

# STATES OF JERSEY



## TACKLING FRAUD AND ERROR (R.174/2024): EXECUTIVE RESPONSE

---

Presented to the States on 7th March 2025  
by the Public Accounts Committee

---

STATES GREFFE

## FOREWORD

In accordance with paragraphs 69-71 of the [Code of Practice](#) for engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’, the Public Accounts Committee (PAC) presents the Executive Response to the Comptroller and Auditor General’s (C&AG) Report entitled: [Tackling Fraud and Error](#) (R.174/2024), presented to the States Assembly on 28th November 2024).

### **Deputy I. Gardiner**

Chair, Public Accounts Committee

## COMMENTS

The Committee has reviewed the Executive Response to the report ‘Tackling Fraud and Error’ and has the following comments to make in respect of it.

### **Action Plan – Timescale**

The Committee welcomes the Government’s acceptance of all the recommendations set out in the Comptroller and Auditor General’s report Tackling Fraud and Error. The Committee recognises the positive steps already taken, particularly in the creation of a dedicated Counter-Fraud and Corruption Manager role and that the initial risk assessment work has started to address the first of the 20 highest fraud and error risk areas.

However, the Committee is concerned at the lack of a clear timetable or prioritisation in the Government’s response, which states that completing full assessments of all 20 key risk areas will take “a number of years”. This extended timeframe leaves the Government exposed to fraud and error risks in several critical areas for a potentially prolonged period.

While the Committee appreciates the need for thoroughness, it urges the Government to explore ways to accelerate its risk assessment and control testing programme. In particular:

1. Departments should identify and implement interim measures that can reduce the most immediate vulnerabilities while the more in-depth reviews are carried out.
2. The Government should set out a clear schedule for tackling the highest-risk areas first, with regular progress reports to demonstrate that momentum is maintained.
3. The Government should ensure that sufficient specialist resources and training are available to expedite these assessments, particularly if a shortage of expertise or capacity is a factor in the extended timeline.
4. As each key area is completed, both outcomes and any newly implemented controls should be reported publicly to maintain confidence and provide assurance that meaningful progress is being made.

### **Conclusion**

The Committee is pleased that all the recommendations in the C&AG report have been accepted. It has noted, however, that there is no clear timescale to address all 20 key areas and that this work may take a number of years. As such, the Government remains exposed to risk during this time. Action should be taken by Government to mitigate this situation and produce a plan including a clear scheduled prioritisation of the areas according to the risk profile.

**Chief Executive - Executive Response to C&AG Report: [Tackling Fraud and Error](#) – Response due by 30th January 2025**

Summary of response:

The Chief Executive welcomes the report of the C&AG and her associated work. The report recognises the progress that has been made but now needs to be built upon, particularly in relation to more reliable data. The direction of travel for this work is very positive, with evidence of increased awareness, disclosure and identification of risks.

The response to each of the recommendations is set out below. The “Work planned that should be prioritised” or “Areas for Consideration” included in the report are noted and will be built into existing work plans. In particular:

- a training and awareness session will be offered to States Members, via the Greffier of the States;
- a training and awareness session will be offered to States Owned Entities and Arm’s Length Bodies; and
- the Benefit Fraud Strategy will be incorporated into the corporate Policy and Strategy (potentially as an appendix).

Risk assessment and decision rationale

<b>Recommendations</b>	<b>Risk of non-implementation</b>	<b>Risk profile (E,H,M,L)</b>	<b>Other considerations in prioritisation</b>	<b>Is the recommendation agreed?</b>	<b>Improvement theme (If applicable)</b>
<b>R1 Include objectives related to measurement and reporting of fraud and error within the Anti-Fraud and Corruption Policy and the Anti-Fraud and Corruption Strategy.</b>	Without more specific measurement and reporting of fraud and error it will be difficult to evaluate the extent of the risk faced by the States and Government and the success of counter fraud and corruption measures being put in place.	Low	This activity would take place anyway through the programme of Detailed Fraud Risk Assessments but should be formally documented.	Yes	Update Policy, Strategy, Reporting and Terms of Reference.
<b>R2 Document the detailed governance arrangements for the Anti-Fraud and Corruption Management Group</b>	There may be a lack of clarity over whether and when information and issues should be disseminated or escalated.	Medium	It should be noted it is already in the Risk and Audit Committee (RAC) work forward programme for the Anti-Fraud and Corruption Annual Report to be presented. This was presented in 2024 and	Yes	Update Policy, Strategy, Reporting and Terms of Reference

