



THE AUDIT OFFICE
OF NEW SOUTH WALES

SELF-AUDIT GUIDE

Fraud Control

**PROVIDING A VALUE ADDED SERVICE
FOR MANAGEMENT**

Providing a Value-Added Service for Management

A Self-Audit Guide for Assessing Best Practice in Fraud Control Strategies

Introduction - The Scope for Value Added Services

The issue of fraud control is one of great importance to management. In NSW it is a policy requirement for all state public sector agencies to implement strategies for the prevention of both internal and external fraud. However, performance audits carried out by The Audit Office in 1993 and again in 1998 found that up to 80% of agencies do not have adequate fraud control practices in place.

Agency managers, internal auditors and other review agents can provide great value to agency management by highlighting the risks of poor fraud control, and by providing constructive advice on further action considered necessary or directly instituting remedial action as appropriate.

How would you rate YOUR agency or your area of operations? Is it well placed to prevent and detect fraud and corruption? What steps could be taken to improve the situation?

So how might you go about it?

A Unique Source of Expertise

In March 1994 a Guide Towards Better Practice, titled *Fraud Control: Developing an Effective Strategy*, was published. The publication was produced by the Performance Audit Branch of The Audit Office, and was endorsed by Premier's Department (Office of Public Management) for adoption by all agencies across the entire NSW public sector.

The Audit Office's Guide has been widely acclaimed, and is now recognised as a valuable contribution to improved public sector management. In addition to wide application within the NSW public sector, it has been voluntarily adopted by the NSW local government sector; across the universities sector nationally; and by a range of other individual organisations in other States in both the public and private sectors.

The Audit Office Guide advocates a 10-point strategic management model for fraud control. The ten elements (or attributes) set out by the model deal with:

1. Integrated Macro Policy for Fraud Control
2. Responsibility Structures
3. Fraud Risk Assessment
4. Employee Awareness
5. Consumer & Community Awareness
6. Fraud Reporting Systems
7. Protected Disclosures
8. External Notification
9. Investigation Standards
10. Conduct and Disciplinary Standards

The publication itself comprises 3 independent Volumes:

- Volume 1 - *Conceptual Framework*
- Volume 2 - *Strategy*, and
- Volume 3 - *Diagnostics*.

Volume 1 is an overview document. It provides an outline of what the model is all about and how it can be used. Volume 2 is designed for implementers to work with. It provides discussion and guidance on each of the model's ten attributes. Volume 3 assists ongoing review of fraud control by agencies.

The Guide can be obtained from The Audit Office's internet website at

[Volume 1](#)
[Volume 3](#)

[Volume 2](#)
[Self Audit Guide](#)

Application of this Self-Audit Guide

This *Self-Audit Guide* distils key elements from the Office's Guide to provide a simple but effective tool which you can use to analyse and advise upon the effectiveness of your fraud control strategy.

You can naturally go beyond this *Self-Audit Guide* if you wish. Further familiarity with the *Better Practice Guide* will provide you with a more detailed appreciation of how the underlying model works, and of the many issues involved with effective fraud control. Such further insight will enable you to provide more detailed advice and to review the effectiveness of your fraud control strategy in greater detail.

Ten checklists are provided in this *Self-Audit Guide*, matching up with each of the fraud control attributes advocated in the *Better Practice Guide*. Each checklist contains a brief statement of "best practice", and provides a series of focus questions to guide your research and analysis. A simple rating method and Assessment Scoresheet is also included, to enable you to convert your findings into a measurement of the effectiveness of fraud control within your agency.

In using this *Self-Audit Guide* it is very important to recognise that the checklists are not intended to be exhaustive. Neither are they intended to be treated as mandatory. They simply provide a basic review framework.

