



# Holding leaders to account: An Auditor-General's report on fraud

14 November 2012

Lyn Provost, Controller and Auditor-General





# Overview

## Our fraud report

- Why did we report?
- What did we find?

## Lessons for leaders

- Positive leadership
- Challenges for leaders





# Background

NZ consistently ranks well in fraud and corruption surveys

We generally have an absence of systemic large-scale corruption





# Why did we report?

- To better understand fraud practices and incidents in the public sector
- To raise awareness about fraud risk
- To improve information-sharing about risks and practices





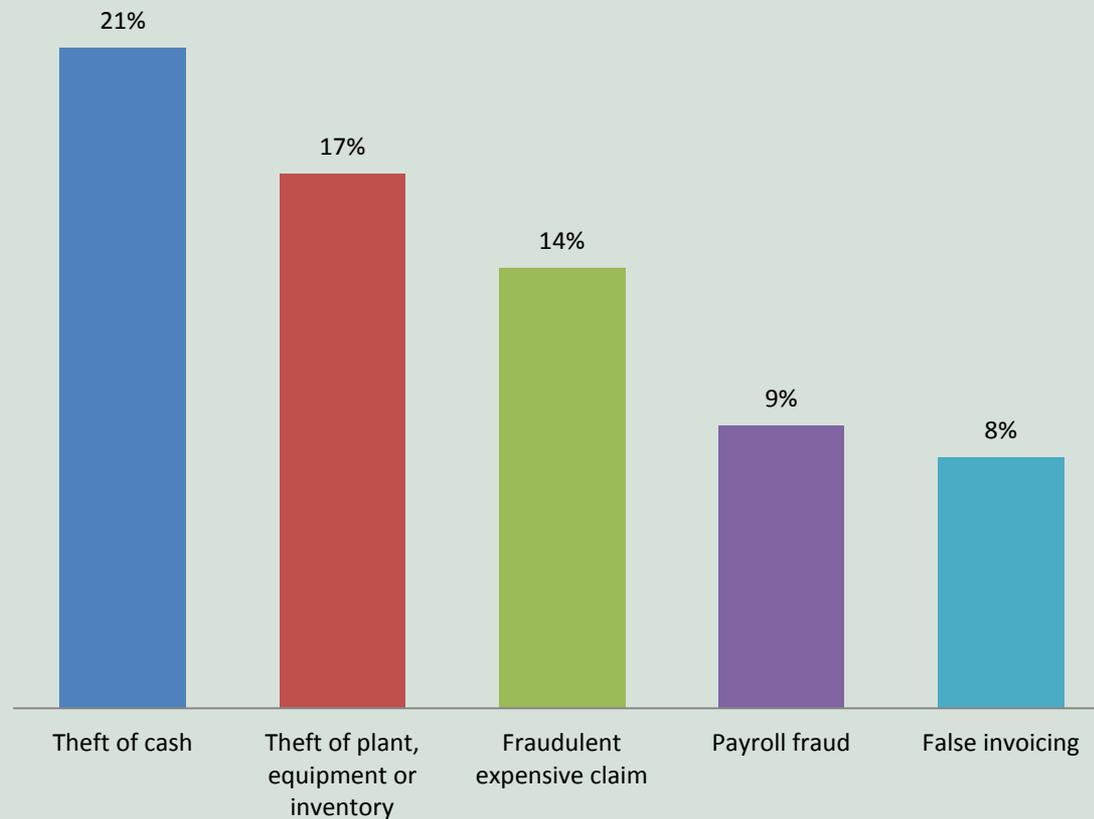
## What did we find?

- 61% of frauds were for amounts of less than \$10,000
- 36% of frauds were detected by internal controls
- 29% of employees said management communicate incidents of fraud to all staff
- 39% of frauds were reported to an appropriate law enforcement agency





# Top five types of fraud in the public sector





# Positive leadership

- Remember, no system is fraud and corruption-free
- Set the tone at the top
- Be careful about “trusted staff”
- Communicate





## Challenges in holding leaders to account

- Fraud has a high impact financially and emotionally
- Leaders must juggle natural justice, privacy, and organisational reputation with transparency that supports integrity





Thank you

