence on the outcome of results.

(9) **Brooks, G.** (2012). Online gambling and money laundering: 'Views from the inside'. *Journal of Money Laundering Control*, 15 (4) (in press)

Due to the nature of this research a combination of methods were used; a semi-structured interview and personal contact in the gambling sector. The methods used were therefore a combination of a snowball sample and direct negotiated access. While it is beneficial to have a personal contact as a 'gatekeeper' it can however influence the direction and sample of the research; they can limit access and conditions of entry in a social community, to people and data and restrict the scope of analysis. Therefore a snowball sample is to some extent limited.

Direct access was achieved after a series of emails was exchanged with a 'commercial media' employee of a gambling company. During this correspondence a request was made that for the interviews to occur, the interview schedule had to be sent beforehand. Once checked it was made clear that the only some of the questions could be answered, as others were of a 'sensitive nature' and they were unable or unwilling to respond to them. This was the same for the snowball sample. Each interviewee then saw the semi-structured interview schedule beforehand and determined which questions

would be answered. In doing so some of the spontaneous responses that can occur during an interview were lost. This was a concern, but for the interviews to progress a compromise was reached.

Furthermore, individual anonymity was assured before any interviews were undertaken. Consequently, none of the interviews were recorded as requested, but due to the nature of the work of the people interviewed and the commercial interests involved this was also understandable. Rather than assume 'understanding' from the notes from the interviews some of them were returned to the relevant company for clarification. Due to the methodological issues encountered it was decided that recurring themes would be presented that illustrate common issues that all those interviewed mentioned.

(10) **Brooks, G.**, and Lee, J., and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting Integrity. *Journal of Contents*, May 2012, (in press).

The purpose of this paper was to examine the causes of corruption in football in Korea. Drawing on secondary – mostly media sources – that are limited, and working with two Korean scholars there was a problem of definition and meaning. Fraud has no referent in Korean culture; however corruption is a term that is well known, and as such this is part of the title of the paper. The use of language was also a problem even though the Korean Scholars have excellent English, as they were unfamiliar with some of the social science terminology used by the first author. This however was overcome. Furthermore, no content analysis of media sources was employed regarding the subject, but newspapers in Korea are seen as informative – reporting the news – rather than sensationalist. It was therefore felt that the information we used was factual and correct.

Limitations of body of research

As with all research methods there are advantages and disadvantages to them; this is inescapable. However, choosing the most appropriate method is under the control of the researcher(s) and the limitations of this body of knowledge are:

- Limited number of responses from the surveys
- Limited number of interviews in some of the papers
- Little chance of replicating some of the research due to confidentiality and anonymity and therefore validity and replication
- The problem of relying on notes from an interview rather than tape recording
- The lack of responses from the private sector regarding fraud and corruption strategies as most responses are from the public sector in this body of knowledge
- The problem of defining fraud and corruption so its 'meaning' is understood by all respondents in the same way

Some of the methodological and theoretical issues seem to be 'part of the territory' e.g., operationalisation of contested concepts such as fraud and corruption, and some are a problem to individual papers, e.g., gaining access to gambling establishments and private sector counter fraud information. These issues are understandable, as both the gambling sector and private sector organisations have no need to place such sensitive and private information in to the public sector. However, such matters need to be overcome if academic research is to have an impact beyond its own sector.

Recommendations for future research

From these individual papers and body of knowledge they represent there are a few recommendations for future research that need attention. These are:

- Giving respondents time and incentives to respond to a survey
- Increase use of pilot studies as fraud and corruption are open to contestation and as such no assurance that respondents have same understanding and meaning of terminology as researchers
- Be aware of cultural differences e.g., do not assume that common or legal definitions have same meaning e.g., no referent to fraud in Korean
- Reflect on own impact on interviewees, perhaps with sections in future papers
- Debrief respondents and send paper to them and outcome of results before publication

These recommendations are part of social science research in the ‘real world’ and as such are sometimes ‘messy’ and un-complete. This however is expected on research that is dependent on human responses. These responses and papers in this submission however are still informative, valid and a contribution to knowledge.