Before making use of this *Self-Audit Guide* you should become familiar with the issues to be considered under each attribute. This can be achieved through examination of Volume 2 of the *Better Practice Guide*. The 1998 performance audit report is also a useful source of guidance, as it includes actual examples of best practice for each attribute. The report can be accessed at:

[Fraud Control: Status Report on the Implementation of Fraud Control Strategies](#)

It is emphasised that the fraud control model proposed in the *Better Practice Guide* does not seek to be highly prescriptive at the detailed level. It is both the responsibility and prerogative of each agency to assess their own situation, determine their own needs and decide how best to deal with each attribute. In the spirit of the model, the checklists included in this *Self-Audit Guide* should not be used in a strict compliance fashion.

Reviewers must seek to develop an opinion on the adequacy of actions taken by the agency. A simple “yes” or “no” approach to each item on each checklist is not helpful or appropriate. Rather, reviewers should seek to understand the issues involved and the reasoning behind the agency acting as it has on each of the various matters. The questions on the checklist are only prompts. Actual arrangements in place within the agency should be assessed against the “best practice” outline that heads up the checklist for each attribute. It is an overall judgement against that best practice standard which you are trying to make, not just a series of answers to the checklist questions.

Reviewers may find that they have developed sufficient understanding of the fraud control environment to undertake the analysis with little assistance, or may need to involve others within the agency directly in completing the checklists.

Findings arising from using the checklists should be supported with appropriate supporting material. The checklists themselves have been designed to serve as workpapers.

Assessing Results and Providing Advice to Management

This *Self-Audit Guide* will lead you through a structured review process which will provide you with a rating of the overall effectiveness of the agency’s fraud control strategy.

Most reviewers have found it best to review each attribute one by one. After making an assessment of an attribute using one of the checklists, reviewers should translate their opinion into a score using the using the *Assessment Scoring Process* set out at page 25 of this *Self-Audit Guide*. Once all ten attributes have been individually assessed and scored, an overall rating of effectiveness can be made using the *Assessment Scoresheet* on page 26.

This is the same rating process as was used in the 1993 and 1998 service-wide performance audits. You will thus be in an informed position to advise management on how their agency rates against the overall situation which existed in the NSW public sector at those times - comparisons between the 1993 and 1998 results, overall and by attribute, are set out in full in the 1998 report at

[Fraud Control: Status Report on the Implementation of Fraud Control Strategies](#)

In addition to an overall rating, and a comparison of how the agency rates against overall State results, the review process will also provide you with valuable information on each of the ten attributes of the fraud control model. This will enable you to provide management with a “*gap analysis*” of where the strengths and weaknesses are with the current fraud control strategy.

Finally, the information you have obtained using this *Self-Audit Guide* will enable you to provide management with a range of comments on specific matters of significance as may have arisen under one or more of the ten attributes during your review.

Advice concerning the *Self-Audit Guide* or the *Better Practice Guide* can be directed to Stephen Horne, Assistant Auditor-General, Performance Audit, on 02 9285 0078 or <mailto:stephen.horne@audit.nsw.gov.au>

<p>Best Practice: Each agency should possess a Fraud Control Strategy as a clearly identifiable instrument at the policy level. The strategy should detail the agency’s stance on fraud. Many separate policy and action elements may be required for the strategy to be sufficiently comprehensive. The strategy must be properly conceived and constructed to effectively draw all elements together to form a holistic and complementary raft of fraud countermeasures. Whilst a number of fairly standard elements will exist for all agencies, considerable variation is also likely depending on factors such as the nature of the agency’s environment and the business it is in. For the strategy to represent both an appropriate and cost effective instrument suitable detailed analysis must be conducted by an agency to develop or select those specific policies, measures and actions most appropriate to its situation.</p>		
<p>Review Objective: To determine the extent to which the agency has developed a clearly identifiable, holistic and functionally integrated fraud control strategy.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>1.1 Establish the extent to which the agency has established a comprehensive fraud control strategy. Sight “the strategy”. If a single document does not exist, identify all relevant documents (policy directives, circulars, manuals etc.) which articulate any relevant elements of the agency’s strategy.</p> <p>1.2 Review the material collected under 1.1 to determine if each of the following attributes are mentioned (#):</p> <ul style="list-style-type: none"> • Responsibility Structures • Fraud Risk Assessment • Employee Awareness • Customer &Community Awareness • Fraud Reporting Systems • Protected Disclosures • External Notification • Investigation Standards • Conduct and Disciplinary Standards. <p>(#) note: each of these attributes will be subject to separate detailed review at checklists 2-10.</p>		

