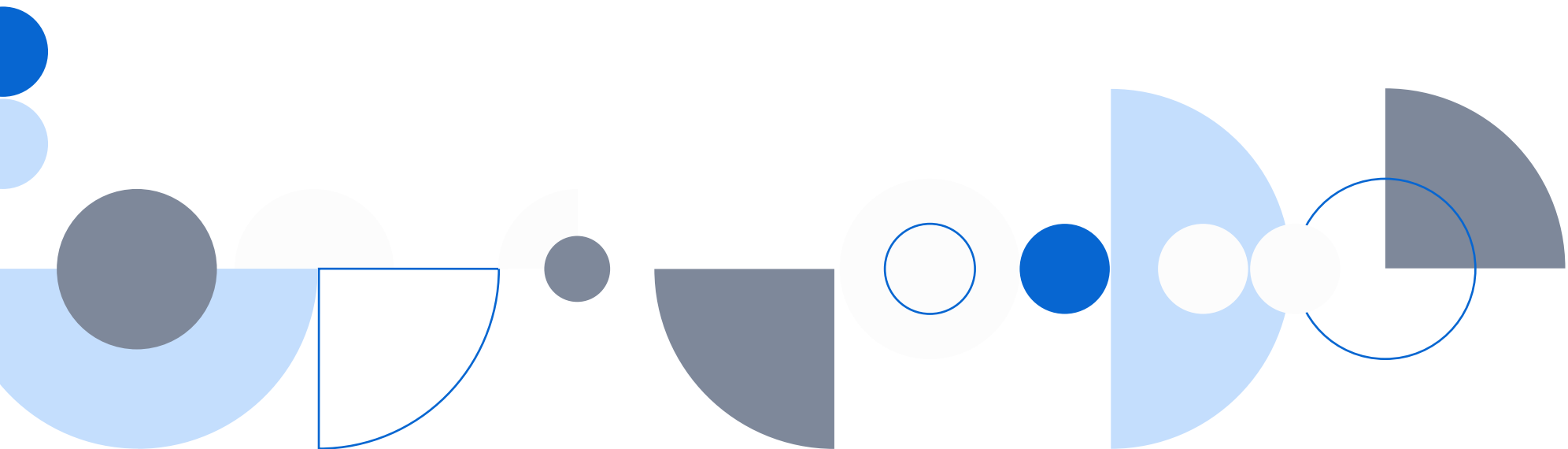# SAS

Trust and transparency
Combating fraud to maximize public program efficiency

Global research study reveals that the public sector is set to rapidly embrace AI in the battle against fraud, waste and abuse

Foreword

Governments and public health organizations worldwide are steadfast in their commitment to their citizens – providing and delivering services that improve the welfare and meet the interests of the people they serve.

More than ever, the pressure is on to find efficiencies in programs and operations. Budget constraints are a weighty concern. Citizens want more transparency and accountability in how taxpayers' money is spent. The perception that there is misuse of public program funds compounds the pressure further.

Fraud, waste and abuse (FWA) remains a persistent challenge that drains resources and undermines citizen confidence. Survey respondents estimate that tackling FWA could save around 16% of their budgets.

What will help the public sector recognize greater efficiencies and potential savings? Data and AI. When used together, data and AI can help address noncompliance and fraudulent activities with unprecedented precision and speed. These tools can enable civil servants to focus on what matters, helping them to take control and become more productive.

This report explores:

- ✓ The most common types of FWA in the public sector.

- ✓ The financial impact.

- ✓ Innovative applications of AI.

- ✓ Data-driven strategies for detecting, preventing and mitigating FWA.

As digital transformation and modernization efforts progress, governments and public organizations will look to utilize data and AI better to augment their efforts. Take advantage of peers' insights about the future, governance and accountability to help you make the best decisions for your organization.

Ellen Roberson
CFE
Global Product Marketing Director
Risk, Fraud and Compliance Solutions
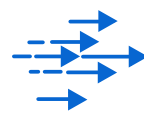Government and Health Care
SAS

Contents

01

Research highlights

Respondents shared their challenges and progress in equipping their organizations to protect our public resources. The survey revealed the potential of AI for fighting fraudulent activities and overall optimism for the future of fraud detection and prevention.

85% of decision makers put fighting fraud as one of their **top five priorities**.

Continuing **workforce efficiency** efforts and **detecting FWA** are also top of mind.

97% expect to use generative AI to combat fraud within the next two years.

Skill development and **technology investment** could help reduce barriers to tackling fraud effectively.

Challenges in implementing AI are privacy, security, data and ensuring its responsible use.

Increasing **cross-agency collaboration** along with effective use oftechnologies could contribute to proactively identifying anomalies and strengthening compliance and governance.

Future outlook

The use of AI and GenAI technologies such as machine learning, large language models (LLMs) and digital twins is currently low but likely to grow significantly over the next two years. Respondents expect the use of LLMs to grow from 18% to 84%.

02
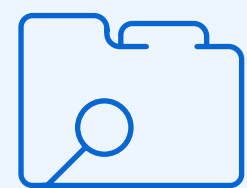# A growing global concern for fraud, waste and abuse (FWA)

FWA represents a substantial challenge – often leading to the diversion of essential budget resources from valuable services that benefit individuals and communities.

Addressing the challenges is crucial to ensuring that services are delivered effectively, which can improve the public's trust and confidence in programs.

By prioritizing agency accountability and transparency, governments and public sector organizations can work toward optimizing resource allocation and delivering high-quality services.

The impact

On average, respondents indicate that 16% of their total budget is lost to FWA. Financial losses aren't the only negative impact. A quarter of respondents believe public trust in their agency has been greatly affected by FWA, and almost all respondents think it has had some negative effect.

96%

of public sector decision makers surveyed say FWA has some negative impact on citizen trust in their agency and its programs.
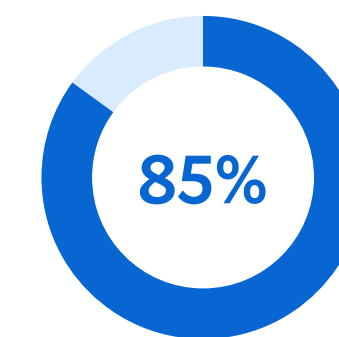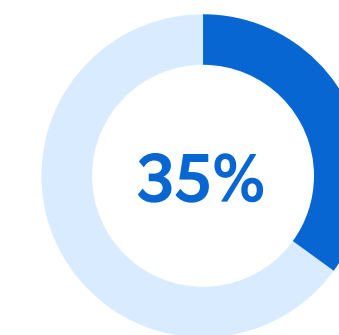
1 in 10

believe government and public agencies globally could save a quarter of their budget by more effectively tackling FWA.