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Appendix One

Commentary on papers for submission

The papers supporting this contribution to knowledge are briefly explained below, with a commentary as to their significance to the counter fraud and corruption literature. These papers will be presented in date of publication order to show the development of a body of academic knowledge

(1) Brooks, G., Button, M., and Frimpong, K (2009). 'Policing fraud in the private sector: a survey of the FTSE 100 companies in the UK'. *International Journal of Police Science and Management*, 11 (4), 493-504

Originality/value –*First survey of FTSE 100 and their counter fraud strategies*

Subject area: *Original empirical work, conceptual articles and theoretical reviews of police techniques, crime pattern analysis, crime investigation management, interagency cooperation and public attitude surveys*

This paper examined the counter fraud strategies that were in place in the FTSE 100. The reason for this research is that there is limited research available on what 'top ranked' multi-national organisations do to protect themselves and subsidiaries from internal and external fraud.

In order to assess the level at which the private sector considers fraud an important issue, those in the FTSE 100 were sent a questionnaire. From this postal survey, which had both closed and open questions, we received 32 responses. This is not a substantial response rate. However, since we only set aside 3 months to respond to the questionnaire the response rate of nearly a third is a promising return. The

questionnaire/survey was designed to reflect the key elements of a model counter fraud strategy (a key theme throughout this PhD submission). The findings indicated a lack of concern, knowledge and expertise in organizations that, we thought, would have had a far more comprehensive strategy to protect income, wealth, assets and reputation to fraud and corruption. Perhaps the key finding of this research was the lack of respect and credibility the police had from organisations in the FTSE 100.

My contribution: I was involved in the design of the questionnaire, analysis of data and main author for literature review and lead author on the paper

(2) Button, M., and Brooks, G. (2009). "Mind the gap", progress towards developing anti-fraud culture strategies in UK central government bodies. *Journal of Financial Crime*, 16 (3), 229-244

Originality/value –*In depth analysis of strategies used by central ‘governmental bodies’ to counter fraud and note limitations of present anti-fraud and corruption culture*

Subject area: *Accounting and Finance*

This paper assesses the extent and quality of anti-fraud culture strategies, which are an integral part of any counter fraud and corruption strategy (see above and in Brooks et al., 2009). Drawing on HM Treasury survey data we also designed a postal survey that contained both closed and open questions. Identifying the population to survey was a challenge, because of the development and complex nature of ‘governmental bodies’ such as the growth in non-departmental public bodies (NDPB). To obtain the best possible picture of strategies employed in ‘governmental bodies’ we surveyed all central departments, executive bodies and executive NDPB over the course of one year. The

total number of questionnaires sent was 338 of which 135 were returned, a 40 percent response rate. There are many elements to a anti-fraud and corruption culture strategy, but this research showed that across these ‘governmental bodies’ awareness of fraud and training events to increase awareness were limited, as well as the screening procedure employed for prospective internal and external contracted employees. This was also highlighted in the FTSE 100 paper in the private sector. This paper finished with making recommendations that there is scope for promulgation of best practice, a resource to advise ‘governmental bodies’ on developing a strategy and a series of inspections to raise standards lacking in this sector.

My contribution: I was involved in the design of the questionnaire, analysis of data and main author for literature review and lead author on the paper

(3) Brooks, G., Button, M., and Gee, J. (2011). The scale of healthcare fraud: A global evaluation. *Security Journal*, 25 (1), 76-87

Originality/value –*Illustrates the need for developing fraud loss measurement exercise and risk assessment as part of a counter fraud strategy*

Subject area: *All aspects of security, criminology and penology e.g., fraud and corruption*

