Thomson Reuters Institute

The 2023 Government Fraud, Waste and Abuse Survey Report

Are prevention efforts keeping pace or losing ground?

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Executive summary

Every year, Thomson Reuters surveys state and local government workers to find out whether they have the resources they need to adequately prevent, detect, and investigate fraud, waste & abuse (FWA). Survey respondents are also asked to assess how effective their efforts to combat FWA have been over the past year and to identify their biggest challenges in terms of tools, resources, staffing, and time.

The survey participants are the investigators, administrators, and other personnel responsible for managing programs, disbursing benefits, and protecting taxpayer dollars from fraudsters and other bad actors. On the front end of the process are the directors, managers, and administrators who review beneficiary credentials and verify the identities of applicants; on the back end are the analysts and investigators who pursue claims of FWA, and gather evidence for potential legal actions.

> *One key difference in this year's report is that the global Covid-19 pandemic barely registers as a concern at present.*

In short, these are the dedicated professionals upon whom U.S. citizens depend to make sure taxpayer dollars are distributed to the intended recipients, not criminals trying to exploit the system. The feedback of these professionals is important because it provides an honest appraisal of how effective government operations are at deterring FWA, what the shortcomings are, and how these systems and processes might be improved.

In general, respondents to this year's survey were slightly less confident than last year that they have the tools and resources they need to address FWA. Still, more than half (59%) continue to believe they can prevent, detect, and investigate instances of FWA at their agencies, even though they also cite numerous issues that may be eroding the effectiveness of their efforts.

As in past years, the most frequent types of FWA that front-line government employees say they encounter are submission of false claims and the use of fake documents. Similarly, the top challenges they report facing are increased work volumes, insufficient resources, the difficulty recruiting new talent, and loss of institutional knowledge due to retirement — all of which are consistent with the results of previous reports.

This consistency is a sign that the needle on the status quo hasn't moved much, which can be viewed as either a positive or a negative, depending on one's perspective. The situation hasn't gotten worse, after all, but it hasn't improved much either.

Post-pandemic progress (or lack thereof)

One key difference in this year's report is that the global Covid-19 pandemic barely registers as a concern at present, whereas it had played a key role in past years due to the increase in fraud that it sparked and the extra work it demanded from government employees responsible for disbursing pandemic relief funds.

However, just because the pandemic is no longer an immediate concern does not mean its impacts can't still be felt. Indeed, the disruption of the pandemic forced many government agencies to re-think their operational strategies. More remote work, changes in how services are delivered, additional security challenges, and more virtual interaction with program beneficiaries are all adaptations done during the pandemic lockdowns that have become more or less permanent features of current government operations.

A general increase in fraud activity — as well as more technically creative ways of committing fraud — are also outgrowths of the pandemic era that persists today, even though relief programs that sparked the initial increase in fraud are no longer active.

Another pandemic-era legacy involves ongoing staffing and retention issues, which have created a ripple effect of challenges that may take a generation from which to rebound. Indeed, so many experienced government officials retired or found different jobs during the pandemic that many government agencies have been hobbled ever since. Finding quality recruits in the current job market has also been difficult, particularly for jobs that require specialized technical expertise. And employees who took on extra duties during the pandemic continue to report being over-worked because pre-pandemic staffing levels have yet to be restored.

These staffing issues, combined with tight budgets, a lack of necessary resources, outdated technology, and inadequate training have created working environments at some government agencies that make it that much more difficult to prevent, detect, and investigate instances of FWA. At best, agencies at which these conditions persist may be compromising the integrity of government programs for which they are responsible; at worst, they may be inviting fraudsters to take advantage of vulnerabilities the agencies themselves may have inadvertently created and are allowing to continue.

Key findings

Our research brought several key findings to the surface around how government workers view their efforts to fight FWA, including:

- More than half (59%) said they feel confident that they have the tools necessary to address FWA issues (down from 72% in 2022). And yet, more than half (55%) of government workers think the prevalence of FWA will increase over the next two years. Further, 59% of government agencies do not even track the impact of FWA on their operations.

- More than half (58%) of government employees involved in fraud prevention and detection feel their jobs have become more challenging as a result of the global Covid-19 pandemic. And more than two-thirds (68%) of those involved in fraud investigation say the pandemic has made their work more difficult.

- Increased overall fraud activity, more sophisticated fraud schemes, and lack of person-to-person interaction were cited as the top reasons that FWA is more challenging to prevent in the post-pandemic era.

Methodology

Results of the *2023 Government Fraud, Waste and Abuse Report* were obtained from surveys conducted with 170 professionals at various levels of government, representing more than 15 government agencies, including the Department of Health & Human Services, the Internal Revenue Service, the Supplemental Nutrition Assistance Program (SNAP), and Medicare and Medicaid programs.

A requirement of all survey respondents was that they use public records or other FWA prevention, detection, or investigations resources in their jobs. Surveys were conducted between March 28 and April 26, 2023.

Fighting fraud, waste and abuse

In practice, the fight against FWA on the front lines of government involves a series of daily, routine activities that are woven into the fabric of agency and departmental operations.

Prevention on the front end — through rigorous application screening, data analysis, and identity verification — is preferred, because it has the power to stop many forms of FWA, particularly outright fraud, before they can become a problem.
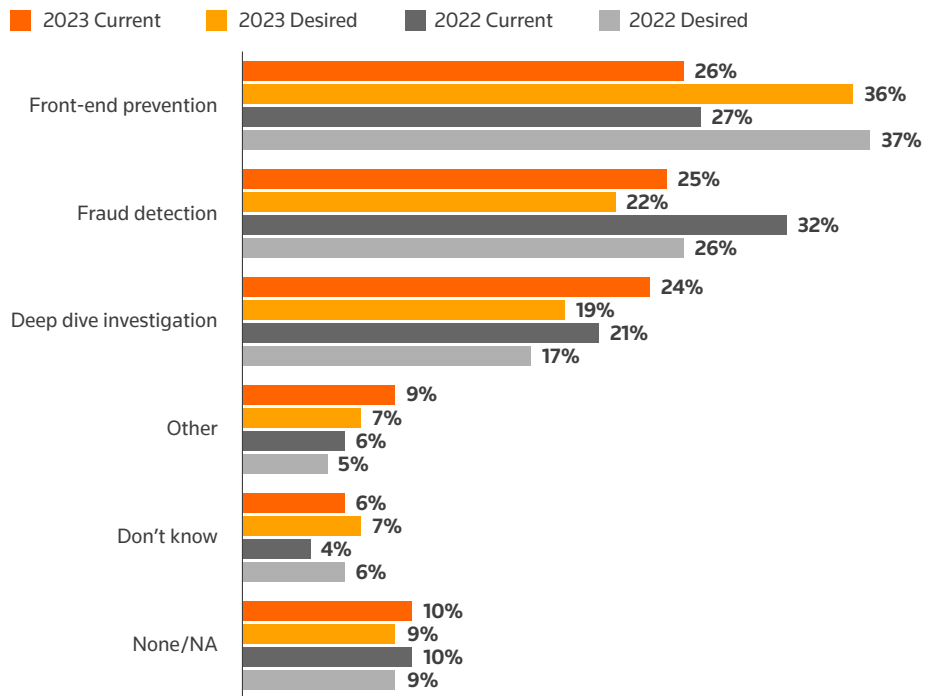
Detection can occur anywhere in the life cycle of a government agency's work, and either coincides with prevention efforts or is associated with activities such as cross-referencing of databases, identifying billing anomalies, or investigating whistleblower claims.