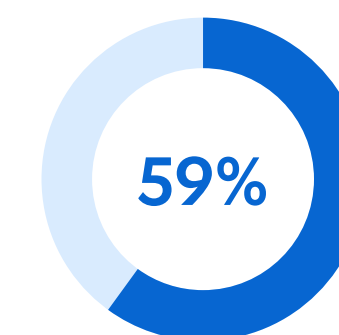## Making fraud fighting a priority

Unsurprisingly, given the scale of the problem and steep financial and reputational impact, public sector decision makers take issues around fraud very seriously.
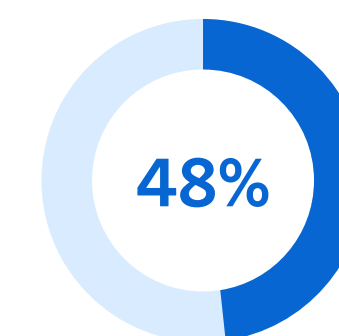
85% of decision makers surveyed describe tackling FWA as one of their top five priorities.

35% say combating FWA is their number one priority.

59% highlight maintaining public trust as a key reason for fighting fraud.

48% say protecting the agency's reputation is a top reason.

Increase in FWA expected

Within the next five years, respondents anticipate a rise in fraudulent activities.

Respondent perspectives on which types of fraud are the most common:

1. Payment
2. Identity
3. Citizen tax
4. Social benefits and services
5. Corporate income tax
6. Procurement
7. VAT
8. Synthetic business
9. Insider threat
10. Organized crime

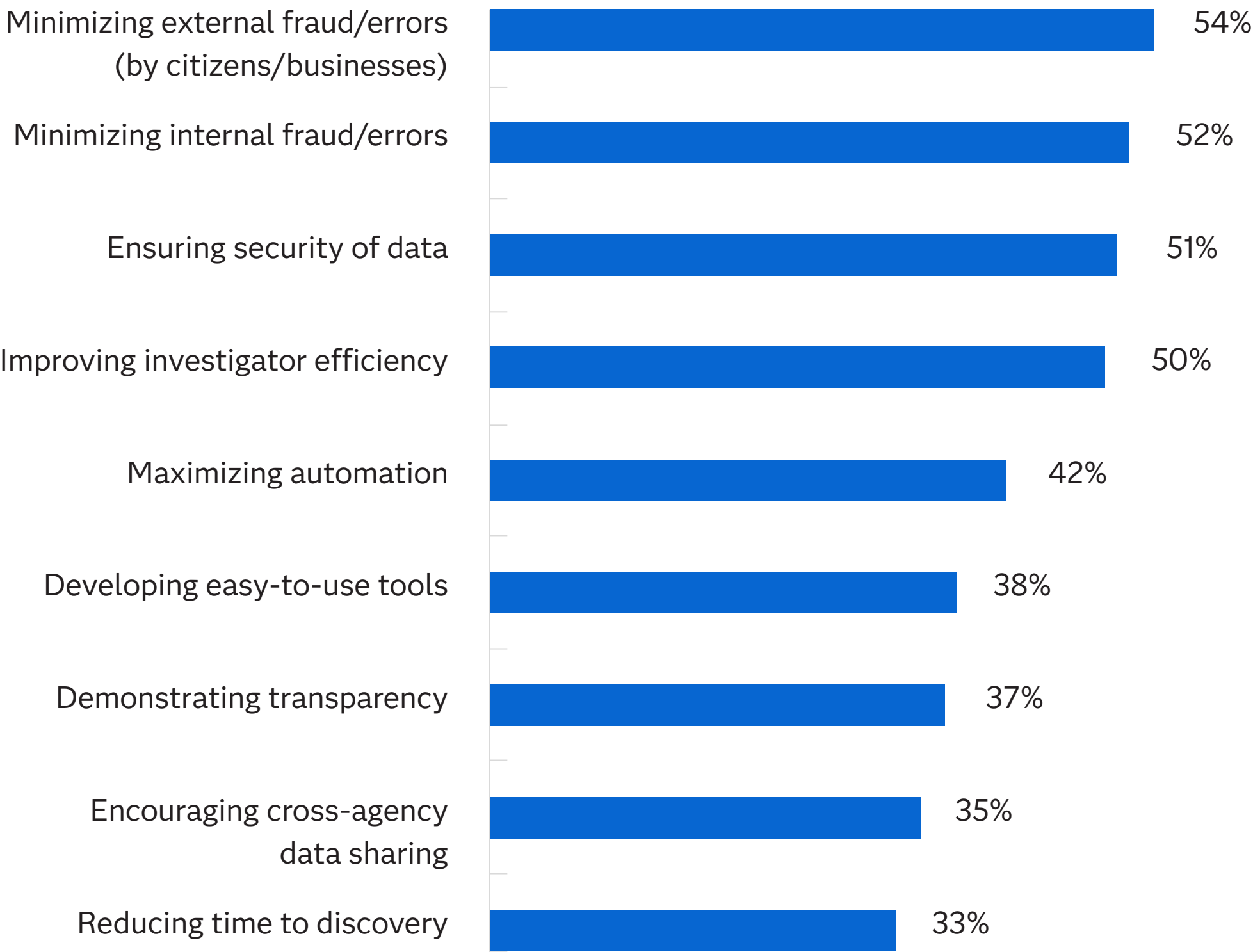### Fraud types expected by respondents to increase the most in the next five years:

54% Payment

51% Identity

40% Social benefits and services

39% Citizen tax

37% Corporate income tax

36% Procurement

35% Organized crime

31% VAT

31% Insider threat

27% Synthetic business

Tackling top targets

When it comes to where agencies are focusing their efforts in fraud management and investigation, minimizing external and internal fraud and errors are the highest priorities – but building data security and improving efficiency come soon after.

Most important aspects of fraud investigation and management:

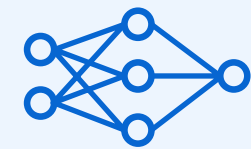| Aspect	Percentage
Minimizing external fraud/errors (by citizens/businesses)	54%
Minimizing internal fraud/errors	52%
Ensuring security of data	51%
Improving investigator efficiency	50%
Maximizing automation	42%
Developing easy-to-use tools	38%
Demonstrating transparency	37%
Encouraging cross-agency data sharing	35%
Reducing time to discovery	33%

03
Evolving FWA efforts with data and AI

FWA is a global issue for government and public organizations of all sizes. Preventing and detecting fraud has always been important. But now, with budget constraints and public scrutiny, the public sector is looking to be more efficient and act more swiftly than ever before.
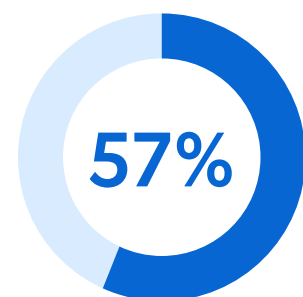
AI is becoming an increasingly vital tool for responding to these challenges. When used with robust data privacy and proper oversight, AI and GenAI are proving to be powerful tools for prevention and detection.
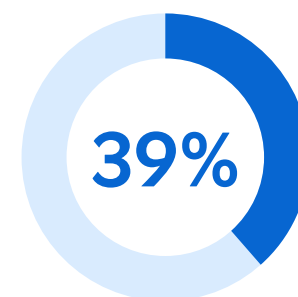
100%

of civil servants surveyed said that their agency's use of data and AI has increased productivity in tackling FWA. This includes more fraud detection and greater workforce efficiency.
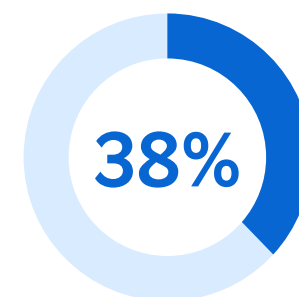
AI-powered fraud detection isn't replacing human skill; it is augmenting employees' work, allowing them to focus on more complex tasks. AI can make processes more efficient and effective, leading to cost savings that enable public organizations to provide better public services.