<p>1.3 Is it apparent that the policies and actions of the agency under different attributes have been developed in view of the agency’s needs and what will be most appropriate and effective for its situation? Has suitable research and analysis been undertaken by the agency in this respect? Has the issue of cost effectiveness been addressed?</p> <p>1.4 It is apparent that the policies and actions of the agency under the various different attributes complement each other and operate in an integrated and cohesive manner? Any contradictions/conflicts?</p> <p>1.5 If a fraud control strategy is in existence, when was the last review of the strategy conducted? Have the recommendations for improvement from the review been prioritised and timetabled?</p> <p>1.6 If the agency does not have a fraud control strategy, has a timetable for implementation been prepared?</p>		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: Organisational responsibility for the coordination, monitoring, ongoing review and promotion of the agency’s overall fraud control strategy, and for each of its sub-elements, must be clearly defined and communicated throughout the agency to management and staff alike. Fraud prevention and control must not become the exclusive domain of elite groups within the agency. All levels of management and staff must be kept involved in an appropriate manner.</p>		
<p>Review Objective: To determine the extent to which the agency has clearly and effectively assigned responsibility for the implementation and coordination of all aspects of the fraud control strategy across all aspects of the agency’s operations.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>2.1 Determine the actual lines of authority and coordination mechanisms for fraud control established within the agency (eg. a Fraud Committee; Fraud Prevention Manager; other various committees, units or positions with relevant responsibilities; etc.)</p> <p>2.2 Are all such responsibilities clearly documented in the policy?</p> <p>2.3 Are there any areas of apparent duplication, overlap, conflict, confusion or lack of coverage?</p> <p>2.4 Are delegations, authorities and definitions of roles sufficiently clear? Are they adequate? Are they generally accepted?</p> <p>2.5 Where committees are utilised, review the regularity, purpose and scope of meetings, and attendance by designated members.</p>		

<p>2.6 Has fraud prevention and control become the exclusive domain of elite groups within the agency?</p> <ul style="list-style-type: none"> • Are affected operational line managers usually involved in or consulted about the initial investigation plan for specific fraud investigations in their area of operation? • Are affected operational line managers usually involved in reviewing interim or final reports? • Generally assess the extent to which it is apparent that the agency actively involves both executive and operational line management in the improvement of systems, practices and controls to prevent and detect fraud. How is this encouraged? How is it facilitated? How is it coordinated to best effect? 		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: A structured fraud risk assessment review should be conducted periodically covering all functions and operations of the agency. The review must address both the internal and external environments for the agency, and the fraud risk associated with both. The review will establish the level, nature and form of the agency’s fraud risk exposure. A forward plan generated from the review will subsequently define areas where specific action may be required.</p>		
<p>Review Objective: To evaluate the adequacy of measures taken by the agency to identify specific areas of fraud risk and develop appropriate countermeasures and action plans.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>3.1 Establish whether a fraud risk assessment has been carried out. What form of assessment was used? Was the methodology and conduct of the review apparently sound?</p> <p>3.2 If a risk assessment was performed, review the analysis with regard to detail and completeness. At the minimum it should:</p> <ul style="list-style-type: none"> • embrace all of the agency’s functions and operational units • determine the vulnerability of functions • determine threats, to both internal and external sources • rate risks, with some estimation of probability • review the extent and adequacy of principal systems and controls relied upon by the agency to compensate for such risks. 		