This paper presents the findings from a survey of fraud loss measurement exercises in the healthcare sector in six countries that shows the rates and frequency of fraud losses. The paper also suggests that in a period of financial retrenchment cost savings are seen as important and necessary. This is an important point as counter fraud and corruption

strategies are often seen as a cost instead of a potential saving. The issue of fraud however is often downplayed or ignored as a way to reduce cost on public expenditure. This is sometimes due to the lack of a sophisticated measurement of losses of fraud and error. The central thrust of this paper is the development of more sophisticated approaches to measuring fraud. After a review of current approaches and their limitations the paper focuses on the fraud loss risk measurement exercise, which assesses a range of transactions in detail, which can uncover losses that would not have been discovered otherwise. We recognise that there are a number of caveats regarding the research, but illustrate that sampling, risk assessment exercises are all important if wanting to obtain a measure of fraud and corruption beyond officially recorded data or opinion surveys. This is amply illustrated by the difference in a Frequency of Fraud and Error Rate (FEFR) and Percentage Loss Rate (PLR). The paper concludes by suggesting that more sophisticated measures of fraud and error losses are possible and that fraud loss risk measurement exercises should be part of counter fraud and corruption strategies.

My contribution: I was analysis of data and main author for literature review and lead author on the paper

(4) Brooks, G., and Blaszczyński, A. (2011). Judicial decisions on cases involving problem gambling and crime in England and Wales. *International Journal of Gambling Studies*, 11 (1), 81-92

Originality/value: *Illustrates that people employ deception as part of a defense in cases that involve problem gambling and crime and limited data on link between fraud and problem gambling*

Subject area: Interdisciplinary journal e.g., psychology, business, sociology, criminology

This paper presents an examination of 70 original and appeals cases in the Court of Appeal in England and Wales (Criminal Division) from January 2000 to January 2009 and the relationship primarily between problem gambling and crime(s). There is a review of the limitations of the literature on the 'connection' between acts of fraud and corruption and problem gambling, which has been addressed below (see Brooks, 2012), but the damage caused *by* and *to* individuals in the cases provided show the need for the judiciary to understand the impact of problem gambling and fraud on victims. The findings of this research are relevant to this developing body of knowledge, as they demonstrate the link between some offenders and acts of fraud and thus deception, but also the way in which problem gambling is falsely employed as a defense in a court of law in an attempt to mitigate punishment and sentence. The act of deception often used by defendants, lawyers and barristers is therefore damaging, as are all frauds, to those most in need; those genuinely with a gambling problem that have committed a crime are not accepted as a defense in a court of law. The paper concluded that although judges recognised problem gambling as a condition, problem gambling did not appear to be accepted as a factor explaining the commission of crime and particularly fraud in England and Wales.

My contribution: I analysed all the data, designed the classification system for problem gambling fraud and corruption and was lead author on literature review and paper.

(5) Papadopoulos, A., and Brooks, G. (2011). The investigation of credit card fraud in Cyprus: Reviewing police 'effectiveness'. *Journal of Financial Crime*, 18 (3), 222-234

Originality/value- *First review of Cyprus Police counter fraud and corruption strategy to credit card fraud*

Subject area: *Accounting and Finance*

This paper examines the 'effectiveness' of the Cyprus police in investigating credit card fraud. Therefore 19 semi-structured interviews with key criminal justice personnel were undertaken to assess the current capacity of police in investigating credit card fraud. The key findings of this paper discovered that a far more coordinated approach is needed to tackle credit card fraud in Cyprus. With a lack of recorded data, the police were unable to measure fraud properly. They therefore were unable to assess the extent of fraud, recover assets and arrest those committing fraud. Suggestions were made with the fellow author, a Cyprus Police Detective to increase instruction regarding fraud cases, develop a specialised knowledge of fraud and a clear counter fraud and corruption strategy. The police in Cyprus were limited in what they could achieve and therefore these recommendations were made with a view to a change in future practice.