57%

indicate that a key gain from using AI has been increased workforce efficiency.

39%

say they can detect more fraud because they are using AI.
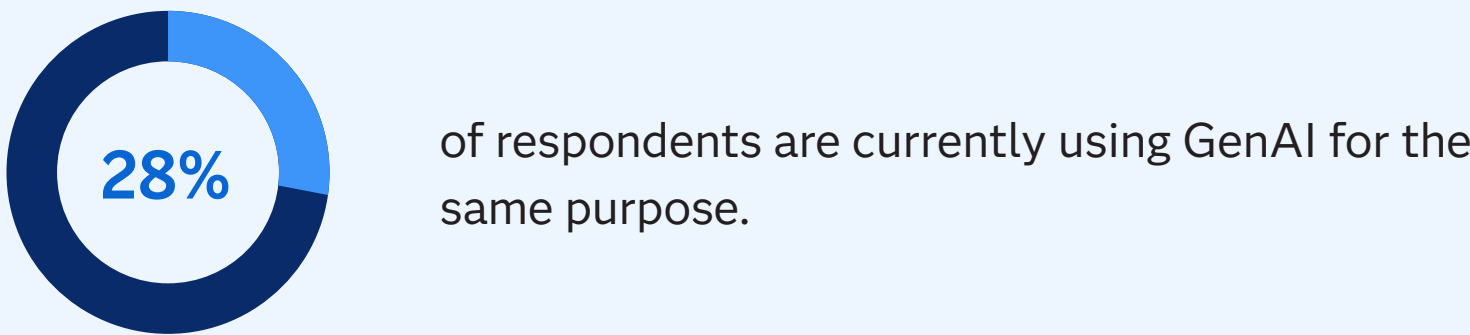
38%
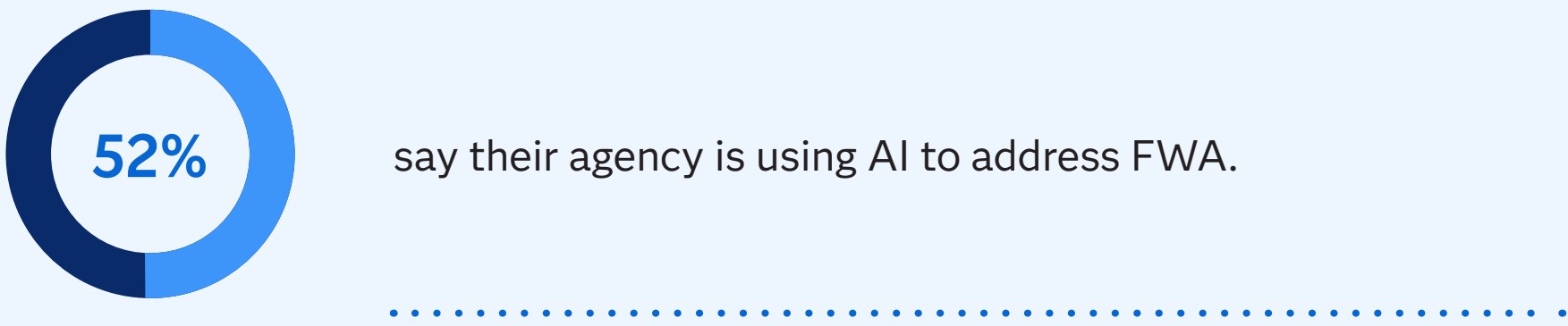
think AI can help better prioritize fraud cases and alerts.

What's the impact of using AI on organizational productivity?

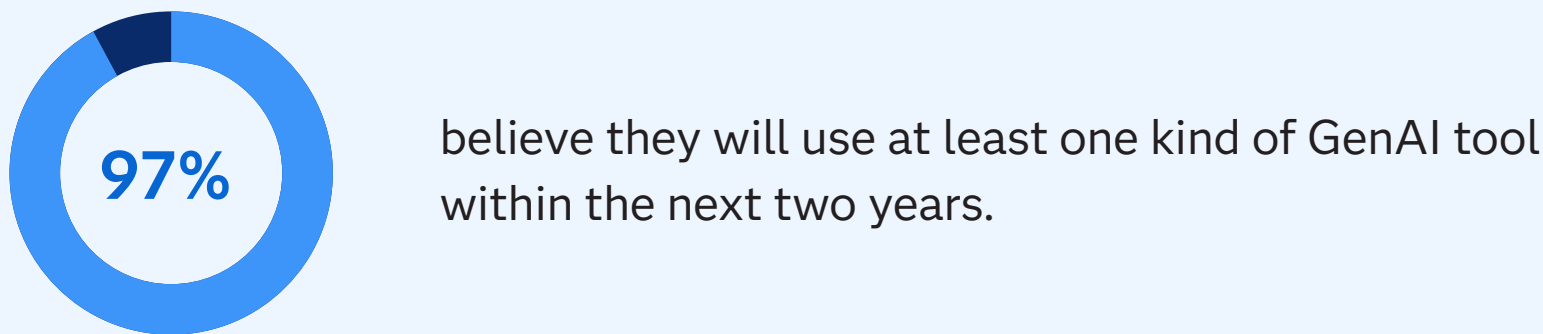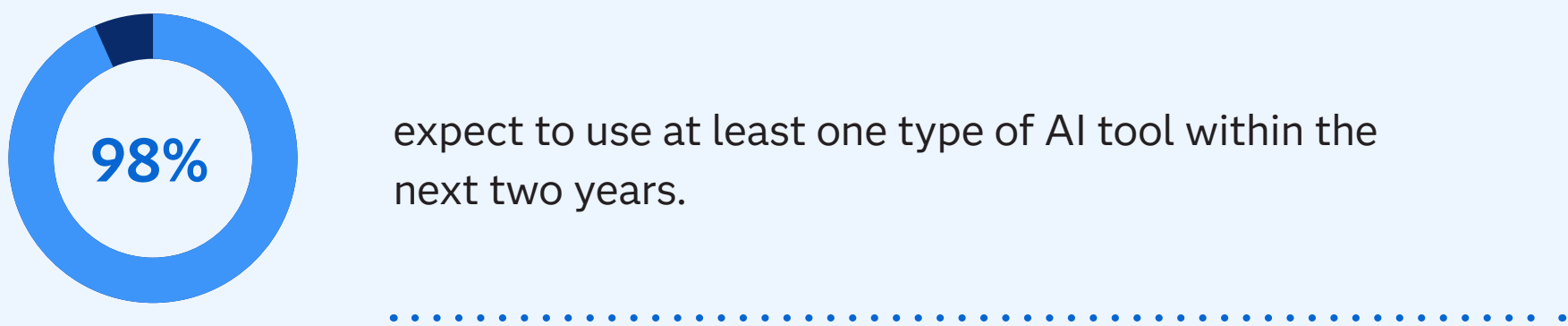|	
Greater workforce efficiency	57%
More fraud detected	39%
Better prioritization of cases and alerts	38%
Increased time to detection (speed)	37%
Improved accuracy of alerts	31%
Fewer false positives	29%

AI's untapped potential

Current AI adoption rates globally are relatively low. About half of those surveyed use AI to address FWA, while slightly over a quarter use GenAI. Respondents expect to see the use of these technologies expand rapidly.