<p>3.3 If a risk assessment was performed, were any deficiencies or areas/issues of concern identified? Were appropriate countermeasures and/or action plans developed and implemented in response to these (eg. fraud control plans; systems/functions audit & review plans; system/control modifications)?</p> <p>3.4 If a risk assessment was performed, how long ago was it done? Have there been any major changes to the agency's operations or environment since then? If more that 3 years ago, has it been reviewed/revisited in some fashion?</p> <p>3.5 If a formal risk assessment of some fashion has not been performed, are there any plans to conduct one? How well placed does the agency appear to be in respect of fraud risk identification?</p> <p>3.6 Has a fraud database been established in some fashion? Is it periodically examined to analyse trends and obtain strategic information?</p>		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: A well constructed program of ongoing initiatives is required to bring the issues of fraud prevention, detection and reporting to the attention of all employees. A series of different programs and approaches may be required to suit differing types of employees and corporate cultures within the agency. Training may be required to be delivered in a variety of different forms and contexts to be effective. Training may represent just one of a range of actions required. Best-practice guides for particular areas of activity may be helpful to assist staff and line managers to identify improvements needed to operational practices and local monitoring and control arrangements. Systems should be developed to monitor and evaluate sources of best-practice information and to disseminate relevant information within the agency.</p>		
<p>Review Objective: To determine the extent to which the agency has implemented a plan of action to raise awareness and modify attitudes concerning fraud within the organisation.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>4.1 Has the agency implemented some form of fraud awareness and culture change programs? Is it apparent that such activity has been developed with sensitivity to the needs and nature of both the employees and the organisation? Are efforts in this regard programmed to continue over time? Is there an ongoing planned development of approach or emphasis in this area?</p> <p>4.2 Has the agency developed systems and assigned responsibility for researching and/or monitoring best-practice for particular areas of activity which would assist in fraud-proofing systems and operations? To what extent has such best-practice information been distributed to line managers at the operational level?</p> <p>4.3 Is there any evidence of staff/managers at the operational level taking initiatives in terms of identifying desirable modifications to operational practices and local monitoring and control arrangements?</p>		

<p>4.4 Are reports of fraud situations being submitted by employees? Are such reports being made anonymously or with names? Have reports proven to be factual and helpful?</p> <p>4.5 Have financial monitors or operational managers observed any unexplained improvements in aspects such as:</p> <ul style="list-style-type: none"> • expenditure rates or levels in particular areas • materials loss or wastage • overall efficiency/productivity? <p>4.6 Is it otherwise evident that fraud awareness and culture change activities have been effective? Does the agency have any means of assessing how effective its efforts in this area have been?</p>		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: There is a need to promote community awareness that fraud committed against an agency is not acceptable and that perpetrators will be prosecuted. It is in the best interests of agencies to demonstrate an honest, ethical and businesslike provision of services to its customers through efficient policies which prevent and detect both internal and external fraud.</p>		
<p>Review Objective: To assess the adequacy of actions taken to raise the level of customer and community awareness of the agency’s ongoing efforts regarding fraud prevention and control.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>5.1 Has the agency implemented some form of community awareness and (if applicable) customer attitude change programs with respect to the prevention and control of both internal and external fraud against the organisation?</p> <p>5.2 Does the agency’s annual report include a clear statement concerning the agency’s stance on fraud and corruption, and provide an outline of the agency’s fraud control strategy?</p> <p>5.3 Has the agency been able to go further in its public information by publishing information on:</p> <ul style="list-style-type: none"> • actions taken in response to identified fraud situations? • economies and/or improvements to performance/service achieved as a result of improved fraud control? 		

