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Dear Accounting Officer

FRAUD IN GOVERNMENT DEPARTMENTS 2009

This DAO letter alerts readers to the latest report on fraud detected within government departments in 2008-09.

2. The report gives departments and their arm's length bodies insight into practices likely to increase the risk of fraud. This should alert them to potential dangers and help them develop effective anti-fraud measures.

3. The fraud report draws on information from 1,320 cases of internal fraud with total losses of some £4.2m. It analyses information about:

- fraud or theft involving members of staff;
- cases of fraud of £20,000 or more that contain lessons for others;
- fraud of £20,000 or more by contractors or suppliers.

Key Findings

4. The report concludes:

- the overall value reported is around the same as last year though the total number of cases has risen significantly;
- the main risk areas are:
 - theft of assets (38% of cases by number, 28% by value);
 - payment fraud (25% by value).

Better asset security, and designing into systems well-trying techniques such as segregation of duties and routine management checks, could go a long way to dealing with some obvious risks.

Future of the report

5. This is the last edition of the Fraud Report. It has served its purpose in raising fraud awareness; the risk management agenda has resulted in better fraud-risk management in the Government sector. This seems a good time for the Treasury to withdraw, reducing the burden on departments, as the National Fraud



Authority begins to build and share knowledge about fraud in central government, including establishing a Measurement and Analysis Unit to record fraud losses across the UK economy.

Contacts

6. If you have any questions about the report, please contact Richard Fennelly on 020 7270 5792 or at Richard.Fennelly@hm-treasury.x.gsi.gov.uk. The full report is at <http://www.hm-treasury.gov.uk/fraud>.

Consequential

7. DAO(GEN)05/08 (4 November 2008) is now withdrawn.

Yours sincerely,
Paula Diggle

Treasury Officer of Accounts