52% say their agency is using AI to address FWA.

28% of respondents are currently using GenAI for the same purpose.

Decision makers familiar with their organization's future plans for using AI understand the potential of these technologies and expect adoption rates to surge over the next two years.
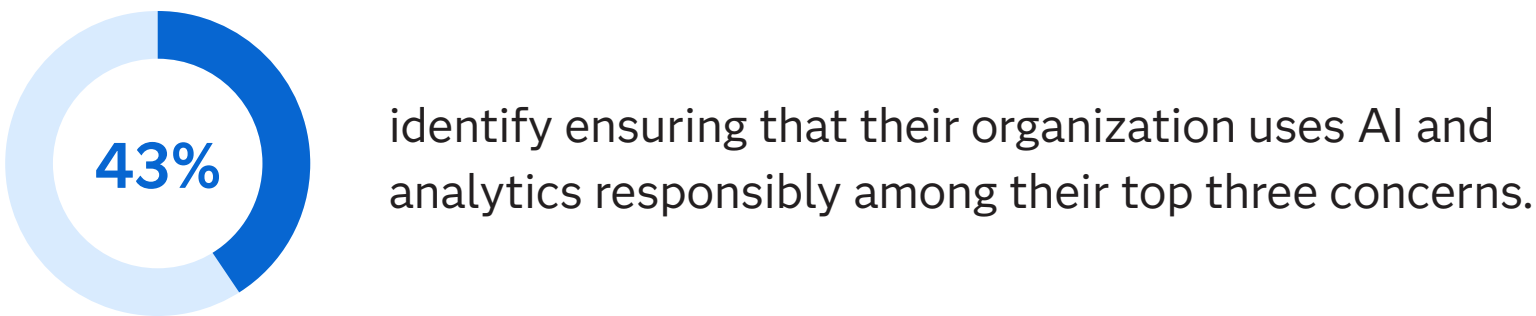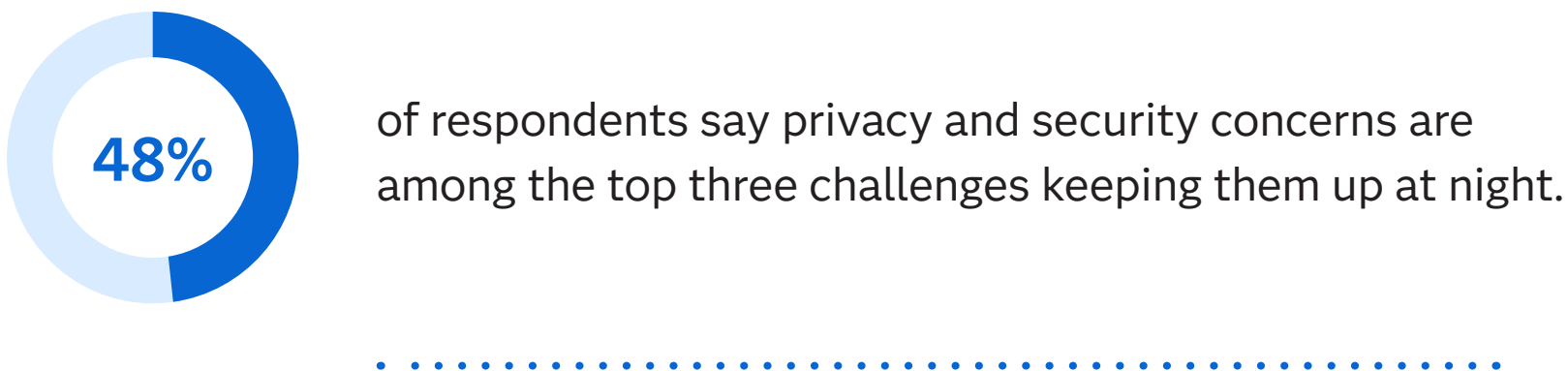
98% expect to use at least one type of AI tool within the next two years.

97% believe they will use at least one kind of GenAI tool within the next two years.

Comparison of AI and GenAI technologies

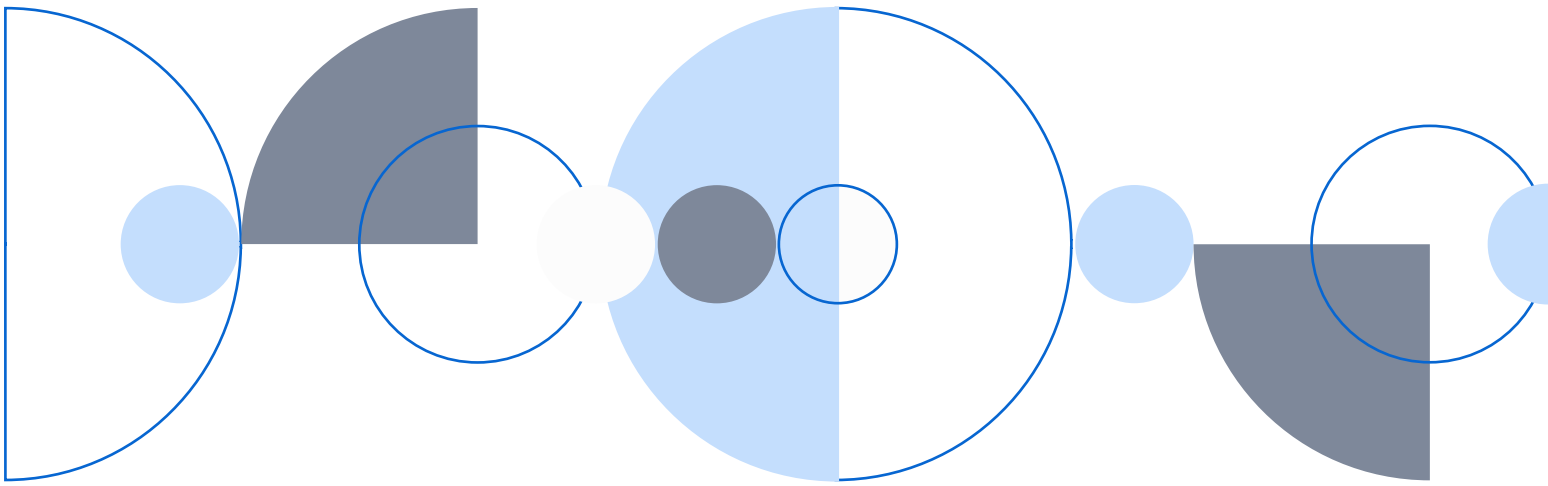| AI				GenAI			
	Current use rate	Expected use rate in two years	Expected increase in use		Current use rate	Expected use rate in two years	Expected increase in use
Machine learning	36%	84%	48%	Synthetic data	23%	75%	52%
Network analysis	32%	87%	55%	LLMs	18%	84%	66%
Natural language processing	19%	82%	63%	Digital twins	14%	75%	61%

Using AI and GenAI responsibly

Technology does not exist in a vacuum. Applying AI and GenAI ethically and equitably are paramount. The technology must be applied thoughtfully, with data privacy and governance at the forefront. Human oversight will be critical to ensuring the integrity of programs and maintaining citizen trust.