Customer and Community Awareness Checklist 5 Continued

<p>5.4 Is it evident that community and customer awareness and attitude change activities have been effective in terms of:</p> <ul style="list-style-type: none"> • enhancing the agency's image with the community generally, and customers in particular? • deterring and/or detecting external fraud? 		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: Procedures for dealing with the notification of fraudulent activity need to be carefully developed and distributed to all potential complainants. An appropriate reporting structure should reflect the size, structure and nature of the agency; the number, type and deployment of its employees; its customer base; and its links to the community.</p>		
<p>Review Objective: To determine the extent to which the agency has adequate and effective arrangements and systems implemented for the internal reporting of suspected or known fraud situations.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>6.1 Determine if the agency has an active formal fraud reporting system in place.</p> <p>6.2 Have officers or positions authorised to receive reports of fraud been clearly designated and documented? Do these nominees appear to be appropriate, given the agency's structure, the nature of its business, customers and employees?</p> <p>6.3 Have procedures to report fraud been documented and distributed in an appropriate manner to reach all employees?</p> <p>6.4 Have any mechanisms been developed to facilitate and encourage reports from customers or the general public of suspected fraud in any form (external or internal)?</p> <p>6.5 Have employees been made aware that a complaint of corrupt conduct can be made directly to ICAC?</p> <p>6.6 Review the records maintained of complaints received for proper documentation and processing in a timely manner.</p>		

<p>6.7 Were known complainants advised of the outcome of their report, including grounds for discontinuation of any investigation?</p> <p>6.8 Review available material for evidence to indicate that reports of fraud have been considered at an appropriate level and that confidentiality has been maintained.</p> <p>6.9 Do the agency's policies, systems and actual practices represent effective implementation of the ICAC's suggested approach for reporting of corrupt conduct within agencies?</p>		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: A policy should clearly indicate that management encourages people to come forward and report instances of fraud and corruption. Legislative provisions for disclosure protection provide minimum standards in this area. To be truly effective, measures will need to positively encourage fraud reporting whilst also addressing protection against recrimination; the prevention of false and mischievous reports; and appropriate behaviour by complainants in pursuing an complaint.</p>		
<p>Review Objective: To determine whether the agency has developed appropriate mechanisms and policies to protect complainants from being disadvantaged as a result of reporting fraudulent activities.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>7.1 Have staff been made aware of the importance of reporting fraudulent situations? Has fraud reporting been, and does it continue to be, actively encouraged by the agency?</p> <p>7.2 Have policies/guidelines concerning acceptable behaviour for complainants been formally established, documented and promulgated?</p> <p>7.3 How suitable do fraud reporting, investigating and final resolution systems and procedures appear to be to protect the best interests of complainants?</p> <p>7.4 Is there any available evidence that employees having made reports of fraudulent activity may subsequently have been penalised, victimised or disadvantaged in some form?</p> <p>7.5 Is there an appropriate internal mechanism available for use by any complainant who may feel they have been disadvantaged?</p>		

<p>7.6 Review available material to assess the apparent extent to which the agency demonstrably supports in practice all complainants who act in good faith.</p> <p>7.7 Do the agency's policies, systems and actual practices represent effective compliance with all formal requirements of disclosure protection legislation? To what extent could it be said that the agency has addressed the full spirit of legislation and any other directives or guidelines regarding disclosure protection?</p>		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: Each agency needs to develop a clear formal policy and detailed procedures for the reporting of fraud and corrupt conduct to relevant external authorities. Fraud is a criminal act. The Police and the ICAC must be advised. Other bodies may also be relevant in particular situations and should be defined as part of the agency’s overall policy.</p>		
<p>Review Objective: To determine the extent to which the agency has implemented arrangements for the reporting of suspected or known fraud situations to external authorities.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>8.1 Is there a clear formal policy in respect of external reporting to bodies such as:</p> <ul style="list-style-type: none"> • the Police Service • the ICAC • the Crown Solicitor • the Director of Public Prosecutions • the Auditor-General • the Ombudsman? <p>8.2 Have clear and specific arrangements been developed in terms of protocols to be used, reporting criteria, forms of reporting, responsibilities and processes for external reporting?</p> <p>8.3 Do the agency’s policies, systems and actual practices effectively address the ICAC Guidelines for reporting of corrupt conduct to the Commission? (this check should include a review of the reporting criteria and form of reporting used by the agency in terms of those suggested by the Commission)</p>		
<p>Prepared by:</p>	<p>Reviewed by:</p>	

