

Managing Fraud Risks in Government

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Discussed by the Public Accounts Committee: [November 2010 Transcript](#)

Self-assessment conducted by the Ministry of Finance

The Office of the Auditor General’s report which prescribes the adoption of strategies necessary to build a robust fraud risk strategy in the provincial government is currently being considered as a practical guide in the approach to managing fraud risks in government.

While substantial progress has been made in some areas, we recognize that additional effort and re-allocation of existing resources may be required in other areas. Accordingly, we have assessed our overall status as partially implemented.

Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Government adopt the five fraud risk management principles we have drawn up and use them as the basis for developing and implementing a comprehensive fraud risk management strategy.</p> <p>Principle 1: Government should have a well-developed understanding of the fraud risk inherent in its programs</p> <p>Principle 2: Fraud risk in government should be managed through clear roles and responsibilities</p> <p>Principle 3: Government should have appropriate preventative and deterrence measures in place and regularly monitor their performance</p> <p>Principle 4: Government should have appropriate detective, investigative and disciplinary procedures in place and regularly monitor their performance</p> <p>Principle 5: Government should have appropriate reporting procedures in place to communicate the results of its fraud risk management activities to its stakeholders</p>	<p>Partially implemented</p>

Actions taken, results and/or actions planned

Work has commenced on the development of a robust Fraud Policy which will further clarify responsibilities for fraud detection, prevention and reporting, as well as the consequences of fraudulent behaviour. The new policy will also provide the necessary direction to ministries to ensure they are well equipped to effectively respond and manage any fraud risks that may arise.

These efforts are in addition to the current provisions in Government’s core policies and procedures which describe the ministries’ requirement for reporting suspected fraud to the Office of the Comptroller General, as well as internal policies and procedures in those ministries that currently have a specialized investigative function.

Improvements have also been made in the reporting and coordination of fraud and loss incidents with recent enhancements to a centralized loss reporting mechanism. These enhancements enable key stakeholders including IAAS, Risk Management Branch, central agencies and ministries to access critical information which is essential to effectively coordinate government’s fraud response and recovery efforts.

Although Government recognizes that fraudulent activities could be further deterred by increased reporting to the public, there are practical and legal limitations to doing so, as matters are frequently before the courts and disclosure is prohibited.