Likewise, *investigation* can overlap with both prevention and detection, but typically refers to activities that occur *after* suspicious behaviors or fact patterns have been identified.

Finding the right balance between these three activities is part of what determines whether an agency is using its resources as efficiently and effectively as possible. And, consistent with past years, government employees at both the state and local levels continue to wish they could spend more time on front-end prevention and less on after-the-fact investigation.

Figure 1: **Focus of fraud, waste and abuse work**

In 2023, 26% of fraud, waste and abuse work is focused on front-end prevention, but the desire is to spend 36%.

Legend: ■ 2023 Current   ■ 2023 Desired   ■ 2022 Current   ■ 2022 Desired

	2023 Current	2023 Desired	2022 Current	2022 Desired
Front-end prevention	26%	36%	27%	37%
Fraud detection	25%	22%	32%	26%
Deep dive investigation	24%	19%	21%	17%
Other	9%	7%	6%	5%
Don't know	6%	7%	4%	6%
None/NA	10%	9%	10%	9%

2023 (n=170), 2022 (n=182)

Source: Thomson Reuters 2023

At the state level, workers would rather devote more than one-third (34%) of their time to prevention efforts, as opposed to the 21% of their time they spend now. Interestingly, workers at the local level *already* spend 35% of their time on prevention but say they would prefer to spend up to 41% of their time on front-end deterrence.

If front-line employees could spend more time on prevention efforts, it stands to reason that they would prefer to spend less time on fraud detection and investigation. This is true at the state level, where employees that

> *Government employees at both the state and local levels continue to wish they could spend more time on front-end prevention.*

currently spend 29% of their time on fraud detection would like to spend closer to 22% of their time on such efforts. At the local level, however, employees would rather spend a bit more time (would like to spend 21% of their time, compared to 19% spent now) on fraud detection, and both state and local employees would prefer to spend less time on deep-dive investigations — the sort of investigations that typically require more time and resources.
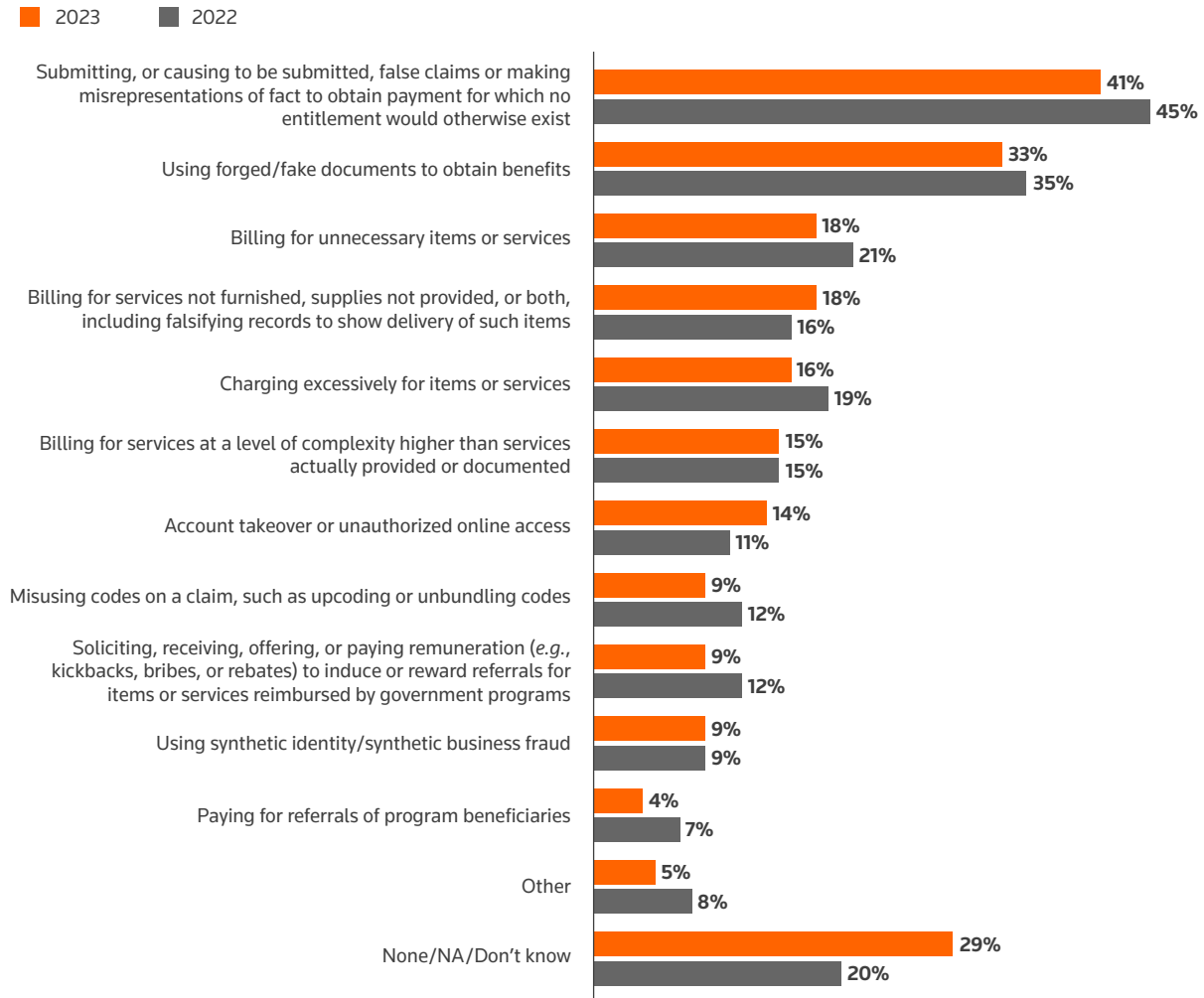
Types of FWA

Not much changes from year to year regarding the general nature of malfeasance that government employees encounter on a regular basis, but technology has given criminals a handy toolkit for plying their craft. So, while the schemes themselves may not be new, fraudsters are still finding clever new ways to de-fraud the system by using more advanced technology to create an illusion of legitimacy or to gain unauthorized access to funds.

