

28 November 2024

More to be done to embed a culture of anti-fraud and error within the States of Jersey

Comptroller and Auditor General issues her report on Tackling Fraud and Error

Comptroller and Auditor General (C&AG), Lynn Pamment CBE, has today, 28 November 2024, published her report on Tackling Fraud and Error.

Her review has evaluated the progress in tackling fraud and error within the States of Jersey and follows up on previous recommendations she has made in respect of anti-corruption arrangements.

Introducing the report, C&AG Lynn Pamment CBE said:

“Preventing and detecting fraud and error are key to minimising loss and ensuring that public funds are spent in the way that taxpayers would expect. With ongoing pressure to cut costs, reducing loss of public funds through fraud and error can be an opportunity for governments to make potentially significant savings.”

The C&AG found that the States recognised that improvements were required to the corporate approach to managing the risk of fraud and that they decided to include managing the risk of corruption as part of this approach. Managing the risk of error is not considered separately at this stage but there is commitment to develop this.

Embedding an anti-fraud, error and corruption culture across an organisation as complex and diverse as the States will take time but the trajectory is positive. In her report the C&AG states that it will not be possible to conclude that there is such a culture until States Members are also provided with opportunities to participate in new awareness and training initiatives and there is greater participation by staff in training initiatives.

The C&AG found that progress in design and implementation of controls to manage the risk of fraud and error is variable across departments. An internal review has recently started to document and test controls in 20 areas of Government business. The first review of staff expenses has identified a number of vulnerabilities although the relative level of spend is not significant.

With the exception of Revenue Jersey, Customs and Immigration and Customer and Local Services (CLS), data to measure the level of fraud and error is limited. There is limited evidence to demonstrate:

- the estimated exposure to fraud and error across all areas using available data and benchmarking. Preparation of estimates would help the States to make informed decisions on risk tolerance thresholds, resource allocation to manage the risk, and the evaluation of the cost effectiveness of controls
- that data is maintained in departments on incidence of fraud and error in an agreed format
- costing of controls in key systems so that the cost effectiveness of fraud and error interventions can be assessed; and
- consideration of the potential for data-matching and data analytics as a tool to manage the risk of fraud and error where barriers to data sharing can be addressed.

There remain a number of recommendations from her review of *Anti-Corruption Arrangements* (January 2021) that have not been implemented. There is an inherent risk of corruption related to procurement activities. Delays in implementing recommendations to improve processes and tighten controls mean that the States continue to be exposed to risk.

Levels of identified overclaims of financial support from Government increased during the COVID-19 pandemic with the introduction of new schemes to provide support for businesses and individuals. An overclaim rate of 8.2% by value has been identified across the schemes that were introduced (equating to £12.6 million). At the end of September 2024, £5 million in overclaims had yet to be recovered by Government.

Lynn Pamment CBE concluded:

“The States have a declared intention to strengthen corporate arrangements for managing the risk of fraud and error. Steps have been taken to improve governance arrangements and promote an appropriate anti-fraud and error culture. Processes in place within Revenue Jersey, CLS and Customs and Immigration are more mature than in other parts of the States.

More remains to be done to fully embed a culture of anti-fraud and error and to document and test controls in a number of risk areas to demonstrate that risk is being managed appropriately.”

The report *Tackling Fraud and Error* can be found at: <https://www.jerseyauditoffice.je>

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For further information, please contact:

Rozena Pedley

M: 00 44 7797 733553 / T: 00 44 1534 629800

E: rozena.pedley@jerseyauditoffice.je

Notes to Editors:

- The Office of Comptroller and Auditor General ('C&AG') was established in 2005 and operates under the Comptroller and Auditor General (Jersey) Law 2014
- The remit of the C&AG includes the audit of financial statements, corporate governance, internal control and wider consideration of public funds, often expressed as 'value for money'
- The 2024-27 Audit Plan can be found at: www.jerseyauditoffice.je
- Lynn Pamment CBE took up the Office of C&AG on 1 January 2020 for a fixed term of seven years. Following the introduction of the Comptroller and Auditor General (Jersey) Law 2014 the term of office is fixed at seven years and is non-renewable.
- The Office of Comptroller and Auditor General is known as the 'Jersey Audit Office'.
- Contact details are: de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT / T:716800 / E: enquiries@jerseyauditoffice.je

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