<b>including the relationships with the Anti-Fraud and Corruption Working Group and the Risk and Audit Committee.</b>			will be presented at the February 2025 RAC.		
<b>R3 Develop the Fraud, Corruption and Money Laundering Annual Report further with a focus on outcomes.</b>	There may be insufficient focus on improvement in managing risks of fraud and corruption as a result of activity undertaken.	Medium	It was always the intention to include more outcomes in the Annual Report as the programme of Detailed Fraud Risk Assessments is carried out.	Yes	Update Policy, Strategy, Reporting and Terms of Reference
<b>R4 Prepare a high level calculation on the basis of risk to estimate the potential fraud and error risk exposure across the States.</b>	There is a risk that the scale of the fraud and corruption risk faced by the States and Government may be underestimated if a calculation is not undertaken. However, there is also a risk of overestimating that risk if calculations are not carried out having regard to Jersey's unique circumstances and characteristics. Publication of an unreliable estimate may be counterproductive.	Medium	Each Detailed Fraud Risk Assessment within the programme results in a more detailed estimate of potential exposure to fraud and corruption. Realistically this programme will take a number of years to complete.	Yes, although the estimates will not initially be published widely until we have a high degree of confidence in those estimates and also due to potential unintended consequences, for example increasing potential fraud and corruption if known vulnerabilities are publicly exposed.	Risk assessment
<b>R5 Prepare a prioritised plan to undertake the detailed fraud and corruption risk assessments for the 20 highest risk areas identified.</b>	There is a risk that scarce resources may not be directed towards those areas as potentially greatest exposure to fraud and corruption.	Medium	Each Detailed Fraud Risk Assessment within the programme results in a more detailed estimate of potential exposure to fraud and corruption. Realistically this programme will take a number of years to complete. The Anti-Fraud and Corruption Management	Yes	Update Policy, Strategy, Reporting and Terms of Reference  and  Risk assessment

			Group will oversee prioritisation and progress.		
<b>R6 Require all departments to work with the Counter-Fraud and Corruption Manager to identify relevant data on fraud and error incidence and how this can be collected in the most efficient way.</b>	There is a risk that incidence of fraud and corruption is not captured and scarce resource is not directed towards areas at greatest risk.	Medium	The Anti-Fraud and Corruption Strategy already includes a requirement to notify the Chief Internal Auditor of any fraud and corruption. Confirmation of compliance with this requirement is sought in the annual Governance Assurance Statement questionnaire.	Yes – mechanism already in place but will be considered as part of Detailed Fraud Risk Assessments.	Risk assessment
<b>R7 Develop a detailed analysis of fraud and error incidence, particularly in those departments where the management of fraud and error risk is a core activity.</b>	There is a risk that the full extent of fraud and corruption incidence is not known and communicated, and consequently that scarce resource is not directed towards strengthening controls in priority areas.	Medium	The Annual Report already includes information for some areas but this will be developed as further Detailed Fraud Risk Assessments are carried out.	Yes. Already in place as part of ongoing development and evolution of the Annual Report as further Detailed Fraud Risk Assessments are carried out.	Update Policy, Strategy, Reporting and Terms of Reference
<b>R8 Review options for costing individual controls and interventions designed to manage the risk of fraud and error, so that cost effectiveness can be evaluated and demonstrated.</b>	There is a risk that additional controls are not implemented for cost reasons, and that existing controls may cost more to operate than the value of the reduction in risk	Medium	The Detailed Fraud Risk Assessment methodology already includes costing of additional controls recommended.	Yes, for new controls recommended to reduce risk, It is not proposed to cost all existing controls. However, the Fraud and Corruption Management Group will be asked to consider this as part of reviewing this response and proposed actions flowing from it.	Risk assessment

Prioritised improvement plan:

Action theme	Actions	Target date	Responsible Officer
Update Policy, Strategy, Reporting and Terms of Reference	<ul style="list-style-type: none"> <li>• Update Policy and Strategy to include objectives related to measurement and reporting of fraud and error</li> <li>• Update terms of reference to include detailed governance arrangements for the Anti-Fraud and Corruption Management Group including the relationships with the Anti-Fraud and Corruption Working Group and the Risk and Audit Committee</li> <li>• Develop the Annual Report over time to give a greater focus to outcomes and incidence of fraud and corruption.</li> <li>• Consider including a greater emphasis on tackling error in future iterations of the Policy and Strategy, although the priority will still be fraud and corruption.</li> <li>• Bring Benefit Fraud into the corporate Policy and Strategy (potentially as an appendix).</li> <li>• Fraud and Corruption Management Group to consider whether the Policy and Strategy should be published externally.</li> <li>• Present the prioritised plan for detailed fraud and corruption risk assessments to the Anti-Fraud and Corruption Management Group at least annually, including progress achieved.</li> </ul>	End of September 2025	Head of Financial Governance
Risk assessment	<ul style="list-style-type: none"> <li>• Advise the Risk and Audit Committee on an annual basis of the outcomes of Detailed Fraud Risk Assessments, the estimate of exposure to fraud and corruption risks and the basis of those estimates.</li> <li>• Prepare a prioritised plan to undertake the detailed fraud and corruption risk assessments for the 20 highest risk areas identified.</li> <li>• As part of each Detailed Fraud Risk Assessments consider how identify relevant data on fraud and error incidence can be identified and how this can be collected in the most efficient way.</li> </ul>	End of September 2025, then annual	Head of Financial Governance
Training and awareness	<ul style="list-style-type: none"> <li>• Offer a one-hour training session to States Members and make them aware of the online training. Repeat after each general election (or if new member joined through term of office).</li> <li>• Offer and deliver training to States Owned Entities and larger Arm's Length Bodies (as listed in the Public Finances Manual).</li> </ul>	End of September 2025	Head of Financial Governance