Certain tactics may evolve, but fraudsters still tend to target big-dollar government programs such as federal disaster assistance and unemployment, while abusers of the system (who can also be guilty of fraud) tend to look for systemic vulnerabilities — such as antiquated billing systems — that they can exploit to collect funds to which they are not entitled.

Figure 2: **Types of fraud, waste, or abuse experienced**

■ 2023   ■ 2022

Category	2023	2022
Submitting, or causing to be submitted, false claims or making misrepresentations of fact to obtain payment for which no entitlement would otherwise exist	41%	45%
Using forged/fake documents to obtain benefits	33%	35%
Billing for unnecessary items or services	18%	21%
Billing for services not furnished, supplies not provided, or both, including falsifying records to show delivery of such items	18%	16%
Charging excessively for items or services	16%	19%
Billing for services at a level of complexity higher than services actually provided or documented	15%	15%
Account takeover or unauthorized online access	14%	11%
Misusing codes on a claim, such as upcoding or unbundling codes	9%	12%
Soliciting, receiving, offering, or paying remuneration (*e.g.*, kickbacks, bribes, or rebates) to induce or reward referrals for items or services reimbursed by government programs	9%	12%
Using synthetic identity/synthetic business fraud	9%	9%
Paying for referrals of program beneficiaries	4%	7%
Other	5%	8%
None/NA/Don't know	29%	20%

2023 (n=170),2022 (n=182).

Source: Thomson Reuters 2023

At the state level in particular, the most common forms of FWA continue to be people who submit false claims or lie about the facts (in cases of disaster assistance, for example) in order to obtain payments for which they otherwise would not qualify. State agencies see more forged or fake documents than their counterparts at the local level; and they are also more frequently targeted by billing scams — such as billing for unnecessary or fictitious items or services, or charging excessively for services or items that may or may not have been delivered.

And, as in past years, the other most common types of fraud that government employees see include:

misusing, upcoding, or unbundling of codes on a claim;

- using kickbacks, bribes, or rebates to induce or reward referrals for items or services that are reimbursed by government programs;

- unauthorized online access (*e.g.*, account takeovers);

- synthetic identity or business fraud; and

- paying for referrals of program beneficiaries.

There are several reasons why fraudsters target state agencies more frequently than local ones.

First, state agencies manage larger programs, such as Medicare, Medicaid, and Federal Emergency Management Agency (FEMA) assistance, or disaster relief. Another reason is that fraudsters thrive on anonymity, so large bureaucracies and online-only applications work in their favor. At the local level, government authorities are much more likely to meet beneficiaries and vendors face-to-face or know them personally. And if a vendor is involved in a billing scam, for instance, local community networks can often serve as an informal bulwark against crime and corruption.

Investigations and vulnerabilities

Still, both state and local agencies must investigate reports of suspicious behavior or wrongdoing; and when large contracts are being awarded, extra layers of due diligence on potential vendors are often warranted.

Depending on their size, government agencies typically have dedicated investigators or investigation teams that conduct due diligence on vendors and pursue deep-dive investigations on matters that go beyond the scope of front-line administrators. Investigations can take many forms, but the process usually involves some combination of identity verification, background checks, public-records searches, financial reviews, verification of qualifications and credentials, vendor assessments, and various efforts to ensure that no laws or regulations are being violated.

> *Curiously, not all government agencies have budget allocations for tools and resources related to FWA prevention.*

Figure 3: **Deep dive investigation matters**

Among those who do deep dive investigation, the average weekly number of matters requiring public records searches is 10. Over half are considered routine.
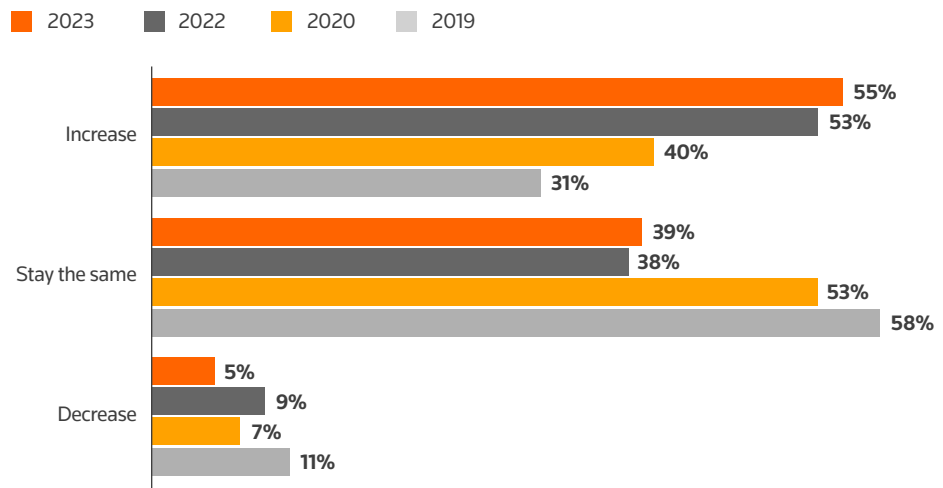
■ 2023   ■ 2022   ■ 2020   ■ 2019

	2023	2022	2020	2019
	10	10	3	5

Median # matters
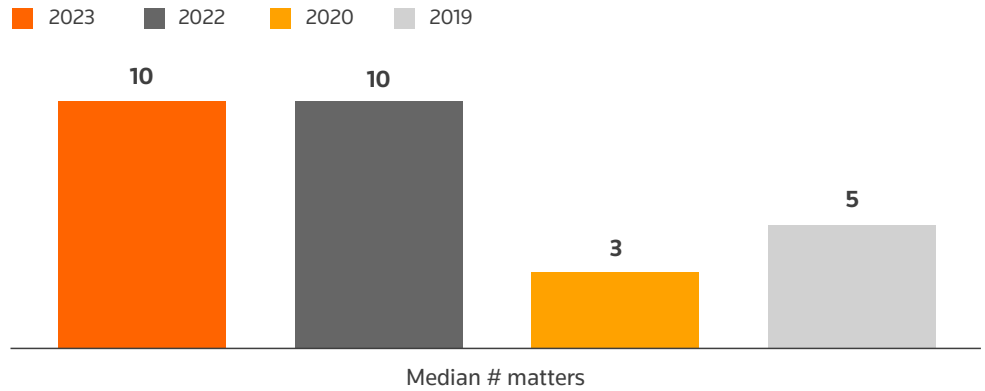
Source: Thomson Reuters 2023

For those participating in our study who conduct deep-dive investigations, the average weekly number of matters requiring a search of public records or other investigative resources is 10 (identical to last year), and more than half of those are considered routine.

