



Office of the
Auditor General
of British Columbia

May 2023

Fraud Risk and Financial Statements: B.C. Public Sector, Part 2



An information report



Office of the
Auditor General
of British Columbia

623 Fort Street
Victoria, British Columbia
V8W 1G1

P: 250.419.6100
F: 250.387.1230
oag.bc.ca

The Honourable Raj Chouhan
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Mr. Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the information report, *Fraud Risk and Financial Statements: B.C. Public Sector, Part 2*.

The purpose of this report is to provide information about fraud risk management questionnaire responses from ministries gathered for use in planning the 2022/23 audit of the Province of B.C.'s summary financial statements.

We have issued this report under section 11(8) of the *Auditor General Act*. The information in this report has not been audited and does not assess the effectiveness of fraud risk management practices on the part of the government or the broader public sector.

Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia
Victoria, B.C.

May 2023



Contents

Report at a glance	4
Background	6
Fraud risk and financial statements	7
Ministry and OCG responsibilities	8
Auditors' responsibilities	9
Fraud risk questionnaire	10
What we do with this information	14
About this report	15
Appendix A: Fraud risk questionnaire	16
Appendix B: List of organizations	20
Appendix C: Summarized responses	21



Source: Getty Images/Stockphoto

Report at a glance

Why we did this work

- As auditors of the Province of B.C.'s summary financial statements, we must assess the risk of material misstatements due to fraud or error.
- The risk of material misstatements due to fraud depends on potential fraud exposure and preventing, detecting, and responding to fraud.
- We sent a fraud risk management questionnaire to 22 government of British Columbia ministries to help us plan the audit of the 2022/23 summary financial statements.

About our report

- A summary of ministry fraud risk management questionnaire responses is included, offering MLAs insight on fraud risk management in the B.C. government.
- Questionnaire responses are unaudited and do not identify specific ministries.
- Part 1 of this report, released in March 2023, focused on Crown organizations, post-secondary institutions, school districts, health authorities and associations.

Responsibilities for the financial statements and fraud risk management

Office of the Comptroller General's (OCG's) responsibilities

The OCG is responsible for:

- The overall quality and integrity of the government's financial management and control systems.
- Preparing and publishing the province's financial statements.
- Providing ministries with guidance and tools for the prevention, detection, reporting and mitigation of losses.
- Providing ministries with direction on management of loss incidents including conducting investigations, where appropriate.

Ministries' responsibilities

Ministries are responsible for:

- The design, implementation and operation of internal controls to ensure the accuracy and completeness of financial statement information, and to prevent and detect fraud and error.
- Disclosing to the OCG all significant facts relating to any fraud or suspected fraud, and any allegations known to management that may affect the province's financial statements.

Auditor's responsibilities

Auditors are responsible for obtaining reasonable, but not absolute, assurance about whether the ministry's financial statements are:

- Prepared in accordance with generally accepted accounting principles.
- Free from material misstatement (a significant error or omission that, if uncorrected, could mislead users of the financial statements), whether due to error or fraud.

Report at a glance *(continued)*

Fraud risk questionnaire highlights

Understanding fraud risk

- 45 per cent of ministries were affected by at least one type of fraud in the past year, most commonly:
 - Theft of physical assets (36 per cent)
 - Vendor, supplier or procurement fraud (14 per cent)
- 27 per cent said they had a high vulnerability to any type of fraud.
- 95 per cent described their ministry's vulnerability to theft of physical assets as low (while 36 per cent reported this type of loss in the past year).
- 50 per cent of ministries reported they needed to be highly vigilant to fraud.

Fraud risk governance

- All ministries said they had assigned responsibility for fraud risk management to a member of senior management.
- 50 per cent of ministries said they did not have a policy devoted to fraud risk management but had other policies that referred to fraud risk management.
- One organization reported they did not have any fraud risk management policies.
- 14 per cent of ministries said they have not assessed the need for fraud risk management training for staff.

Assessing fraud risk

- 50 per cent of ministries said they do not have processes to identify and document ongoing fraud risks.