48% of respondents say privacy and security concerns are among the top three challenges keeping them up at night.

43% identify ensuring that their organization uses AI and analytics responsibly among their top three concerns.

What keeps public sector leaders awake at night?

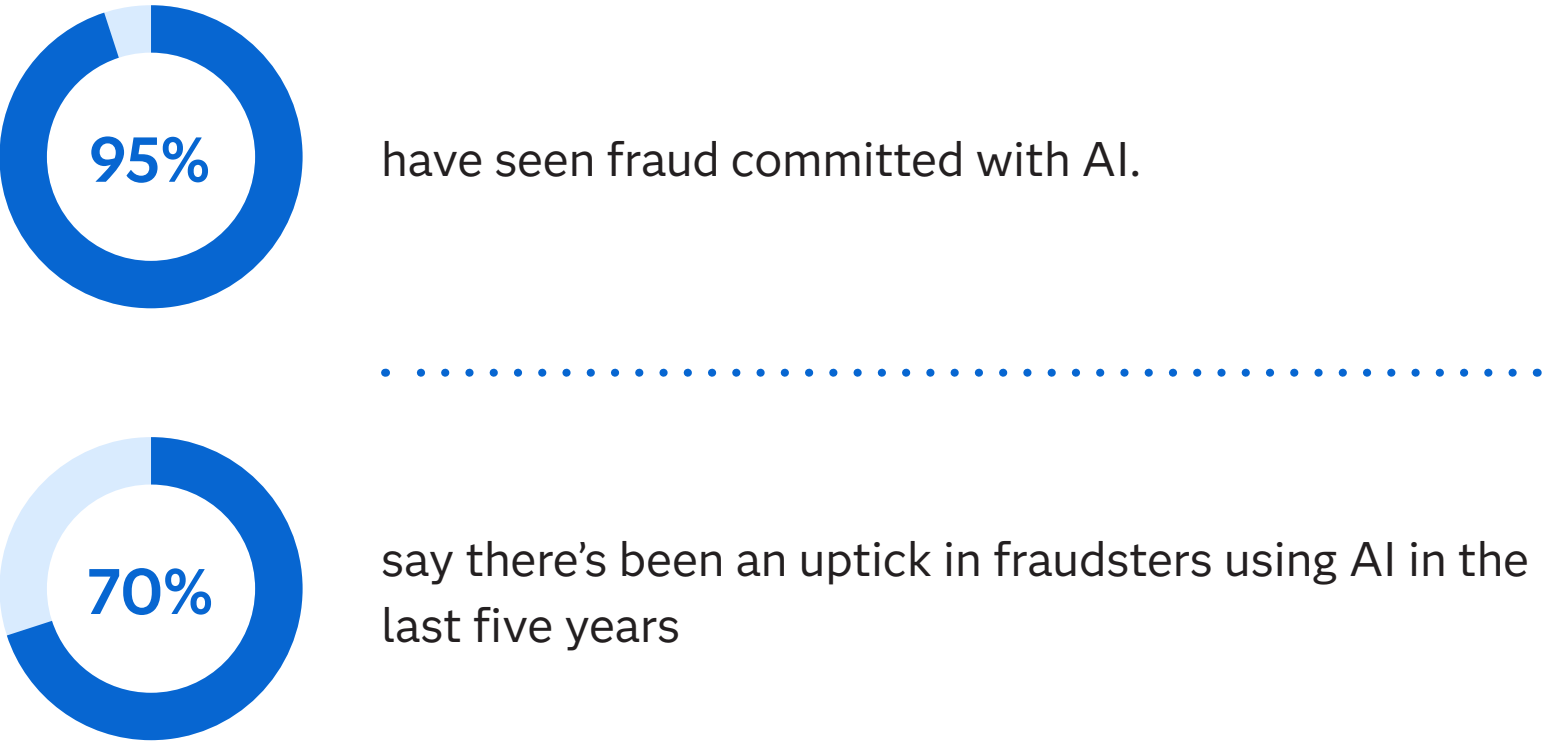| Category	Percentage
Privacy and security concerns	48%
Data quality and availability	47%
Responsible use of AI and analytics	43%
Resource constraints	37%
Integration with existing systems	36%
Transparency	35%
False positive and negatives	27%

New tech, emerging threats

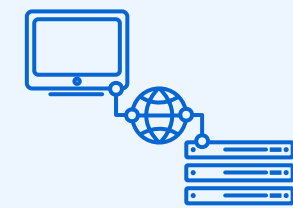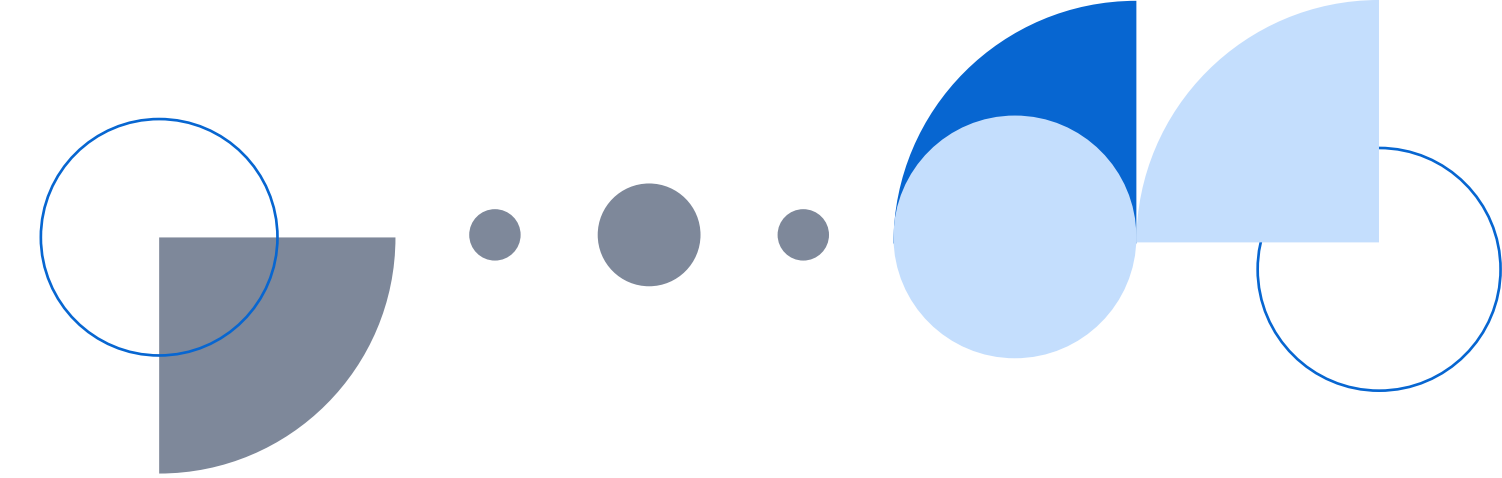AI is undoubtedly having positive impacts, but there's a flip side. Fraudsters are using AI too. Around the world, the public sector is facing new challenges from AI-powered fraud schemes. Responsible AI and GenAI could thwart sophisticated actions and outpace criminals who aim to defraud public programs.