When we asked the same question in 2019, however, respondents said they were only conducting five deep-dive investigations per week. And in 2020, just prior to the pandemic lockdowns, the average number of deep-dive investigations had dropped to three per week. During the pandemic, however, there was huge spike in fraud related to federal relief programs — and according to our survey respondents, fraud activity has not subsided, even though the pandemic has.

Figure 4: **Change in FWA over next 2 years**

In 2023, over half think the prevalence of fraud, waste and abuse will increase over the next two years. This percent has been on the rise since 2019.

■ 2023   ■ 2022   ■ 2020   ■ 2019

	2023	2022	2020	2019
Increase	55%	53%	40%	31%
Stay the same	39%	38%	53%	58%
Decrease	5%	9%	7%	11%

2023 (n=170), 2022 (n=182), 2020 (n=110), 2019 (n=84)

Source: Thomson Reuters 2023

Indeed, more than half (55%) of this year's respondents believe the prevalence of FWA will increase over the next two years, and almost no one (5%) thinks it has a chance of decreasing. Further, the percentage of people who think FWA will continue to increase has risen every year since 2019, when it was 31%.

Part of the reason so many government workers believe fraud will continue to escalate is that the pandemic exposed new vulnerabilities in government systems and inspired fraudsters to develop more sophisticated schemes. In 2023, for example, 21% of survey respondents agreed that pandemic-related fraud schemes had exposed vulnerabilities in their systems, and 68% of those agencies said they continue to see more fraud than expected.

One in five respondents said that more sophisticated COVID-related fraud schemes had exposed new vulnerabilities.

In written responses, employees cited "fictitious employer schemes," "identity theft and falsification," "internet and phone scams," "phantom businesses," "fake claims," and "misrepresentation of facts," as the most common pandemic-related schemes. On a positive note, only 8% of those who say new vulnerabilities were exposed in 2023 reported seeing more phishing scams, and only 4% are being plagued by hackers, whereas increased phishing and hacking were experienced in 2022 at a rate of 24% and 21%, respectively.

Issues and challenges

In addition to exposing systemic vulnerabilities, the increase in FWA during the pandemic and its continued activity to the present has generated a number of challenges for front-line government employees. While few of these challenges are new, the pandemic exacerbated and accelerated several pre-existing trends — such as Baby Boomer-generation retirements — and their collective impact is still being felt.

Figure 5: **Major challenges facing department**

In 2023, top challenges include increased volume of work, too few resources, recruiting new talent, and loss of institutional knowledge.

■ 2023   ■ 2022

Challenge	2023	2022
Handling an increased volume of workflow	45%	45%
Too few resources or budget	44%	41%
Recruiting new talent	43%	40%
The loss of institutional knowledge due to retiring staff	42%	37%
Keeping up with new, emerging issues	34%	36%
Adoption and implementation of technology	30%	37%
Staying abreast of the latest investigative techniques and technologies	27%	30%
Keeping up with regulations related to fraud, waste and abuse	26%	25%

2023 (n=170), 2022 (n=182).   *Source: Thomson Reuters 2023*

Over the past two years, for example, 45% of survey respondents have reported that their biggest challenge is having to handle higher volumes of work. Many of these people took on extra duties during the pandemic out of departmental necessity, but are now reporting that their previous efforts to help during a time of crisis are being rewarded with the expectation that they keep up the same pace indefinitely.

The number of respondents who cited this the loss of institutional knowledge due to retiring staff as an ongoing challenge rose to 42% in 2023, from 37% in 2022 — but that is still down from 50% in 2019. This coincides roughly with a slight rise in the number of respondents who continue to cite the difficulties of recruiting new talent as an ongoing issue. Indeed, the continuous struggle to hire enough capable new talent — especially talent with technical or financial expertise — that can fill knowledge gaps left by experienced retirees is the root source of many challenges at the state, local, and even federal levels of government.

Keeping up with change

On a more positive note, 2019 and 2020 were years in which up to 62% of survey respondents were decrying a crippling lack of resources and budget. In 2022 and 2023, however, those numbers dropped to 41% and 44% respectively, suggesting that some combination of additional funds and more efficient resource allocation has somewhat eased the budget burden.

Other departmental challenges cited by respondents involve the continuous struggle to keep up with constant change. Indeed, many respondents cited the difficulty of finding time to stay current on such topics as regulatory changes, the latest investigative tools, and emerging issues affecting their department. These pressures are felt especially hard at the local level, at which more than one-third of respondents identified these issues as a major challenge.

Adoption and implementation of new technology was also mentioned by 30% of respondents as a significant issue, down from 43% in 2019, when we first started asking these questions.

Further, this year's survey respondents expect most of the challenges discussed above to extend into 2024, with the notable exception of the impact of the global pandemic.

Figure 6: **Few think COVID-19 impact is a concern**

Do you think COVID-19 issues will impact your department next year?

■ 2023   ■ 2022   ■ 2020

Yes
- 4% (2023)
- 7% (2022)
- 30% (2020)

Source: Thomson Reuters 2023

Only 4% of respondents felt the aftermath of the pandemic would present any major issues next year, whereas 30% were concerned about it in 2020.
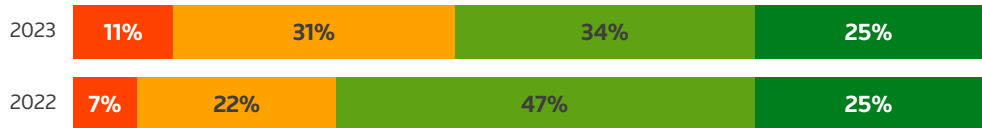
Tools and resources

A government agency's ability to prevent, detect, and investigate FWA is directly tied to the tools and resources it has at its disposal. Indeed, without sufficient tools and resources — including well-trained personnel — any agency or department's efficacy in combatting FWA is likely to be compromised.

Figure 7: **Confidence in having tools/resources needed**

How confident are you that you have the tools/resources needed to address the various FWA issues you face?

■ Rated 9/10	■ 7/8	■ 4/5/6	■ Rated 1/2/3

	Rated 9/10	7/8	4/5/6	Rated 1/2/3
2023	11%	31%	34%	25%
2022	7%	22%	47%	25%

2023 (n=170), 2022 (n=182).

Source: Thomson Reuters 2023

Although overall resources tend to be perpetually scarce at government agencies, more than half (59%) of the government employees surveyed in 2023 said they are confident they *do* have the tools and resources needed to address FWA. That percentage is down from 72% in 2022, however — an indication perhaps that some employees have become more aware of the limitations of their current resources in combatting the evolving cleverness of today's fraudsters.

