



Northern Ireland Audit Office

MEDIA RELEASE

Managing Fraud Risk in a Changing Environment: A good practice guide

The Comptroller and Auditor General, Kieran Donnelly, will today issue a good practice guide on *Managing Fraud Risk in a Changing Environment*. Organisational change is an essential feature of the public sector as it seeks to improve and become more efficient. Nevertheless, it is a widely accepted principle that the risk of fraud escalates in periods of significant change. The Northern Ireland public sector is currently in the middle of a period of unprecedented change on a number of fronts:

- On 1 April 2015, the number of local councils reduced from 26 to 11 under local government reform and a single Education Authority replaced the five education and library boards and the Staff Commission for Education and Library Boards.
- During 2016, the number of Northern Ireland government departments is planned to reduce from 12 to 9, with significant reallocation of responsibilities. This has been described as the most extensive reorganisation of departments since 1999, with changes being made within a “pressing timescale”.¹
- Continuing budgetary pressures have led to significant staff reductions across the public sector, achieved mainly through a voluntary exit scheme. The NI Finance Minister has described the scope and speed of the exit scheme as unprecedented in the history of the NI civil service.²
- There remains an on-going need to achieve efficiencies in service delivery.

As new public sector organisations are created, or formed through a process of merger, a number of key fraud risks may emerge, for example:

- roles and responsibilities may be unclear or inadequately defined;
- governance arrangements may not operate effectively;

¹ OFMDFM Oral Statement to the NI Assembly, 2nd March 2015

² NI Executive News Release, 2nd March 2015

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- staff reductions may lead to weakened control systems due to inadequate segregation of duties;
- staff losses on a significant scale may mean that key skills are lost; and
- supervisory checks may be overlooked.

The Guide draws on existing good practice and uses the key principles from it to highlight emerging fraud risks and reinforce the need for increased fraud awareness in a dramatically changing environment. It also includes detailed self-assessment checklists to help organisations measure how well prepared they are to prevent, detect and respond to fraud.

The Guide will be launched today at a meeting of the Chief Executives' Forum, with speakers from the Northern Ireland Audit Office (NIAO), CIPFA and the Department of Finance and Personnel (DFP). It will be widely publicised throughout the Northern Ireland public sector and can also be accessed via NIAO's website.

NOTES FOR EDITORS

1. The Comptroller and Auditor General (C&AG) is Head of the Northern Ireland Audit Office (NIAO). He and the NIAO are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources.
2. The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy body for the public sector. It leads the way in public finance by standing up for sound public financial management and good governance. It established a Counter Fraud Centre in 2014 to help organisations prevent, detect and recover financial loss due to fraud and develop their counter fraud skills.
3. The Department of Finance and Personnel (DFP) issues counter fraud guidance to the NI Civil Service and has recently established a Group Fraud Investigation Service to improve the quality of fraud investigations.
4. The Chief Executives' Forum is the association of chief executive officers of civil and wider public service bodies in Northern Ireland.
5. The Guide is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on Tuesday 17th November 2015.
6. Background briefing can be obtained from the Audit Office by contacting Neil Gray (028 9025 4345) or Valerie Evans (028 9025 1062).