95% have seen fraud committed with AI.

70% say there's been an uptick in fraudsters using AI in the last five years

04
Challenges and solutions for the future

Tackling FWA is a balancing act for public organizations – on the one hand, ensuring credibility with citizens and, on the other, providing services economically. When budget pressures mount, fighting fraud can become under-resourced, ultimately impacting the ability to detect and prevent fraud.

Only 1 in 10

respondents say they have all the resources needed to tackle fraud.

Identifying fraud is only the first stage of the problem. All government agencies represented in the survey say they experience barriers that stop them from being able to tackle fraud even once it's been identified. The most common barriers are:

Analytic skill gaps
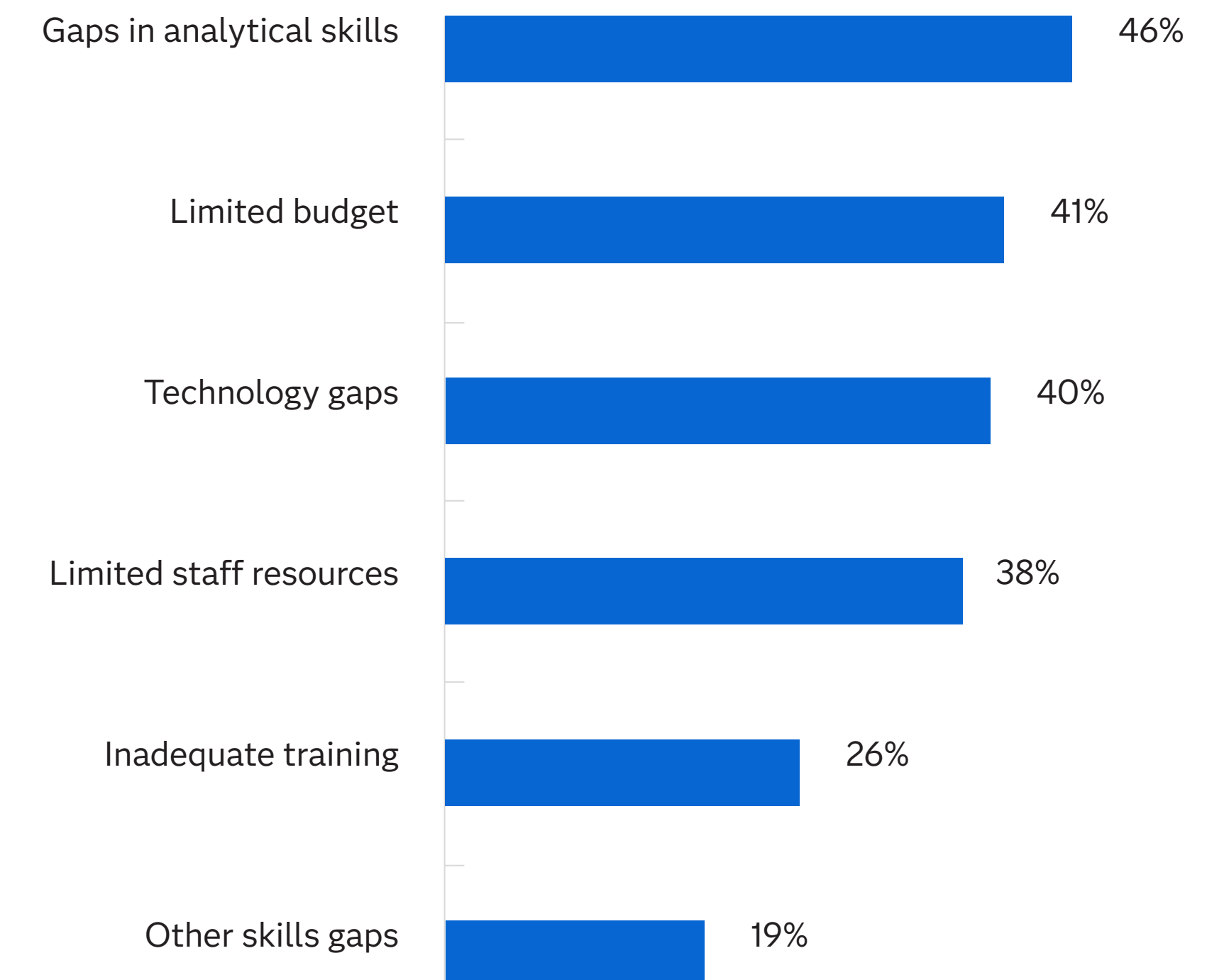
Limited budgets

Technology gaps

Understanding the barriers to following up effectively when fraud is identified:

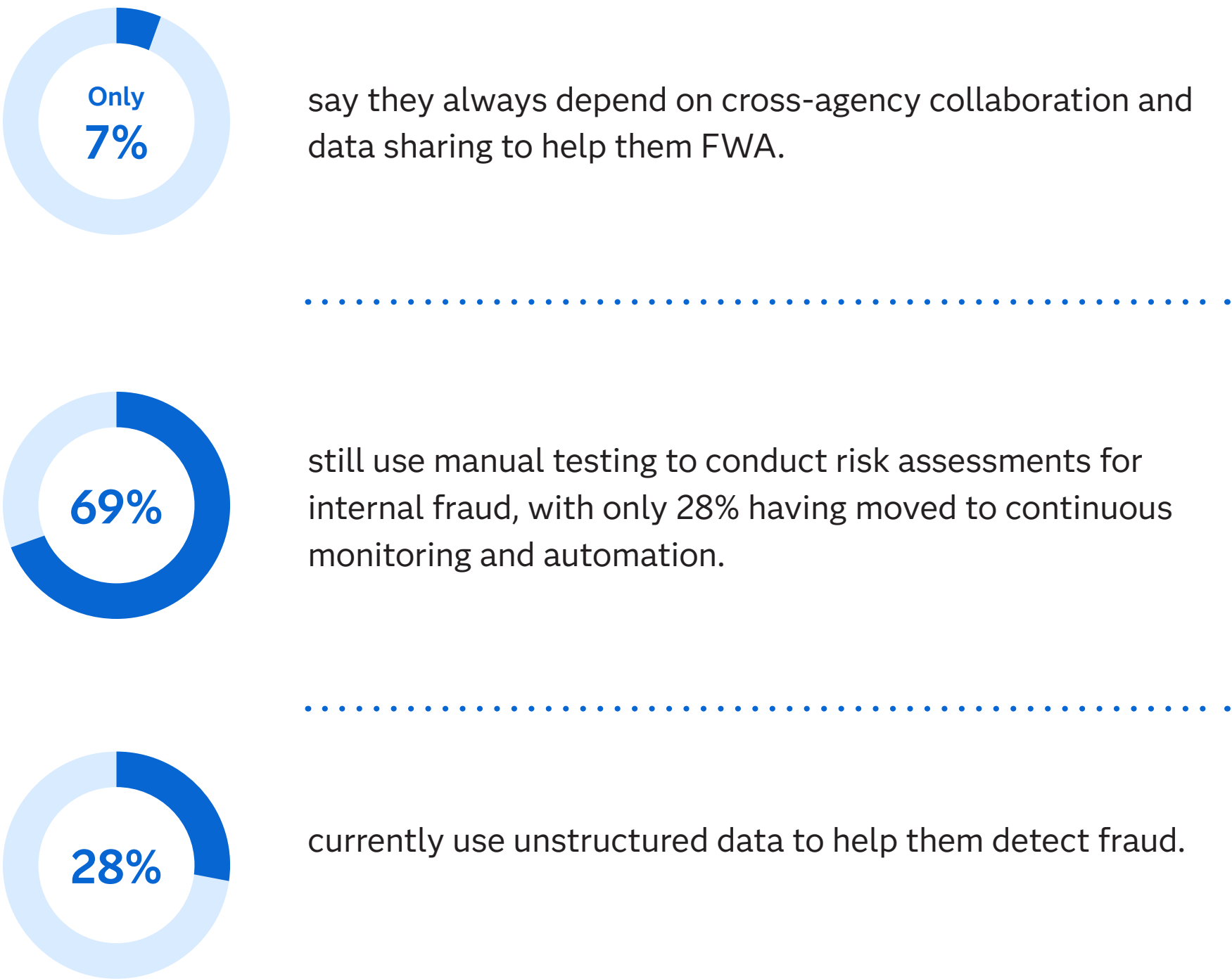| Barrier	Percentage
Gaps in analytical skills	46%
Limited budget	41%
Technology gaps	40%
Limited staff resources	38%
Inadequate training	26%
Other skills gaps	19%

Solutions for the future

When used ethically and effectively, AI and GenAI can drastically improve organizations' ability to detect and act on FWA without requiring significant investment in additional staff and resources.

Our research reveals the high levels of confidence public sector organizations have in these technologies and the almost universal intention to adopt one or more AI-based tools soon.
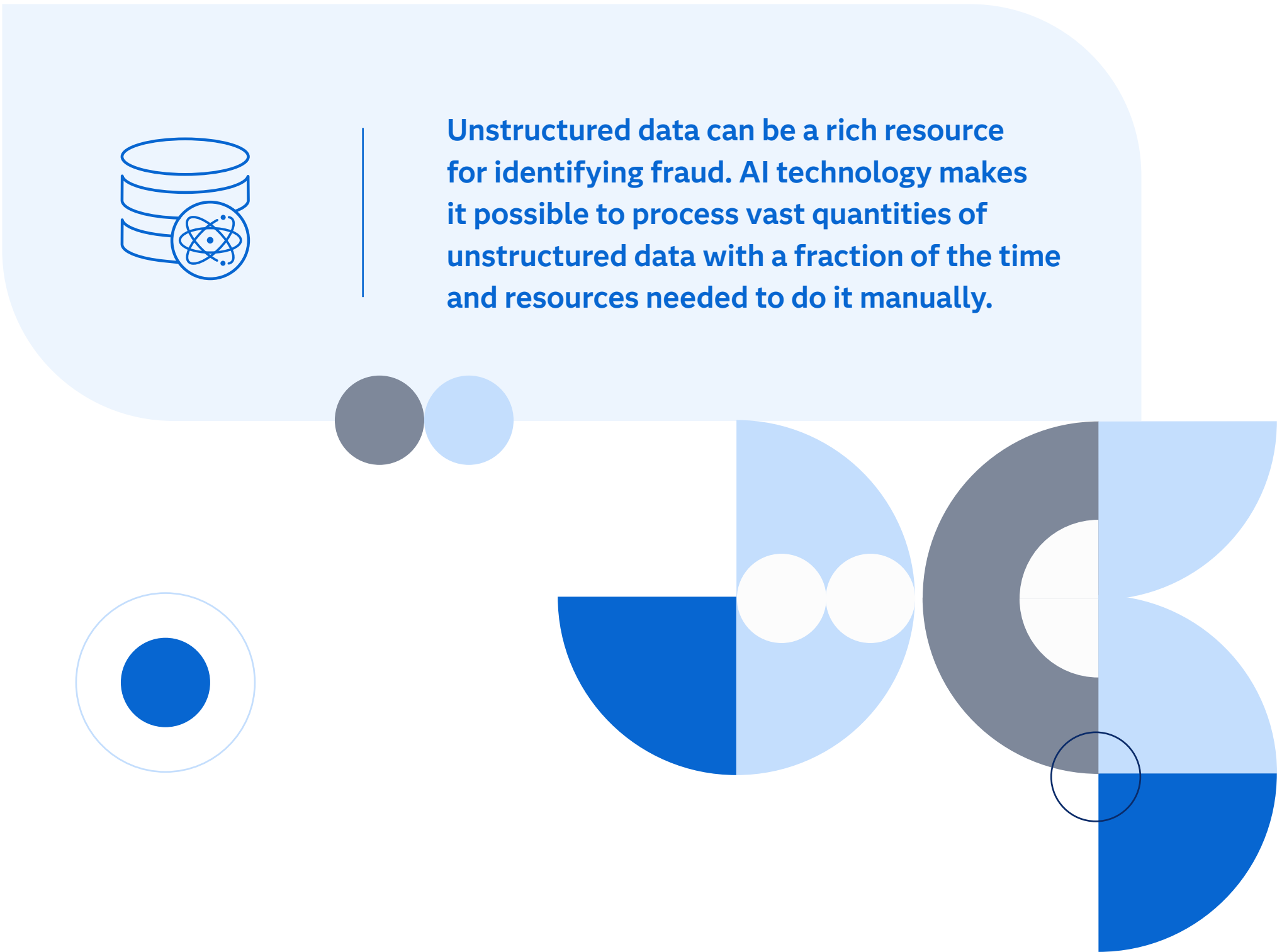
AI and GenAI solutions are increasingly vital for controlling FWA. However, there are also other opportunities within public sector organizations to tackle these issues more effectively, including increasing cross-agency collaboration, embracing continuous monitoring and tapping into insights from different data sources.

Only 7% say they always depend on cross-agency collaboration and data sharing to help them FWA.

69% still use manual testing to conduct risk assessments for internal fraud, with only 28% having moved to continuous monitoring and automation.

28% currently use unstructured data to help them detect fraud.

AI unlocks unstructured data

Unstructured data can be a rich source of intelligence in fraud detection, but only around a quarter of survey respondents indicate that their organization is using it. Processing unstructured data has traditionally been time-consuming and labor-intensive, which can inhibit its use.