Figure 8: **Budget allocation for fraud prevention**

Percentage of departments that have allocated budget towards tools or resources for fraud prevention.

|	
State	51%
Local	30%

Source: Thomson Reuters 2023

Curiously, not all government agencies have budget allocations for tools and resources related to FWA prevention. At the state level, for example, about half (51%) of 2023's survey respondents said they have specific budget allocations for FWA tools and resources, and only 30% said so at the local level. This doesn't mean these agencies don't have resources, it's just that funds for combatting FWA aren't specifically carved out in their budgets.

Top tools

The lack of allocated budgets at some agencies is more understandable when one looks at the kinds of tools and resources being used to fight FWA. Some are free, some are not, and some simply require an employee's time and attention.

Figure 9: **Services/resources used**

The most commonly-used resources for vendor due diligence, beneficiary risk mitigation, or preventing fraud, waste, and abuse are Google, CLEAR, Department of Revenue, and self-reported information (which is down from 2022).
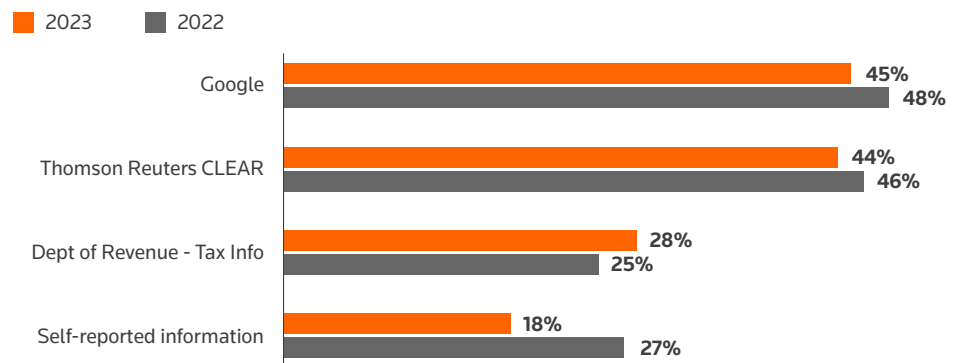
2023 (n=170), 2022 (n=182).   Source: Thomson Reuters 2023

For example, Google's popular search engine is the tool government agencies use most often to conduct vendor due diligence, validate beneficiaries, and prevent FWA. Google is free and 45% of the agency departments included in the study use it — which is fairly consistent with past years of our survey.

The second most popular resource is Thomson Reuters CLEAR, a fee-based investigative software tool that allows users to conduct deeper, more targeted searches into public databases, court records, and adverse media by providing access to proprietary databases that are otherwise unavailable to government employees. CLEAR is used at 53% of state agencies, but only 28% of local ones.

After Google and CLEAR, the next most common resources used are Department of Revenue tax records and self-reported information, both of which are free. Use of self-reported information dropped to 18% in 2023, from 27% in 2022, indicating perhaps that some agencies are routinely conducting more rigorous due diligence on information provided by vendors and beneficiaries rather than accepting this information at face value.

Useful information

Which tools government agencies decide to use may of course be determined by the kind of information for which they are looking and how frequently they conduct searches.

When conducting vendor due diligence, for example, those who conduct deep-dive investigations are looking for certain vendor attributes that might indicate involvement in suspicious or criminal activity. Therefore, their searches are targeted specifically at uncovering information or patterns of behavior that might be cause for concern.

In order of importance, deep-dive investigators participating in this year's survey said these information sources were most important to them when conducting vendor due diligence:

- Public records information on people associated with a business or businesses

- Alerts indicating possible fraudulent behavior (a feature of products such as Thomson Reuters CLEAR)

- Web searches for people associated with businesses

- Monitoring past performance

- Quick company web searches

- Adverse media

- Federal contract performance lists

- Excluded parties and sanctions lists
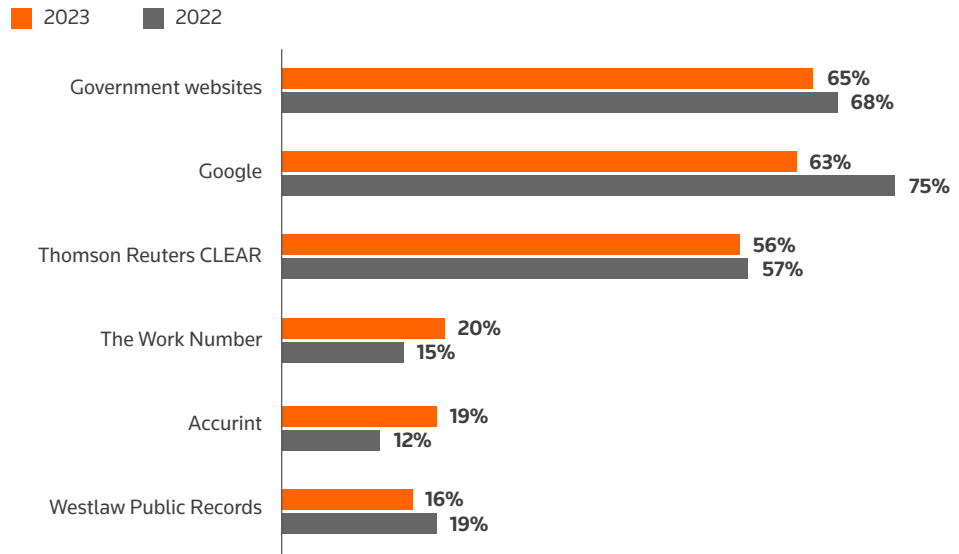
- Debarment lists

Front-line FWA prevention

Deep-dive investigators tend to specialize in a more thorough form of due diligence, whereas other front-line employees represent the first wall of defense against FWA. These workers are often more involved in verifying general information on beneficiaries who have applied for government assistance or other programs, and they can often find the information they are looking for in public records.

To search public records, front-line employees most often use government websites and Google, partly because these resources are free, and partly because they are looking for more basic types of information, such as confirmation of names, addresses, business licenses, work history, etc.