Fraud prevention, detection, and investigation

- All ministries but one said that they had established a compliance monitoring and reporting function.
- 23 per cent of ministries said that they had not assessed the need for a fraud hotline to report incidents of non-compliance or fraud. Of the 17 that had assessed the need, six ministries said they had established a fraud hotline.
- 18 per cent of ministries said that they had not established policies and procedures to follow when potential incidents of fraud are identified.

Monitoring and evaluating fraud risk management

- One organization said that they did not report all incidents of fraud and corrective action to senior management.
- 23 per cent of ministries said that they had not established a schedule to perform fraud risk management evaluations.

After reading the report, you may want to ask the following questions of government:

1. How will government ensure that all ministries have the elements of fraud risk management in place to reduce the risk of fraud to an acceptable level?
2. What do inconsistent responses between ministries mean for government's overall level of fraud risk?
3. Why do only half of ministries say they need to be highly vigilant regarding fraud?

Background

The Province of British Columbia's summary financial statements include the annual financial activities of ministries, Crown corporations, school districts, universities, colleges, institutes, and health organizations (the government reporting entity).

The *Auditor General Act* states that each year the auditor general must report to the legislative assembly on whether the financial statements are presented fairly in accordance with generally accepted accounting principles.

Auditors plan and perform their audits of financial statements to obtain reasonable assurance that they are free of material misstatements, whether caused by error or fraud.

In *Fraud Risk and Financial Statements: B.C. Public Sector, Part 1*, we highlighted the responsibilities of management at public sector organizations for managing fraud risk. We noted there isn't a standard set of expectations for non-ministry public sector organizations, such as Crown corporations, school districts, health authorities and colleges and universities. This report highlights the responsibilities of B.C. government ministries for fraud risk management.

Last year, as part of our survey on fraud risk across the public sector, the Office of the Comptroller General (OCG) responded for all ministries. This year – to help determine the risk of material misstatement due to fraud in the 2022/23 summary financial statements – we sent a fraud risk management questionnaire to all 22 ministries (the total as of September 2022).

We are reporting summary information obtained from our fraud risk management questionnaire while our audit is underway as it provides further insight into fraud risk management in the public sector.

We have not audited or reviewed the information provided by respondents nor have we performed procedures to verify its accuracy or completeness. We do not provide any assurance on the information in this report.



Fraud risk and financial statements

Fraud may impact an organization's financial statements in many ways. Misrepresenting financial information is the most direct way. For example, organizations may record revenue fraudulently by creating sales to fictitious customers to improve financial results.

Organizations can also have materially misstated financial statements if they have been the victim of fraud from outside the organization. If an organization has suffered a significant fraud loss without realizing it – and therefore has not recorded the loss – their financial statements will be misstated.

Any organization is at risk of fraud. Public sector organizations are responsible for managing fraud risks and auditors must consider the risk of a material misstatement of financial information, due to fraud or error, in their audit approach.

It's useful to consider scenarios that an auditor may encounter regarding fraud. Two scenarios are presented in the report to show the types of fraud that may occur, and the related responsibilities of management and auditors. These scenarios describe hypothetical situations and do not suggest any actual wrongdoing.

Canadian Auditing Standards define **fraud** as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

A **material misstatement** is a significant error or omission that, if uncorrected, could mislead users of financial statements.

Fraud scenario 1

During a review of the monthly statement of operations, a branch financial manager within a ministry discovers that the consulting services expense line is significantly over budget. While some consulting expenses are expected, the expense has been double the budget for three months in a row.

Further investigation reveals that the consulting firm has the same address as an employee in the branch whose job occasionally involves contracting with consultants. The employee admits to having created a fictitious consulting firm and has been cashing the cheques. The employee obtained authorization for the expenditures by waiting until their supervisor was out of the office and then getting authorization from another supervisor.

Impact

There should be very little impact on the financial statements. The ministry identified the fraudulent payments and they are properly classified as expenses, though they should be moved out of consulting expenses. Any recovery in the future can be used to offset the expense. The ministry should review its processes and implement additional financial controls as required.



Ministry and OCG responsibilities

The OCG is responsible for the overall quality and integrity of the government's financial management and control systems. Financial Reporting and Advisory Services, part of the OCG, prepares and publishes the province's financial statements.