My contribution: I analysed the data, helped design the interview schedule and edited the paper

(6) Brooks, G. (2011). Challenging the myth of urban regeneration: Raising the profile of problem gambling with a media campaign. *Journal of Gambling Studies* (available online DOI 10.1007/s10899-011-92767)

Originality/value- *An up-to-date analysis of the media representation of gambling and*

its association with fraud and corruption, particularly sport

Subject area: *Interdisciplinary journal e.g., psychology, business, sociology, criminology*

This paper is an examination of discourses challenging the myth of ‘gambling’ as a form of urban regeneration in Great Britain. From a *content* analysis of 156 gambling articles from January 2004 to December 2010 common and recurring themes emerged to dismiss gambling as a form of regeneration. These were gambling as immoral, criminal and pathological. This paper contributes to this ‘body of knowledge’ of these papers in three ways: it is the only paper that has a content analysis as its methodological approach, and so it is a ‘new’ method in addition to those already used, it demonstrates the link between fraud, corruption and gambling with reference to crime and corruption in sport specifically, and has an entire section on fraud and corruption and the historical and contemporary discourse of gambling and its association with crime. This paper therefore builds on the previous papers above and the ‘connection’ between fraud and corruption, particularly in sport and gambling, demonstrating that there is little awareness of how to combat fraud and corruption in sport and the gambling sector.

My contribution: A single authored paper

(7) Button, M., Gee, J., and Brooks, G. (2012). Measuring the cost of fraud: An opportunity for the new competitive advantage. *Journal of Financial Crime*, 19 (1), 66-75

Originality/value: – *This is the first analysis of fraud risk measurement exercises across the globe*

Subject area: Accounting and Finance

The purpose of this paper was to provide evidence, from the analysis of fraud risk measurement exercises, of the average costs and rates of fraud. It did this by analysing 132 fraud risk measurement exercises from nine countries in a range of different sectors. Only those which assess a statistically valid sample which have sought and examined information indicating the presence of fraud or error in each case within that sample were completed and reported; have been externally validated; have a measurable level of statistical confidence; and have a measurable level of accuracy were included. Each exercise has been assessed to determine the percentage loss rate (PLR) and the fraud frequency rate (FFR) (see paper earlier). The findings from this paper shows fraud and error can be measured, and if this is supported by regular/risk assessment to reduce it, financial benefits to the organisation should be forthcoming.

My contribution: Lead author on drafting paper, some analysis of data

(8) Brooks, G., and Button, M. (2012). The police and fraud and the case for a nationalised solution in the United Kingdom. *The Police Journal*, 84 (4), 305-319

Originality/value: - *A far more balanced approach than previous papers on the role of the police in tackling fraud and the 'relationships' they have with others*

Subject area: Policing policy and practice

This paper explored the police response to fraud in organisations in the public and private sector. Based on 28 semi-structured interviews with various personnel working

in the field of counter fraud in the police, LA, NHS and DWP and other relevant fraud bodies, it illustrates the ‘relationship’ some of those working in counter fraud have with the police. Rather than limit the respondents to a structured interview schedule it was felt far more appropriate to extract their vast experience and knowledge of working with (in some cases for) the police. This paper also built on the data from a survey of FTSE100 paper (see above) and demonstrated that the police are primarily called on because of the powers of arrest and search rather than expertise and knowledge of fraud and corruption. From the research however it was discovered that the police are not completely disinterested in fraud. Instead their approach is based on a variety of factors that shape the way they deal with fraud. These factors are personnel and financial resources, knowledge of fraud, jurisdiction and Key Performance Indicators. All affect the way the police deal with fraud and thus the relationships they have with organisations and members of the public.

My contribution: Help design interview schedule, lead author on analysis of interview data, literature review and paper

(9) Brooks, G. (2012). Online gambling and money laundering: ‘Views from the inside’. *Journal of Money Laundering Control*, 15 (4) (in press)

Originality/value: - First published interviews with key personnel in gambling industry in anti-money laundering, fraud and integrity units

Subject area: *Money Laundering*

This paper examined the ‘relationship’ between the regulated online gambling sectors in

Great Britain and potential for money laundering. Direct interviews were ‘negotiated’ using a snowball sample to secure 5 interviews with gambling personnel. This paper shows that respected online gambling sites in highly regulated jurisdictions are helping in tackling money laundering rather than as often presented in the media a cause of gambling addiction and crime.