<p>Best Practice: Appropriate procedures and guidance should be provided to both operational and internal investigating staff to avoid any uncertainty or confusion as to how any matter should proceed and be handled. Particular care needs to be taken to ensure that competent fraud handling and investigation procedures are implemented. This is particularly important at the preliminary stages so as not to prejudice or hinder further investigation. Staff training may be required, possibly including specialist training for selected staff. The ICAC guide on Conducting Internal Investigations outlines in detail the best practice requirements for investigations.</p>		
<p>Review Objective: To determine the extent to which the agency has developed appropriate, effective and efficient mechanisms and policies for the handling of suspected fraud situations from first alert to final conclusion of a matter.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>9.1 Determine by research and discussion the extent to which actual practice may vary from formal policy with respect to preliminary assessments, full investigation, and Police and ICAC notification, depending perhaps on factors such as:</p> <ul style="list-style-type: none"> • the specific nature of the allegation or offence (ie. various types or categories of fraud). • the type or level of the individual or persons involved. • the number of persons involved. • the monetary amount or financial impact involved. <p>9.2 Are designated or specialist officers responsible for conducting any internal investigations completely clear as to when and how to proceed in any given fraud situation?</p>		

<p>9.3 Are operational and line management officers in the organisation completely clear as to when and how to proceed in any given fraud situation?</p> <p>9.4 Are preliminary investigation and handling arrangements suitable so as not to prejudice or hinder any further or formal investigation, whether internal or external? Particular attention should be given to procedures and expertise utilised at the preliminary phases to ensure that any form of evidence will not be lost or contaminated.</p> <p>9.5 Have staff received appropriate training to be able to effectively perform their designated roles and functions in fraud handling? This will depend on the form of fraud handling and investigation policy determined by the agency and subsequently the roles and responsibilities of the various officers involved. In addition to specialist investigation, audit or review staff, consideration may need to be given to the role and training needs of operational staff and line managers in this context.</p> <p>9.6 Are adequate reporting systems in operation to keep executive management, relevant line managers and any other relevant parties (internal or external) informed of the ongoing status of fraud investigations?</p> <p>9.7 Has responsibility been clearly assigned, and relevant systems developed, to ensure that full and complete records are maintained of all fraud reports and situations? Who ensures that records are complete in all respects? How is this achieved in practice?</p>		
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9.8 Are records of all reports of fraud and all fraud investigations securely maintained? Is the possibility of tampering with or unauthorised removal of material from official records, now or in the future, reasonable prevented? How would it be detected if it occurred?		
Prepared by:	Reviewed by:	

<p>Best Practice: A clear message needs to be received by all employees that fraud will not be tolerated and that perpetrators will face disciplinary action. Codes of conduct provide a starting point only in this regard, and a range of further actions may be considered necessary to achieve an effective result (note that a “model” code has been issued by Premier’s Department for the public service generally, and a further code issued for SES officers. These codes are guides, but agency codes should not adopt lesser standards).</p>		
<p>Review Objective: To determine the extent to which the agency has developed policies, standards, systems and procedures relating to conduct and discipline which support the fraud control strategy.</p>	<p>Yes /No</p>	<p>Supporting Comment /Conclusion</p>
<p>10.1 Does the agency have a formal “code of conduct”? If not, are there other relevant organisational or personnel policies and documents which may serve in this role?</p> <p>10.2 Does the agency’s code of conduct and/or other policy/practice instruments send a strong and clear message on corrupt conduct generally? Does it specifically address fraud?</p> <p>10.3 Has the agency clearly defined and formally stated its position on disciplinary action in terms of fraud? Has it defined and promulgated courses of action to be taken and the nature of penalties to be applied? Are there clear determinations in terms of such aspects as:</p> <ul style="list-style-type: none"> • minimum disciplinary actions • employee dismissal • restitution and/or prosecution? <p>10.4 Do the agency’s policies and standards on discipline effectively complement and support the particular message and emphasis of its fraud control strategy?</p>		