Figure 10: **Public records or FWA products used (top mentions)**

Overall, more than 60% use government websites and/or Google for public records or fraud, waste and abuse. Top mentions.
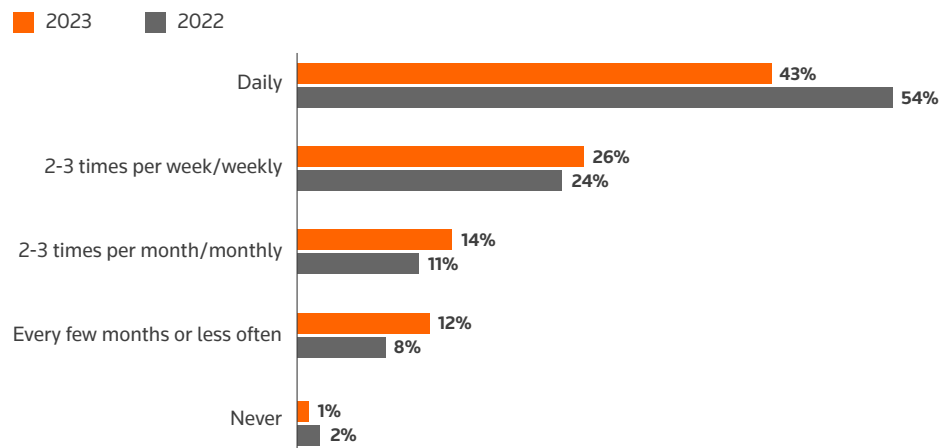
■ 2023   ■ 2022

Government websites	65% / 68%
Google	63% / 75%
Thomson Reuters CLEAR	56% / 57%
The Work Number	20% / 15%
Accurint	19% / 12%
Westlaw Public Records	16% / 19%

2023 (n=153), 2022 (n=182).   *Source: Thomson Reuters 2023*

In this year's study, for example, almost two-thirds (65%) of respondents said either they or someone in their department uses government websites, and 63% said they use Google — down from 75% in 2022. More than half (56%) also use Thomson Reuters CLEAR, followed by other fee-based services such as Equifax, Accurint, and Westlaw Public Records.

Figure 11: **Frequency of using public records**

Just over 40% use public records daily.

■ 2023   ■ 2022

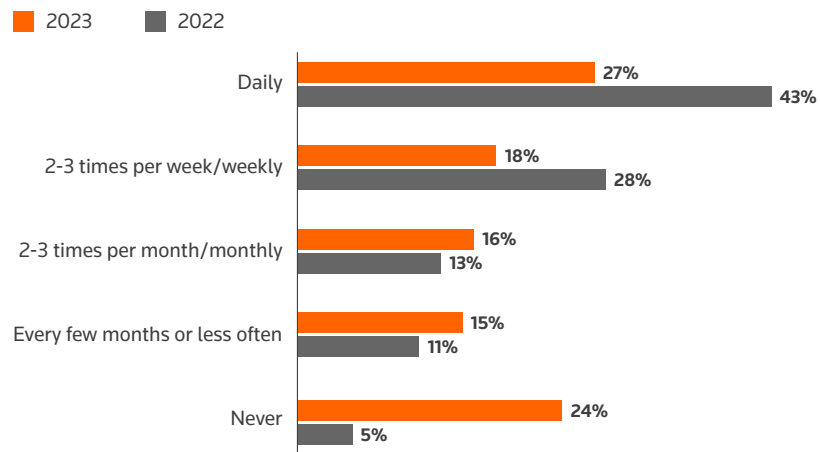|	
Daily	43% / 54%
2-3 times per week/weekly	26% / 24%
2-3 times per month/monthly	14% / 11%
Every few months or less often	12% / 8%
Never	1% / 2%

2023 (n=170), 2022 (n=182).   *Source: Thomson Reuters 2023*

As for search frequency, more than 40% of survey respondents search public records on a daily basis (down from 54% in 2022), and 26% search public records two to three times per week.

Figure 12: **Frequency of using other FWA resources**

About one in four use other fraud, waste and abuse resources daily.

Legend: 2023 (orange), 2022 (gray)

Category	2023	2022
Daily	27%	43%
2-3 times per week/weekly	18%	28%
2-3 times per month/monthly	16%	13%
Every few months or less often	15%	11%
Never	24%	5%

2023 (n=170), 2022 (n=182).
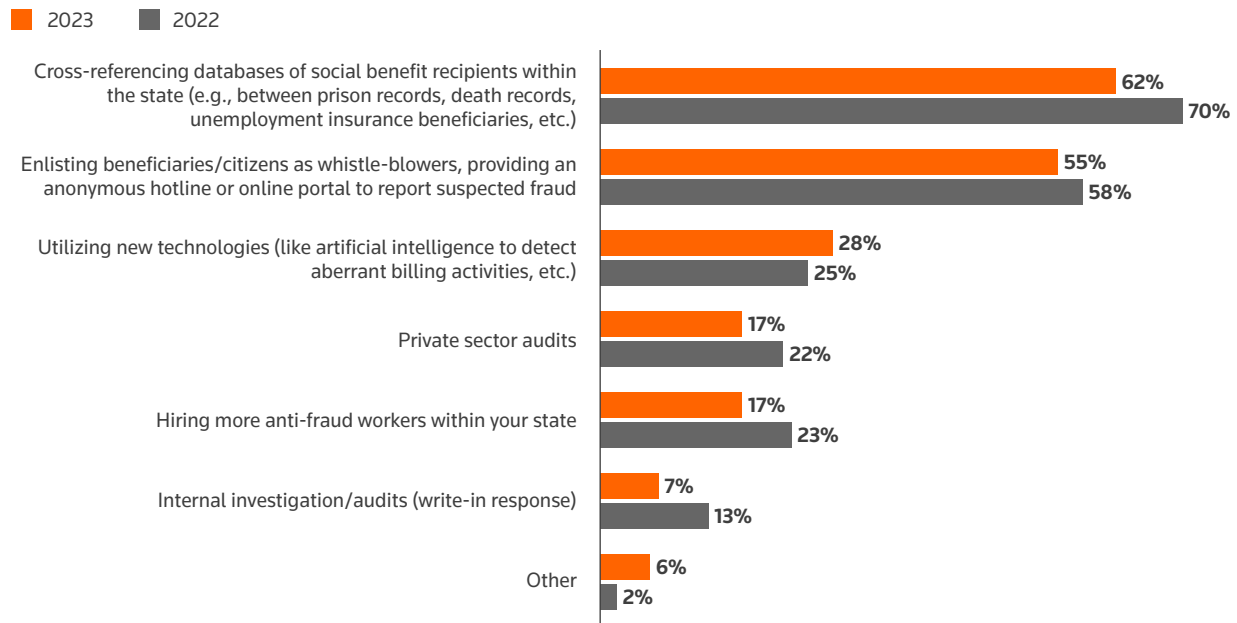
Source: Thomson Reuters 2023

When FWA searches go beyond public records into other resources, however, search frequencies tend to go down. In this year's study, only 27% of respondents said they use resources other than public records on a daily basis, and 18% say they conduct such searches two to three times per week.