My contribution: Single authored paper

(10) Brooks, G., Lee, J., and Kim, H. (2012). Match-fixing in Korean football: Corruption in the K-League and the importance of maintaining sporting integrity *Journal of Contents*, May 2012 (in press)

Originality/value: - First paper to analysis cause and reaction to match fixing scandal in Korea K’-League football working with a Korean co-author who obtained information and literature unavailable to non-Korean citizens.

Subject area: Fraud and Corruption

The purpose of this paper was to examine the causes of corruption in football in Korea. While other Asian football leagues have been plagued with fraud and corruption e.g., Malaysia, for some years, Korea has maintained its professional sporting integrity. This paper is an examination as to why players in the K-League succumbed to match fixing. Firstly, we discuss the important role of sport in Korea, which is not to be underestimated. Secondly, we briefly illustrate the range and types of fraud and corruption in international football. Thirdly, we focus on the match fixing and gambling scandal currently engulfing the K-League. Fourthly, we make some suggestions on how to combat and increase resilience to fraud and corruption in football. Finally, in the conclusion we suggest that much needs to be done to reduce the incident of fraud and

corruption in football worldwide.

My contribution: Lead author on literature review and draft of paper

All these combined submissions include: primary research, an academic contribution to knowledge, a contribution to practice, are international in their orientation and published in a range of different journals disseminating this information to a wide, international audience.

Appendix Two

In this appendix there are reports and research projects that I am involved in that have influenced the papers above, and papers/books that have been submitted and await feedback or publication.

Published reports on fraud and corruption

Gee, J., **Brooks, G.**, and Button, M. (2012). *Fraud in the international mining sector*. London: PKF

Gee, J., Button, M., and **Brooks, G.**, and Higgenbottom, N. (2011). *The financial cost of fraud to the social housing sector*. London: PKF

Gee, J., Button, M., and **Brooks, G.** (2011). *The financial cost of fraud 2011: What data from around the world shows*. London: PKF

Gee, J., **Brooks, G.**, and Button, M. (2011). *Fraud in football: Research into how well football protects itself against fraud*. London: PKF

Gee, J., Button, M., and **Brooks, G.** (2010). *The financial cost of UK public sector fraud: A less painful way to reduce public expenditure*. Milton Keynes: MacIntyre Hudson

Gee, J., Button, M., and **Brooks, G.** (2010). *The financial cost of healthcare fraud*. Milton Keynes: MacIntyre Hudson

Gee, J., Button, M., and **Brooks, G.** (2009). *The financial cost of fraud*. Milton Keynes: MacIntyre Hudson

Commissioned Research

The Development of Fraud Loss Measurement Exercise for Dept of International

Development, 2011/2012 (£20,000)

The Evaluation of Civil Prosecutions of Fraud (East Midland Fraud Forum, West Midlands Police and Eversheds, 2011/2012 (£20,000)

The Evaluation of 'Crash for Cash' insurance Scams 2011/2012 (Acromas £23,000)

Papers awaiting feedback or publication

Brooks, G. (2012). Problem gambling and fraud: Committing a rational crime while suffering from a gambling disorder. *Journal of Gambling Studies*

Brooks, G. (2012). Fraud and problem gambling: A review of Court of Appeal cases 2000-2010. *Journal of Financial Crime*

Brooks, G., Button, M., and Azeem, A. (2012). *Fraud, Corruption and Sport*, Basingstoke: Palgrave Macmillan (forthcoming 2012)

Brooks, G., Button, M., and Gee, J. (2012). Football clubs resilience to fraud in England, Wales and Scotland: An assessment of counter fraud strategies in football. *Australasian, Accounting and Business Finance Journal*

Brooks, G., Button, M., and Gee, J. (2012). Fraud and football clubs: In Danger of victimisation? *Sport, Business and Management*

Appendix 3

Papers submitted for PhD