AI and GenAI have the potential to rapidly increase the volume of unstructured data that can be analyzed with significantly lower investment of labor and resources. As organizations plan to adopt these technologies, unstructured data is a resource that may unlock new intelligence in the fight against fraud.
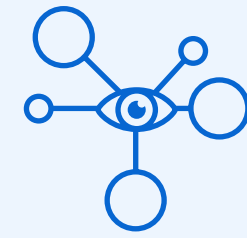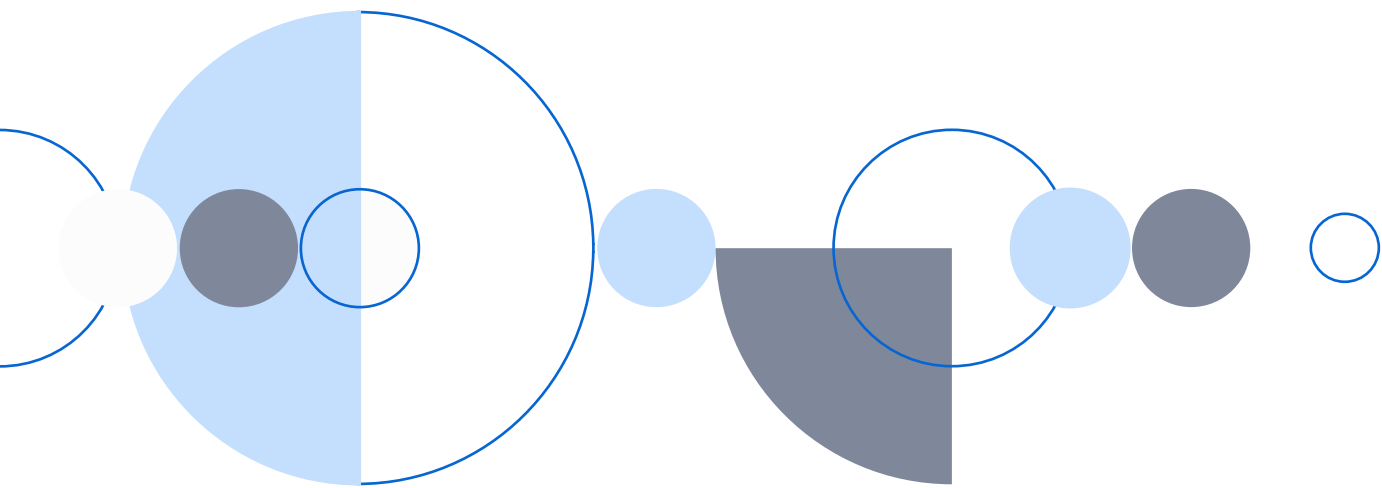
Unstructured data can be a rich resource for identifying fraud. AI technology makes it possible to process vast quantities of unstructured data with a fraction of the time and resources needed to do it manually.

05
Five ways to enhance prevention and detection

The perspectives and insights shared in this research study can be used to create practical, powerful strategies to help turn the tide against FWA – ensure that funds are spent effectively, services fulfill their intended purpose and assets are safeguarded.

Based on the research, SAS recommends five ways to enhance fraud prevention and detection.
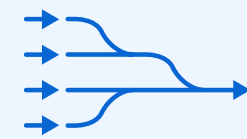
1. Keep AI trustworthy

Think of AI as a tool to boost productivity, allowing civil servants to focus on more complex tasks. Using the right AI tools ensures trustworthy and transparent results. Always include human oversight to maintain accountability.
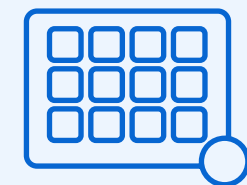
2. Invest in the right skill set

Bridging the analytic skills gap is crucial for adopting AI and GenAI. To build trust in outcomes, educate employees and the public on agency or department processes. Ensure your team understands how to use AI-generated insights effectively.

3. Select manageable projects

Instead of aiming for grandiose results, start with well-defined, manageable projects. Quick wins can demonstrate AI's potential, prove its value and justify further investment – track ROI to build a strong case for additional projects.

4. Collect the right data

Use data that represents the entire target population to avoid bias. To reduce concerns, consider privacy and the use of synthetic data or digital twins. Start with supervised AI models, which are easier to explain and validate.

5. Find the right partners

Collaborate with partners who share your challenges and can help with software and infrastructure costs. Choose technology providers with proven experience in fraud prevention and detection solutions that can be tailored based on needs.

AI and GenAI drive performance, insight and change for social benefits

Challenge

A large European social benefits agency has extensively used analytics for decades, regularly improving its organizational and technological capabilities. This entails handling vast and growing volumes of data, including historical data about recipients and their needs and benefits across their life stages.

Approach

With its latest generation of analytics and AI, the agency's major initiative is moving more integrated data and analytics to the front line of service staff.

Results

- Increased productivity by freeing staff from administrative tasks.

- Accelerated identity verification and eligibility determination, especially for complex cases.

- Improved recipient service through better coordination for those receiving multiple benefits.

- Supported new initiatives around payment integrity, including error and fraud prevention.

- Forecasted benefits volumes, operational requirements and budgets more accurately.

- Enabled government officials to ask more sophisticated questions to support societal well-being better.

Data and AI aid in improving taxpayer compliance and morale

Challenge

A tax and customs administration in a small European country needs to address its citizens' perception of unfair taxation and align with the changing needs of a digital society and economy.

Approach

The agency created a three-year strategic plan for a modern, data-driven administration using data and AI to detect compliance discrepancies and filing errors.

Results

- Ability to integrate data across sources, including unstructured data, for comprehensive analysis.

- Standardized processes and an end-to-end, data-driven governance system.

- Automated repetitive tasks and enabling easy data upload and cleansing.

- Enhanced relationship with taxpayers and improved trust in the system.

- Significant improvements in auditing processes through in-depth data analysis.

- Efficient identification of unreported taxes and prioritization of cases for auditors.

- Secure and selective access to data, ensuring privacy and compliance.

06
About the research

Coleman Parkes conducted this survey from November 2024 to January 2025 and received responses from 1,100 senior and mid-level public sector employees responsible for monitoring FWA within their organizations.

Survey respondents work across a range of agencies and departments: public sector infrastructure, transportation and government utilities; benefit delivery agencies; general public services; investigative and oversight agencies; tax, revenue and customs agencies; social services; security intelligence; justice and public safety; and national security.

Their job titles include chief financial officer, procurement director, fraud examiner, auditor and investigator. Respondents are based in the Americas, EMEA, APAC and META countries.

About Coleman Parkes

Coleman Parkes is a full-service B2B market research agency specializing in IT/technology studies, targeting senior decision makers in SMB to large enterprises across multiple sectors globally. For more information, contact **Stephen@coleman-parkes.co.uk.**

About SAS

SAS is a global leader in data and AI. With SAS software and industry-specific solutions, organizations transform data into trusted decisions. SAS gives you THE POWER TO KNOW®.

We want you to use your data to make confident decisions, explain those decisions to stakeholders and run more resourcefully. Our cloud-native data, analytics and AI platform, SAS® Viya®, enables organizations to scale cost-effectively, increase productivity and innovate faster.

Learn more about **SAS and AI in the public sector.**

sas

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