Fraud detection and prevention

In practice, however, the processes and procedures government employees use to prevent and detect FWA do not simply involve various types of web searches; they also involve other investigative strategies. This is particularly true when it comes to detecting fraud.

Figure 13: **Ways in which organization identifies fraud**

About two-thirds of those who do fraud detection identify fraud through cross-referencing databases within the state.

2023 (n=109),2022 (n=110).   *Source: Thomson Reuters 2023*

For example, almost two-thirds (62%) of those respondents who do fraud detection said they identify fraud by cross-referencing databases of social benefit recipients with other state databases (such as prison records, death records, unemployment rolls, etc.). Meanwhile, 55% said they rely on citizen whistleblowers who call into anonymous hotlines or report suspected fraud through a hotline or an online portal — free services that most government agencies provide.

To be sure, 89% of the agencies and departments represented in the survey have a process in place for a citizen or employee to lodge a fraud, waste, or abuse tip or complaint.

89% have a process for a citizen or employee to lodge a fraud, waste, or abuse tip or complaint.

Database cross-referencing and whistleblowers are by far the most common means of detecting fraud — but there are other ways as well. More than one-fourth (28%) of respondents say they are using new technologies like those powered by artificial intelligence to detect aberrant billing activities (*e.g.*, double-billing) and other anomalous financial patterns.

Figure 14: **Sources used to monitor for eligibility changes**

Among those who do fraud detection, the most frequently mentioned sources used to monitor for changes in eligibility are other agencies and states and internal memos.

■ 2023   ■ 2022

	2023	2022
Other agencies and states	43%	45%
Internal department research memos and updates	39%	47%
Other benefits programs	33%	35%
Social media and negative news	25%	29%
Credit agencies such as Equifax	20%	17%
Run periodic third-party public records data reports	20%	30%
Get regular key performance indicators reporting from your third parties	14%	15%
Monitor only select, high-risk beneficiaries after their initial screening	10%	7%
Use an external third-party provider to continuously monitor our beneficiaries' relationships	8%	9%
Other	2%	5%
Do not monitor beneficiaries ongoing eligibility after an initial screening	29%	23%

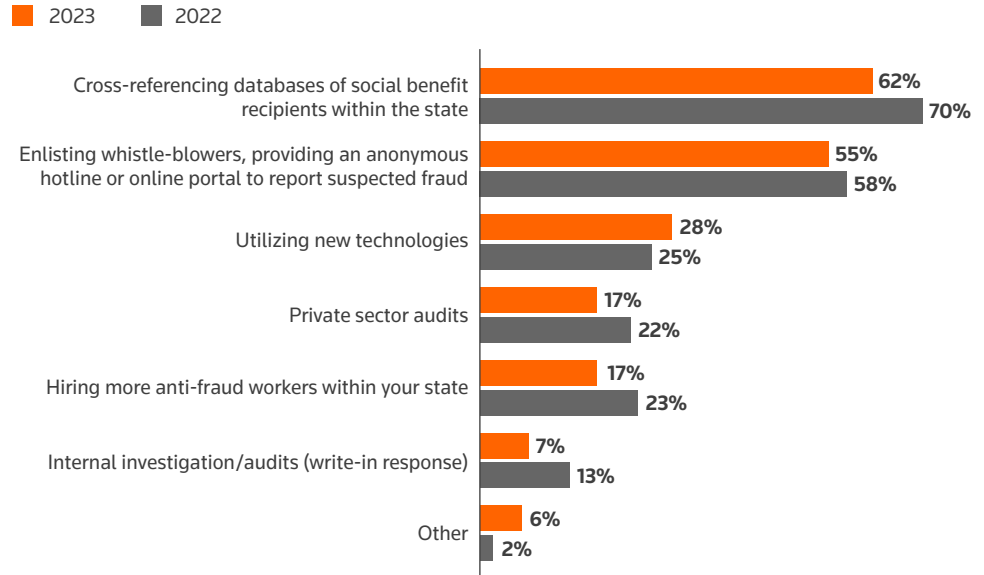2023 (n=102), 2022 (n=110).   *Source: Thomson Reuters 2023*

Most state and local agencies also use various means to monitor the population they serve for changes in eligibility. Indeed, 43% use information from other agencies and states for monitoring purposes; 39% use internal department research memos which may be based on direct communication with applicants; and 33% use information from other benefit programs.

Other means of monitoring for eligibility changes include searching social media, negative news, credit reports, and third-party public records reports, all of which can help discern whether a benefit applicant's claims are legitimate.

Figure 15: **Ways in which organization identifies fraud**

About two-thirds of those who do fraud detection identify fraud through cross-referencing databases within the state.

■ 2023   ■ 2022

	2023	2022
Cross-referencing databases of social benefit recipients within the state	62%	70%
Enlisting whistle-blowers, providing an anonymous hotline or online portal to report suspected fraud	55%	58%
Utilizing new technologies	28%	25%
Private sector audits	17%	22%
Hiring more anti-fraud workers within your state	17%	23%
Internal investigation/audits (write-in response)	7%	13%
Other	6%	2%

2023 (n=109), 2022 (n=110).

Source: Thomson Reuters 2023

Meanwhile, some state agencies have apparently decided to take a more direct approach to fighting fraud. For instance, 24% of survey respondents who work at state-level agencies report that they are strengthening their defenses by hiring more anti-fraud workers, while at the local level, however, only 3% are adding more fraud-prevention personnel.