The OCG is also responsible for:

- Providing ministries with guidance and tools for the prevention, detection, reporting and mitigation of losses, including fraud.
- Providing ministries with direction on loss management, including conducting investigations, where appropriate, and monitoring investigations conducted by other parties (including ministries and third-party investigators).

Ministries are responsible for:

- The design, implementation and operation of internal controls to ensure the accuracy and completeness of financial statement information, and to prevent and detect fraud and error.
- An internal control system that assures the integrity of data supplied to the corporate accounts.
- An ongoing process to review, evaluate, and report to ministry management on the adequacy of controls, as well as performance and compliance to established controls.
- Disclosing to the OCG all significant facts relating to any fraud or suspected fraud, and any allegations known to management that may affect the province's financial statements.



Fraud scenario 2

An employee returns from a conference and submits travel expenses for reimbursement. The employee's supervisor reviews the hotel invoice and notices that the hotel is near a beach and some distance from the conference hotel. The employee only submitted accommodation charges for reimbursement, but the supervisor noticed large room service bills, including alcohol.

After questioning the employee and following up with the conference organizer, it's discovered the employee never attended the conference and instead took a family vacation. The ministry consulted the Public Service Agency and decided not to pay the expense claim. The ministry told the auditor about this situation in response to the auditor's inquiries about fraud at the ministry.

Impact

This scenario should not result in any significant changes to the audit or the financial statements. The ministry's processes identified the fraudulent expense claim and it was dealt with appropriately. Because it was caught before the expenses were reimbursed, the amounts are not recorded in the ministry's books.

Auditors' responsibilities

For all financial statement audits, the auditor is responsible for obtaining reasonable, but not absolute, assurance about whether the ministry's financial statements are:

- Prepared in accordance with generally accepted accounting principles.
- Free from material misstatement (a significant error or omission that, if uncorrected, could mislead users of the financial statements) due to error or fraud.

Auditors must consider the risk of fraud in the financial statements and maintain professional skepticism throughout the audit. Fraud risks are characterized as significant risks of material misstatement. The auditor is required to obtain more persuasive evidence to support their opinion in areas where fraud risks have been identified.

There is an unavoidable risk that some material misstatements of the financial statements may not be detected by the auditor even though the audit is properly planned and performed, especially when sophisticated fraud schemes may have been used (e.g., forgery, deliberate failure to record transactions, or intentional misrepresentations made to the auditor).



Fraud risk questionnaire

In planning the audit of government's summary financial statements for 2022/23, the Office of the Auditor General sent a fraud risk management questionnaire to all 22 government ministries (as of September 2022). It was designed to give the office an initial picture of their fraud risk management practices.

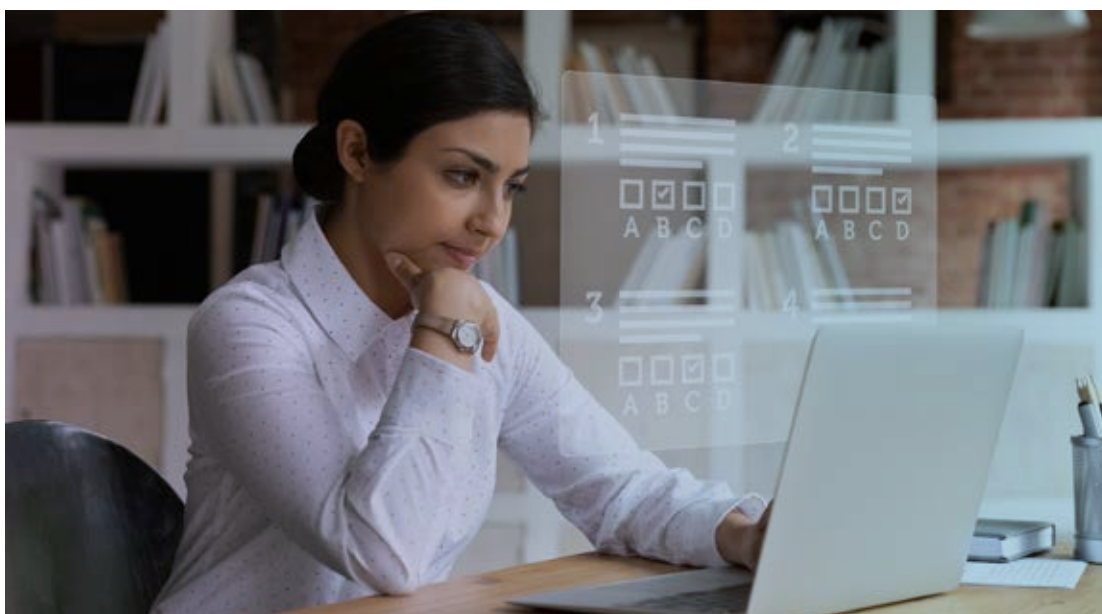
The questionnaire was organized by category:

- Understanding fraud risk
- Fraud risk governance
- Assessing fraud risk
- Fraud prevention, detection and investigation
- Monitoring and evaluation

The responses are summarized below. They are unaudited and represent the views of the responding ministries.

As the auditors of the summary financial statements, we will perform further work to determine the reliability of the information presented.

Appendix A includes the questionnaire. Appendix B lists the ministries that received and responded to the questionnaire. Appendix C summarizes the responses to each question.



Source: Getty Images/Stockphoto



Understanding fraud risk

Effective and comprehensive fraud management programs require an understanding of the nature and extent of the fraud risk the organization faces. To start, our questionnaire asked senior managers about the types of fraud their organization may have encountered and their perceptions of the risk of fraud. The following table summarizes their responses.

Types of fraud	Has your organization been affected by this type of fraud in the past 12 months?		How would you describe your organization's vulnerability to this type of fraud?		
	Yes	No	High	Moderate	Low
Theft of physical assets	36%	64%	0%	5%	95%
Vendor, supplier, or procurement fraud	14%	86%	0%	9%	91%
Intellectual property theft	5%	95%	0%	0%	100%
Information theft	5%	95%	27%	14%	59%
Regulatory or compliance breach	5%	95%	0%	9%	91%
Internal financial fraud	0%	100%	0%	0%	100%
Misappropriation of company funds	0%	100%	0%	0%	100%
Corruption and bribery	0%	100%	0%	0%	100%
Money laundering	0%	100%	0%	0%	100%

In all, 10 ministries (45 per cent) said they had been affected by a form of fraud over the past year while 12 (55 per cent) had not.

Twelve ministries (55 per cent) believed their vulnerability was low for all forms of fraud. Six respondents (27 per cent) believed their ministries were highly vulnerable to at least one type of fraud and all responses were for information theft.

We asked how vigilant ministries felt they needed to be with respect to fraud. Eleven ministries (50 per cent) reported they needed to be very vigilant and eight (36 per cent) thought they only needed to be somewhat vigilant. Three responded that fraud in their ministry was very unlikely.

While 45 per cent of ministries say they have been affected by fraud in the past year, 27 per cent of ministries reported a high vulnerability to any type of fraud. Ministries may have a gap between their perceived vulnerability to fraud and their actual experience.



Fraud risk governance

Fraud risk governance refers to the organizational programs, policies, and procedures that demonstrate commitment to managing risks. It also outlines the overall roles and responsibilities across the organization.

The questionnaire asked if the executive leadership in the ministry have assigned responsibility for fraud risk management to a senior management member. All ministries answered "yes."

Regarding fraud risk management policies, 10 ministries (45 per cent) said they have such a policy while 11 others (50 per cent) said that they addressed fraud risk in various other policies. One ministry reported having no policies addressing fraud risk management.

The OCG has developed mandatory training for public servants on fraud awareness, prevention and detection. Nineteen ministries (86 per cent) reported they had assessed the need to provide fraud risk training to staff.

Assessing fraud risk

Fraud risk assessment is a dynamic and iterative process for identifying and assessing an organization's particular fraud risks. It addresses the risk of fraudulent financial reporting, fraudulent non-financial reporting, asset misappropriation, and illegal acts (including corruption).

We asked whether ministries had a formal, ongoing fraud risk assessment process to identify and document the likelihood and impact of fraud.

Despite the OCG coordinating an annual government-wide risk assessment process, 11 ministries (50 per cent) reported they did not have an ongoing process.

