

Fraud risk management (Report 6: 2017–18).

Tabled 15 February 2018.

Slide 1: Welcome

This is a presentation about the performance audit report on fraud risk management.

Please note that this is a summary. The full report can be read on our website.

Slide 2: Audit objective

In this audit, we assessed whether agencies:

- appropriately identify and assess fraud risks, and
- apply appropriate risk treatments and control activities to adequately manage their exposure.

Our audit included five agencies:

- Public Safety Business Agency
- Queensland Police Service
- Queensland Fire and Emergency Services
- Queensland Rail
- and the Queensland Building and Construction Commission.

Slide 3: Context

Recent fraud attempts in the Queensland public sector highlight the need for agencies to implement effective control measures.

In 2015–16:

- the Crime and Corruption Commission laid charges in 16 cases for fraud offences and recommended disciplinary action in a further 14
- nine of Queensland's local government councils were targeted in a fraud scheme, resulting in fraudulent payments.

Slide 4: Our conclusions

We concluded, none of the agencies we audited is effectively managing fraud risk, leaving themselves potentially exposed.

We are still observing the same gaps in governance, fraud identification, detection and prevention from our previous two reports on fraud risk management.

While agencies have systems and processes in place for enterprise risk management, none have effectively integrated fraud risk management into their existing practices.

The audited agencies consider fraud risk on an ad-hoc basis, if at all, and only assess it at a high level rather than through detailed analysis.

Slide 5: Our conclusions

Further, the audited agencies have not targeted their fraud and corruption programs to the areas of greatest risk.

Executives and senior management state their commitment to fraud risk management in their policies, but they need to show their commitment by ensuring their fraud and corruption control plans are implemented and monitored. They need access to better information from their staff to know what fraud risks are emerging and whether their controls to prevent fraud are working.

Slide 6: What we recommend

We recommend that all public sector agencies

- self-assess against the better practices listed in this report to improve fraud control policies and plans, and make sure accountabilities and responsibilities for fraud control are clear
- integrate fraud risk management with existing enterprise risk management practices
- monitor through their governance forums, their agencies' exposure to fraud risk and the effectiveness of their internal controls to mitigate it.

Slide 7: Our resources

Our report also includes some useful resources. Chapter 2 includes better practice statements for fraud risk management. Appendix C includes 27 inherent fraud risks we identified are common to public sector agencies. And Appendix D includes our guidance for conducting a fraud risk susceptibility analysis.

We have also published a tool on our website to help agencies identify, control and monitor fraud risks.

Slide 8: For more information

For more information on the issues, recommendations and tools highlighted in this summary presentation, please see the full report on our website.

Thank you.