

## **KPMG survey shows fraud is on the rise**

The value of fraud cases in the north west almost tripled in 2011 to more than £81m, according to new figures from KPMG, which said the depressed economy means the crime is only set to get more common.

The professional services firm's latest fraud barometer shows that, while the number of fraud cases in the region fell from 29 in 2010 to 26 in 2011, their value rose by 184 per cent from £28.8m.

Significant cases in Greater Manchester included a gang of criminals jailed for supplying illicit alcohol to local retailers, dodging duty worth £1.8m, and the former mayoress of Westhoughton who was jailed for 20 months at Manchester Crown Court after she stole £132,000 from her employer, the family-run software firm Venturonet.

Elsewhere in the north west, a managing director stole almost £400,000 from his employers by invoicing for work which was never carried out. As a result of the theft, the business was forced to make workers redundant.

Martin Dougall, head of forensic for KPMG in the north west, said: "The region's economic uncertainty has been the double-edged sword behind these numbers.

"Companies and government agencies have rooted out more fraud through implementing austerity measures and operational changes, while at the same time the pressure on individuals as a result of the downturn continues to act as a catalyst for more fraud being perpetrated."

Nationally, the total amount of fraud in 2011 was a record £3.5bn, of which £2.5bn was recorded in the second half of the year.

It included five large cases of more than £50m each, while one rogue trader case accounted for £1.3bn.

Mr Dougall said: "Sadly, due to the current economic circumstances the forecast is that the situation will get worse before it gets better.

"It is important that organisations don't become myopic on this point and ensure they have robust prevention and detection mechanisms so that they don't lose value through the back door that they have worked so hard to preserve through these difficult times."

Government was the biggest target for fraudsters, seeing 68 cases in the last six months of 2011 to the value of £1bn, while financial institutions suffered 59 frauds worth a total £1.5bn in the period.