Respondents who answered yes were asked how often they conduct a risk assessment. Ten ministries reported doing it annually and one reported doing it every other year.



Fraud prevention, detection and investigation

Preventative controls help to keep fraud from happening (e.g., by restricting access to accounting systems and requiring authorizations for transactions). Detective controls, such as bank reconciliations, help to determine if fraud has occurred.

Ministries that said they conducted formal fraud risk assessments were asked whether they evaluate the operational effectiveness of internal controls in response to those assessments. Of the 11 ministries, all answered yes.

We then asked whether those ministries made any adjustments to their internal controls to address risks identified through their fraud risk assessments. Again, all 11 ministries answered yes.

We asked ministries how they ensure staff follow their fraud prevention processes. All ministries but one reported they had established a monitoring function to ensure staff were complying with controls.

We also asked whether ministries had assessed the need for a hotline to report instances of suspected fraud. Seventeen (77 per cent) respondents answered yes and of those, six have established a fraud hotline.

When a fraud loss occurs, policies and procedures can guide an organization's response. Four ministries (18 per cent) reported they do not have policies and procedures to follow when a possible loss has occurred. Of the 18 ministries that said they have investigative policies, one said their policy did not include instructions for calling the police.

Monitoring and evaluating

We asked ministries if they reported all incidents of fraud and corrective actions to those charged with governance for their review. Twenty-one (95 per cent) answered that they did, while one did not.

To complete the fraud risk management circle, we asked whether the ministry had scheduled regular evaluations of their fraud risk management program to determine if risks are being effectively identified and managed. Seventeen ministries (77 per cent) reported that they have regular evaluations of their fraud risk management program while five (23 per cent) reported they do not.



What we do with this information

The fraud risk questionnaire responses are general in nature. We have not audited or reviewed the information provided by respondents nor have we performed procedures to verify its accuracy or completeness. We do not provide any assurance on the information provided in this report. It is one source of information for our audit planning.

In our audit, we are required to look for controls to address fraud risk, including policies and procedures. Treasury Board's *Core Policy and Procedures Manual* (core policy) outlines specific responsibilities for the OCG and ministries with respect to financial reporting and fraud risk management. Core policy also includes the fraud risk management policy for all of government.

Where ministries have said that certain elements of fraud risk management are not in place, we will look to see if those elements are actually in place and the ministry misunderstood the question. A negative answer may also indicate that a control in place is not working effectively.

Where we determine a particular element of fraud risk management is missing or not working effectively, we will see if the ministry has any compensating controls that help to reduce the risk of fraud. We will then determine the extent to which we rely on and test those compensating controls.



Source: Getty Images/Stockphoto



About this report

We have issued this report under section 11(8) of the *Auditor General Act*. This report summarizes the responses to a fraud risk management questionnaire that we sent to 22 ministries in September 2022. The purpose of the questionnaire was to help us plan the audit of the 2022/23 summary financial statements. We have not audited the information provided by respondents, nor have we performed procedures to verify its accuracy or completeness.

Our office applies the Canadian Standard on Quality Management (CSQM 1), and we have complied with the independence and other requirements of the code of ethics issued by the Chartered Professional Accountants of British Columbia that are relevant to this work.

Information report date: March 31, 2023



Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia
Victoria, B.C.



Appendix A: Fraud risk questionnaire

Understanding your organization

To begin, we would like to ask you a few questions about your ministry.

1. Type of organization
2. Main office location
3. Size of ministry – number of employees, number of contractors
4. Ministry annual operating budget

Understanding your fraud risk

This next set of questions are about types of fraud risk and perceptions of fraud risk as they may relate to your ministry.

Types of fraud	5. Has your organization been affected by this type of fraud in the past 12 months?		6. How would you describe your organization's vulnerability to this type of fraud?		
	Yes	No	High	Moderate	Low
Theft of physical assets					
Vendor, supplier, or procurement fraud					
Intellectual property theft					
Information theft					
Regulatory or compliance breach					
Internal financial fraud					
Misappropriation of company funds					
Corruption and bribery					
Money laundering					

7. Overall, how vigilant does the ministry need to be to potential fraud?

- | | |
|--|--|
| <input type="checkbox"/> Very vigilant | <input type="checkbox"/> Fraud in my ministry is very unlikely |
| <input type="checkbox"/> Somewhat vigilant | <input type="checkbox"/> Don't know |



Managing fraud risk – leadership and policy

Next, we would like to ask you some questions about fraud risk management leadership and policy in your ministry.

