



REVIEW OF THE STATES OF GUERNSEY'S FINANCIAL CONTROLS: FRAUD

TERMS OF REFERENCE

Review Objective

- To review the effectiveness of financial controls in place across the States of Guernsey to minimise the risk of fraud against the organisation and to safeguard States assets.

Scope

The review will:

1. Consider the circumstances of the specific case of fraud committed against the States of Guernsey reported in July 2012.
2. Assess the effectiveness of the policies and procedures in place across the States of Guernsey to mitigate against the risk of fraud.
3. Assess the financial governance and reporting hierarchy in place across the States of Guernsey. This should include examination of:
 - the consistency of internal control systems and practices and their application to minimise the risks of fraud across the organisation;
 - how implementation of, and compliance with, appropriate controls is ensured and managed by (i) individual Departments and Committees and (ii) the Treasury & Resources Department;
 - the role of internal audit and external audit in evaluating financial controls.
4. Assess the effectiveness of creating and embedding a control environment, including documentation, training, communication and performance management in respect of financial and resource management controls.
5. Assess the effectiveness of the processes in place across the States of Guernsey for managing, communicating and resolving incidents of fraud.
6. Make recommendations for improvement in respect of the above.

Caution will be exercised in the light of the ongoing criminal investigation, which will be paramount. The review will take a staged approach and, in particular, the investigation into the circumstances surrounding the specific incident of fraud will not progress until completion of the police investigation.