Figure 16: **Ways in which organization identifies fraud**

Hiring more anti-fraud workers

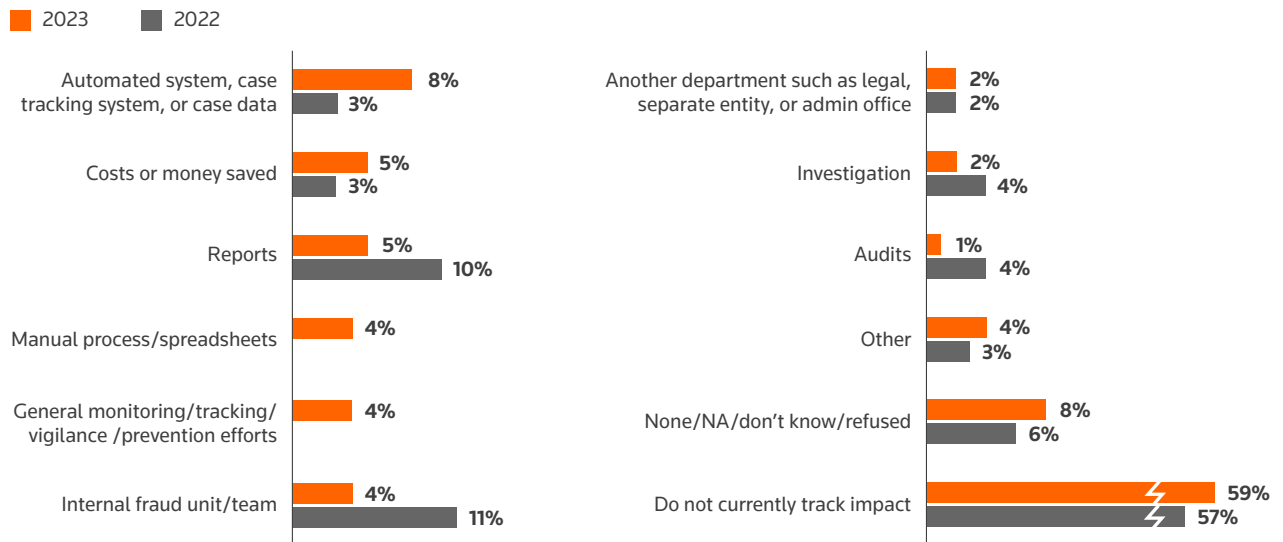|	
State	24%
Local	3%

Source: Thomson Reuters 2023

This may not be surprising given that more fraud is aimed at larger state programs and state-managed federal programs, so hiring more anti-fraud people at the state level makes sense.

Case tracking and management

Figure 17: **Ways of tracking impact of fraud, waste and abuse**

■ 2023   ■ 2022

	2023	2022
Automated system, case tracking system, or case data	8%	3%
Costs or money saved	5%	3%
Reports	5%	10%
Manual process/spreadsheets	4%	
General monitoring/tracking/ vigilance /prevention efforts	4%	
Internal fraud unit/team	4%	11%
Another department such as legal, separate entity, or admin office	2%	2%
Investigation	2%	4%
Audits	1%	4%
Other	4%	3%
None/NA/don't know/refused	8%	6%
Do not currently track impact	59%	57%

2023 (n=170), 2022 (n=182).

Source: Thomson Reuters 2023

Since 2019, when we began reporting on government efforts to combat FWA, one of the more curious data points has been the number of state and local agencies that *do not* track the impact of FWA on their agency. In 2023, 59% of agencies responding to our survey said they do not track the impact of FWA, although state agencies track it more than local ones.
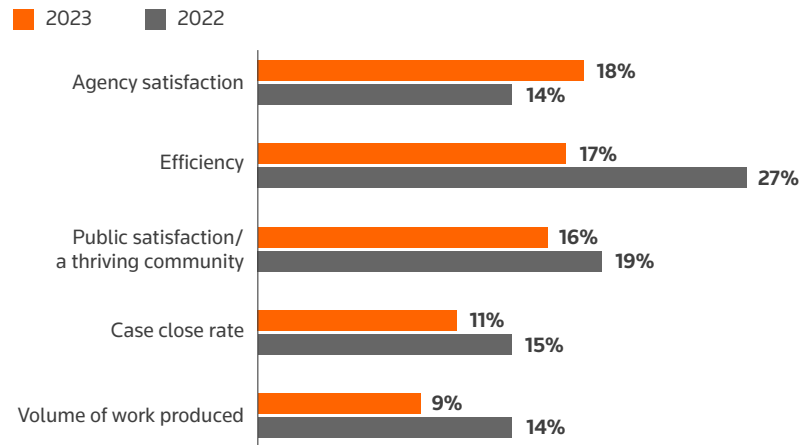
Of those agencies that do track FWA's impact, most do it using some sort of case-tracking system, by analyzing financial reports, or through routine prevention efforts that yield the information. Still, most government agencies have yet to embrace the sort of case management systems and integrator solutions that are common in the corporate sector. Fewer than one-third (32%) of the agency representatives responding to this year's survey say they have such a case-tracking system.

> *In 2023, 59% do not track the impact of fraud, waste and abuse on their agency.*

Department success

Figure 18: **Most important measure of department success**

In 2023, 18% say agency satisfaction is their most important measure of success, while 17% selected efficiency (down significantly from 2022) and 16% selected public satisfaction.

■ 2023   ■ 2022

Measure	2023	2022
Agency satisfaction	18%	14%
Efficiency	17%	27%
Public satisfaction/ a thriving community	16%	19%
Case close rate	11%	15%
Volume of work produced	9%	14%

2023 (n=170), 2022 (n=182).

Source: Thomson Reuters 2023

Finally, there has been some interesting movement of the needle regarding how agency departments measure their success.

Overall, agency satisfaction nudged out last year's most important attribute of department success: *efficiency* — but only because state agencies rated *agency satisfaction* and *case closure* rates as the highest measures of departmental success. At the local level, *public satisfaction with services* and *departmental efficiency* were the most important measures — a sign that some agencies at least have not lost sight of the fact that they serve and are ultimately accountable to the public.

Conclusion

Over the past few years, the global pandemic has loomed large over state and local government operations, hitting especially hard the personnel responsible for preventing taxpayer funds from being looted by various forms of fraud, waste, and abuse (FWA).

However, as the pandemic recedes and government operations return to more normal daily routine, it is apparent that some impacts of the pandemic era are here to stay. Fortunately, not all of them are bad.

More remote work and flexibility in how services are managed and delivered —*e.g.*, interviews and meetings via videoconference — are options that arguably make the government more resilient and responsive. And the surge in fraud during the pandemic, while regrettable, exposed vulnerabilities in the system that are being addressed, which ultimately will result in stronger defenses against would-be abusers of the public trust.

Still, as the respondents to this year's survey will attest, many challenges persist.

Staffing issues, tight budgets, loss of institutional knowledge, inadequate resources, heavy workloads, technological obsolescence, and lack of time for further training and learning new technologies and investigative techniques are all factors that were impeding the government's ability to combat FWA before the pandemic, and they remain obstacles today. The only differences are matters of degree.

On the plus side, a majority of respondents to our 2023 survey remain confident that, despite it all, their agencies and departments are adequately equipped to prevent, detect, and investigate FWA. And almost no one on the front lines of government expects the lingering effects of the pandemic to present any challenges next year, which is a victory all its own.

As always, however, state and local governments remain at a technological disadvantage when it comes to thwarting criminals armed with the latest technologies. Google remains the government's favorite tool for searching public records, conducting due diligence on vendors, and validating information supplied by program applicants — even though more adept tools would probably serve government agencies and their investigators much better. And although state and local governments have tools for cross-referencing databases from other states and agencies, few have access to the more sophisticated, integrated systems that power the country's corporate sector.

All in all, however, state and local government agencies are doing the best they can with the tools and resources they have. And as always, the most important resource that governments have is their people, whose constant vigilance is crucial to the perpetual fight against those illicit actors intent on stealing the public's money.

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