8. Has senior executive assigned responsibility for fraud risk management to a member of senior management in your ministry?

Yes

No

9. In terms of fraud risk management policy, please select the answer that best reflects your ministry's situation:

My ministry has established a policy devoted to fraud risk management.
[Go to Q9a]

My ministry has not established a policy devoted to fraud risk management, but a number of our organizational policies refer to fraud risk management.

My ministry does not have any policies that refer to fraud risk management.

9a. [If answer to Q9 first bullet] Please attach a copy of your ministry's policy devoted to fraud risk management.

10. Has your ministry assessed the need for staff to take fraud training?

Yes

No

Managing fraud risk – assessment, controls and evaluation

Thorough risk assessments that identify actual risks faced by a ministry provide useful information the ministry can use to design effective programs with controls to reduce the risk of fraud. It also helps management to evaluate how much risk they can tolerate.

11. Has your ministry implemented a formal process to identify and document the likelihood and impact of fraud risks that may impact the ministry on an ongoing basis?

Yes

No

12. [If answer to Q11 is Yes] How often are fraud risk assessments conducted? [Select all that apply]

Monthly

Annually

Bi-monthly

Bi-annually

Quarterly

Other [Specify...]

13. [If answer to Q11 is Yes] Please describe the process your ministry follows to prepare fraud risk assessments.



14. [If answer to Q11 is Yes] Please attach a copy of your ministry's most recent fraud risk assessment.

This set of questions relates to fraud prevention. It is better to prevent fraud than to detect it after the fact. Controls can be added to organizational systems and processes to minimize the risk of fraud in various ways, including: IT system controls, segregating duties among employees, and supervisor review and approval of staff and contractor work.

15. [If answer to Q11 is Yes] Does your ministry assess the operational effectiveness of internal controls in response to the results of formal fraud risk assessments?

Yes

No

16. [If answer to Q11 is Yes] Has your ministry adjusted internal controls to mitigate risks identified through formal fraud risk assessments?

Yes

No

12. [If answer to Q11 is No] How does your ministry determine whether internal controls are sufficient to mitigate the risk of financial and non-financial fraud?

This set of questions relates to fraud detection. A strong organizational compliance monitoring and reporting function, combined with an anonymous hotline to report non-compliance, strengthens early fraud detection.

13/17. Has your ministry established a compliance monitoring and reporting function (e.g., one or more staff who have been tasked with monitoring controls and reporting signs of non-compliance and fraud)?

Yes

No

14/18. Has your ministry assessed the need for a fraud hotline to report incidents of non-compliance or fraud?

Yes

No

[If answer to Q14/18 is Yes] Has your ministry established a fraud hotline based on the results of the needs assessment?

Yes

No

15/19/20. What formal reports on fraud risk management control activities are provided to senior executive?



This final set of questions are about responding to fraud when it is suspected and taking corrective actions. An effective fraud investigation, correction and evaluation function helps organizations recover from fraud losses and strengthen their practices in a thorough and timely manner.

16/20/21. Has your ministry established policies and procedures to follow when potential incidents of fraud are identified?

Yes

No

[If answer is Yes to question above] Do the policies and procedures include direction regarding if, when and how police are to be called?

Yes

No

17/21/22. Are all incidents of fraud and corrective actions reviewed by senior executive and senior management?

Yes

No

18/22/23. Has the ministry established a schedule to perform periodic evaluations to determine whether fraud risks are being effectively identified and managed?

Yes

No

Conclusion

Thank you for taking the time to complete this questionnaire. The responses you have provided are valuable. We would like to give you an opportunity to provide any additional information or comments about fraud risk management in your ministry that you feel are important for us to know.



Appendix B: List of organizations

Ministry names are as of September 2022 when the questionnaire was issued.