Conduct and Disciplinary Standards Checklist 10 Continued

<p>10.6 Have systems and procedures been fully developed and documented to enable matters of conduct and discipline in relation to fraud to be effectively actioned as per the agency's stated policies? Have all organisational roles, responsibilities and authorities been clearly defined? Are they properly understood by those involved?</p> <p>10.6 Have the agency's intentions (in terms of its conduct and discipline policies and standards) and processes to be followed been formally documented and promulgated in such a manner to ensure that official written material will reach all employees?</p> <p>10.7 Consider the likely effectiveness of communication actions taken. Have any means of communicating to employees other than in writing been used? Factors such as the agency's size, hierarchical structure, functional structure, categories and nature of employees may need to be taken into account.</p>	
Prepared by:	Reviewed by:

Self-Assessment Scoring Process

STEP 1

Using the ratings system described below, estimate of the **adequacy** of the agency's existing efforts for each of the ten fraud control attributes (record your rating for each attribute on the Scoresheet on the next page).

Descriptive Rating of Adequacy	Attribute Score
Excellent ¹	5
Very Good ²	4
Good ³	3
Fair ⁴	2
Basic ⁵	1
Very Basic ⁶	0
Not Applicable ⁷	5

Note: To keep the self-assessment process simple, plain common-use terms have been used for rating categories. If further definition is required, statistical measures have been provided in the footnote references. However, a strong focus on statistical measurement is not advocated, nor required.

¹ A rating of *Excellent* would be awarded if the adequacy of the agency's existing efforts achieved or exceeded 90% of potential adequacy in terms of the standards advocated in the guide to better practice.

² A rating of *Very Good* would be awarded if the adequacy of the agency's existing efforts lay in the range of 80% - 89% of potential adequacy in terms of the standards advocated in the guide to better practice.

³ A rating of *Good* would be awarded if the adequacy of the agency's existing efforts lay in the range of 70% - 79% of potential adequacy in terms of the standards advocated in the guide to better practice.

⁴ A rating of *Fair* would be awarded if the adequacy of the agency's existing efforts lay in the range of 60% - 69% of potential adequacy in terms of the standards advocated in the guide to better practice.

⁵ A rating of *Basic* would be awarded if the adequacy of the agency's existing efforts lay in the range of 50% - 59% of potential adequacy in terms of the standards advocated in the guide to better practice.

⁶ A rating of *Very Basic* would be awarded if the adequacy of the agency's existing efforts lay in the range below 50% of potential adequacy in terms of the standards advocated in the guide to better practice.

⁷ A rating of *Not Applicable* would be selected if it was considered that the particular attribute was not relevant to the agency.

Self-Assessment Scoresheet

Attribute No.	Adequacy Rating	Attribute Score
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____
10	_____	_____
	TOTAL:	_____

STEP 2

Tally the attribute scores on the above table, and then select the correlating **effectiveness rating** from the table below.

Overall Effectiveness Rating (based on aggregate of attribute scores)

= or >	41.5	Highly Effective
= or >	36.0	Effective
= or >	30.5	Fair/Effective
= or >	25.0	Partly Effective
= or >	19.5	Generally Ineffective
= or <	19.49	Ineffective

What Does it Mean?

This is your overall assessment of the effectiveness of the agency's fraud control strategy at this time. It can be compared to the overall situation across the NSW public sector in 1993 and 1998 (refer to The Audit Office's 1998 report at <http://www.audit.nsw.gov.au/perfauud-rep/Year-1997-1998/fraud98/contents.htm>).

But remember, this is just a simple process to produce a numerical rating. Your detailed substantive observations and comments, developed as you have undertaken the actual assessment of what the agency is doing under each attribute, are even more important as they provide particular details and enable you to give management advice in specific areas. This is how you can provide a value added service to your management.