



National Audit Office

The UK's independent public spending watchdog

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FOI-1774 COMBATTING FRAUD AND ECONOMIC CRIM

Thank you for your email on 23 November 2024 requesting information from the NAO on the expenditure to combat fraud. Your request has been handled under the terms of the Freedom of Information Act 2000 (FOIA). I can confirm that we do hold some of the information you requested in relation to expenditure on counter fraud teams by central government organisations.

The FOIA provides a legal right of access to recorded information held by a public authority, but it is subject to certain exemptions that may apply. While we hold some information within the scope of your request, we consider that information to be exempt from disclosure under **Section 33** (public audit functions) of the FOIA. In **Annex A** we have supplied you with the answers to your questions. **Annex B** provides a full explanation of the Section 33 exemption and how it applies to your request and our consideration of the public interest test.

I am sorry we are not able to share the information that you requested on this occasion but hope that the link to our report provided under question 5 will be helpful. Although we cannot fully help you with your request, we are keen to support greater understanding of (and improvement in) how government is tackling fraud. We occasionally communicate with Professor Button, Director of the Centre for Cybercrime and Economic Crime at Portsmouth University; it might be beneficial if you approach us through your supervising professor to discuss your research requirements and see if there is any other way we can assist you. For example, we may be able to explain how public bodies generally account for these costs.

Our policy is to respond to requests as helpfully and promptly as possible. I hope this information is helpful and you are happy with the way we have handled your request. If you are not happy with this response, you can ask for an internal review within 40 working days by writing to the NAO FOI Team at FOI@nao.org.uk.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The primary way of escalating your concerns to the Information Commissioner is at: <https://ico.org.uk/foicomplaints>.

Yours sincerely

NAO FOI Team

Annex A

I hereby submit a Freedom of Information Request to be provided with any statistics your organisation has on the following (whether it be UK-wide or solely your organisation):

1. What amount of funding is allocated to combating internal fraud in the UK?

We hold some data related to this request. We have applied the section 33 audit exemption to this data.

2. What amount is spent nationally on combating internal fraud in the UK?

We hold some data related to this request. We have applied the section 33 audit exemption to this data.

3. What amount of funding is allocated to your organisation, to combat external fraud nationally? (so I can compare with internal fraud)

We do not have a specific amount of funding allocated to our organisation to combat external fraud nationally. We have a role in providing assurance that accounts are free from material fraud and may also report to Parliament on how well government is managing the risk of fraud. The cost of this is covered by our other funding. Our fraud and propriety centre which coordinates our insight work on fraud had a budget of £100,000 in 2024-25 in addition to the budgets allocated to specific audits and projects.

4. What amount is spent by your organisation on combating external fraud nationally in your organisation? (so I can compare with internal fraud)

Our organisation does not hold data on the amount that we spend on tackling fraud nationally as this is incorporated into our general audit work.

5. Out of all expenditure or budget allocation to tackling all economic crime in the UK, what is the breakdown for each crime type? (e.g. external fraud 20%, internal fraud 2%, corruption 5%, anti-money laundering 30%, counter terrorism financing 15%, bribery 28%, etc...)

While the level of spending on counter fraud is not in the public domain, our report [Tackling fraud and corruption against government](#) sets out the level of staffing across government bodies that are formally within the function. You may also be interested in our Overview of [The impact of fraud and error on public funds 2023-24](#).

Annex B

This annex sets out the exemption that we have applied to your request.

Section 33 Freedom of Information Act 2000 – Public Audit

Section 33 of the FOIA provides that:

(1) This section applies to any public authority which has functions in relation to -

(a) the audit of the accounts of other public authorities, or

(b) the examination of the economy, efficiency and effectiveness with which other public authorities use their resources in discharging their functions.

(2) Information held by a public authority to which this section applies is exempt information if its disclosure would, or would be likely to, prejudice the exercise of any of the authority's functions in relation to any of the matters referred to in subsection (1).

Reasons why we have applied the Section 33 exemption:

We have applied Section 33 exemption to the information we hold within the scope of your request. This information was provided by various department in confidence, and we believe that disclosing this information under the FOI Act would be likely to prejudice the effective performance of our public audit functions going forward. It would not be in the public interest to disclose the information as our audited bodies would see it as unfairly disclosing weaknesses in their fraud defences and they would then be reluctant to provide data to either the Public Sector Fraud Authority or the NAO. This would be prejudicial to our statutory functions which requires us to assess the risk of fraud.

The audit process is enhanced significantly by audited bodies or third-party entities responding promptly to information requests and/or volunteering information to support a constructive, timely and effective audit. Disclosure by the NAO of sensitive information beyond that required for audit reporting purposes would impair the provision of audit information in the future. It would reduce, if not cut off, critical information flows. It would also incentivise audited bodies to take a minimalist approach to NAO information requests or, in the case of bodies whose engagement is optional, serve to discourage such information sharing altogether.

An effective, efficient audit is supported through an open and constructive approach between the NAO and the audited body. As such it is critically important that we have a safe space to gather information and knowledge and can engage in a free and frank way with audited bodies. The release of this information would remove this safe space - precipitating a backdrop of increased challenge and procedure around requests for audit information. This would require the NAO to formally assert our statutory access rights more frequently and potentially seek to enforce them, leading to significant delay, escalation of issues and increased audit costs.

Section 17(3) of the Budget Responsibility and National Audit Act 2011 places a duty on the C&AG to "aim to carry out functions effectively and cost effectively". Given the above factors, we consider that our disclosure of the information requested would be at odds with this statutory requirement – it would serve to undermine the effectiveness and increase the cost of the C&AG's public audit functions.

For the reasons set out above, we consider it appropriate to apply the public audit exemption available under Section 33(2) of the FOIA.

Reasons why the public interest in maintaining the exclusion outweighs the public interest in disclosing the information in this case:

The NAO is independent of government and scrutinises public spending on behalf of Parliament. Our work serves the public interest by providing transparency on matters of public interest and driving improvement in the use of public resources. We recognise there is a public interest in knowing the use of public money is subject to appropriate levels of accountability and transparency. However, we consider the disclosure of the specific information we have withheld would be likely to reduce the effectiveness of the audit process for the reasons set out above. The NAO's work puts information into the public domain and helps Parliament hold government to account. In our view, the balance of public interest rests with the NAO being able to deliver an effective and efficient public audit function and report our findings in public. Consequently, given the negative impact that would result from disclosure, we consider it appropriate to maintain the Section 33 public audit exemption.