Name of Organization
Emergency Management B.C.
Ministry of Advanced Education and Skills Training
Ministry of Agriculture, Food and Fisheries
Ministry of Attorney General for BC
Ministry of Children and Family Development
Ministry of Citizens' Services
Ministry of Education and Child Care
Ministry of Energy, Mines and Low Carbon Innovation
Ministry of Environment and Climate Change Strategy
Ministry of Finance
Ministry of Forests
Ministry of Health
Ministry of Indigenous Relations and Reconciliation
Ministry of Jobs, Economic Recovery and Innovation
Ministry of Labour
Ministry of Land, Water and Resource Stewardship
Ministry of Mental Health and Addictions
Ministry of Municipal Affairs
Ministry of Public Safety and Solicitor General
Ministry of Social Development and Poverty Reduction
Ministry of Tourism, Arts, Culture and Sport
Ministry of Transportation and Infrastructure



Appendix C: Summarized responses

The question numbers correspond to the question numbers in Appendix A. Where question numbers have been skipped, this is either because the question related to contextual information, perceptions of fraud (presented above) or asked for the ministry to provide copies of documents related to their answers.

Fraud risk governance

Question 8: Has senior executive assigned responsibility for fraud risk management to a member of senior management in your ministry?

Yes	No
100%	0%

Question 9: In terms of fraud risk management policy, please select the answer that best reflects your ministry's situation:

My ministry has established a policy devoted to fraud risk management.	My ministry has not established a policy devoted to fraud risk management, but a number of our organizational policies refer to fraud risk management.	My ministry does not have any policies that refer to fraud risk management.
45%	50%	5%

Question 10: Has your ministry assessed the need for staff to take fraud training?

Yes	No
86%	14%

Assessing fraud risk

Question 11: Has your ministry implemented a formal process to identify and document the likelihood and impact of fraud risks that may impact the ministry on an ongoing basis?

Yes	No
50%	50%

If you answered yes to question 11, how often are fraud risk assessments conducted?

Monthly	Bi-monthly	Quarterly	Annually	Bi-annually	Other
0%	0%	0%	91%	9%	0%



Fraud prevention, detection, and investigation

If you answered yes to question 11, does your ministry assess the operational effectiveness of internal controls in response to the results of formal fraud risk assessments?

Yes	No
100%	0%

If you answered yes to question 11, has your ministry adjusted internal controls to mitigate risks identified through formal fraud risk assessments?

Yes	No
100%	0%

Question 13: Has your ministry established a compliance monitoring and reporting function (e.g., one or more staff who have been tasked with monitoring controls and reporting signs of non-compliance and fraud)?

Yes	No
95%	5%

Question 14: Has your ministry assessed the need for a fraud hotline to report incidents of non-compliance or fraud?

Yes	No
77%	23%

If you answered yes to question 14, has your ministry established a fraud hotline based on the results of the needs assessment?

Yes	No
35%	65%

Question 16: Has your ministry established policies and procedures to follow when potential incidents of fraud are identified?

Yes	No
82%	18%

If you answered yes to question 16: do the policies and procedures include direction regarding if, when and how police are to be called?

Yes	No
94%	6%



Monitoring and evaluating the fraud risk management program

Question 17: Are all incidents of fraud and corrective actions reviewed by senior executive and senior management?

Yes	No
95%	5%

Question 18: Has the ministry established a schedule to perform periodic evaluations to determine whether fraud risks are being effectively identified and managed?

Yes	No
77%	23%





Office of the
Auditor General
of British Columbia

Audit team

Stuart Newton
Assistant Auditor General

Mark Castator
Director

Barbara Underhill
Manager

Location

623 Fort St.
Victoria, B.C.
V8W 1G1

Office hours

Monday to Friday
8:30 a.m. – 4:30 p.m.

Telephone: 250 419.6100

Toll-free through Enquiry BC: 1 800 663.7867

In Vancouver: 604 660.2421

Email: bcauditor@bcauditor.com

This report and others are available on our website, which also contains further information about the office.

Reproducing

Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our office with authorship when any information, results or recommendations are used.

Cover Photo: Getty Images/Stockphoto



[oagbc](#)



[@oag_bc](#)



[@oag_bc](#)



[/company/oagbc](#)



[oagbc](#)

oag.bc.ca