# Template letter and report format for reporting significant or systemic Fraud, Corruption and Other Losses

The following letter and report template should be used by Agencies when reporting significant or systemic Fraud, Corruption and Other Losses in accordance with Direction 3.5.3 of the 2018 Standing Directions under the *Financial Management Act 1994* and Instructions 3.5 and 3.6.

**Note**: the letter should be addressed to the Agency’s relevant Portfolio Minister **not** the Assistant Treasurer (unless the Agency’s relevant Minister) with a copy to the Agency Audit Committee Chair, the relevant Portfolio Department Accountable Officer/Secretary or advised delegate and the Auditor-General.

A soft copy can also be provided to the relevant Portfolio Department compliance manager.

A sample completed report is attached to indicate the level of detail required when reporting.

## Relevant Directions and Instructions

### Fraud, Corruption and Other Losses

**Direction 3.5.3** – Where an Agency is made aware of an actual or suspected Significant or Systemic Fraud, Corruption or Other Loss, the Accountable Officer must:

* notify, as soon as is practicable, the Responsible (Portfolio) Minister, Audit Committee, Portfolio Department and Auditor-General of the incident and remedial action to be taken;
* ensure that the persons notified are kept informed about the incident, including the outcome of investigations; and
* ensure that the Agency takes appropriate action to mitigate against future Fraud, Corruption and Other Losses.

**Instruction 3.5, Clause 1.2** – The Fraud, Corruption and Other Losses prevention and management policy under [Direction 3.5.1(b)](http://www.dtf.vic.gov.au/files/7b9afc5c-687b-4ae7-b860-a5a6010a4a0e/Standing-Directions-of-the-Minister-for-Finance-2016.docx#Direction_3_5_1) must include a d**efined value threshold**, above which an actual or suspected Fraud, Corruption or Other Loss is considered ‘significant’ for the purpose of reporting under [Direction 3.5.3](http://www.dtf.vic.gov.au/files/7b9afc5c-687b-4ae7-b860-a5a6010a4a0e/Standing-Directions-of-the-Minister-for-Finance-2016.docx#Direction_3_5_3)[[1]](#footnote-1). The threshold **must not exceed $5 000** in money or **$50 000** in other property.

### Purchasing and prepaid debit cards

**Instruction 3.6 , Clause 7.1** – The program administrator must **define a value threshold**, above which an actual or suspected Fraud, Corruption or Other Loss in relation to purchasing and prepaid debit cards is considered ‘significant’ for the purpose of [Direction 3.5.3](http://www.dtf.vic.gov.au/files/7b9afc5c-687b-4ae7-b860-a5a6010a4a0e/Standing-Directions-of-the-Minister-for-Finance-2016.docx#Direction_3_5_3). The threshold **must not exceed** **$1,000**.

### Definitions

**Direction 1.6** – ‘Significant or Systemic’ means an incident, or a pattern or recurrence of incidences, that a reasonable person would consider has a significant impact on the Agency or the State's reputation, financial position or financial management.

**[AGENCY LETTER HEAD]**

The Hon <insert Portfolio Minister’s name> MP
Minister for < insert Portfolio name>
<insert Minister’s address>
MELBOURNE VIC <insert relevant postcode>

<Insert date>

Dear Minister

**Report of Significant or Systemic Fraud, Corruption and Other Losses**

As required under Direction 3.5.3(a) of the 2018 Standing Directions under the *Financial Management Act 1994*, please find attached a report on actual/suspected significant or systemic Fraud, Corruption or Other Losses under the control of <insert agency name>.

<Insert agency name> will keep you informed on the status of the incident/s and the outcome of any investigations.

If you require any further information, please contact <insert relevant Agency individual’s contact details>.

Yours sincerely

<insert Accountable Office name>
<insert Accountable Officer title>

Cc: <insert name>, Victorian Auditor-General

 <insert name> (relevant Portfolio Department Accountable Officer/Secretary or advised delegate), <insert Portfolio Department name>

 <insert name>, Chair of <insert Agency name> Audit Committee

# Completed Sample (with indicative level of detail)

N.B: for a more serious significant or systemic event or incident, more detailed information should be provided.

## Victorian Data Authority

### Report of Significant or Systemic Fraud, Corruption and Other Losses

**SPECIFY AGENCY DOLLAR THRESHOLD FOR SIGNIFICANT INCIDENTS:**

Money – **$5,000** Property – **$50,000**

Details of event and incident report

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date of event | Money or other property affected | Description of event and/or incident | Value of assets | Review of Internal Controls  | Rectification plan | Investigations, proceedings and disciplinary action | Recovery of asset |
| 5, 19 and 28 July 2017 | Stolen laptops | Three laptops have been stolen from inside the agency building at <address>. There have been three separate incidences in the last month. | $2,000 for each laptop stolen, totalling $6,000 | A review of internal controls is underway. However, it appears that all three incidents are linked. Police have advised that someone with access to the building is the involved in all three incidents.  | Stronger physical measures have been put in place e.g. additional cameras to be installed at building entrances and exits. | Incident reported to police. Investigations are currently underway. A further report on this incident will be provided once the internal audit review is complete. | Assets have not been recovered. Asset replacement value to be assessed and recovered through insurance cover. |
| 26 July 2017 | Money from Bank account | Fraudulent supplier invoices provided to Agency which were subsequently paid from Bank account. | $8,000 | Review of internal controls is being undertaken. It appears that a fraudulent supply was added to the accounts payable system without appropriate checks. | Internal audit are undertaking a thorough review of the agency’s internal controls. | Incident reported to police. Investigations are currently underway. A further report on this incident will be provided once the internal audit review is complete.  | Money has not been recovered as yet. |
| 29 July 2017 | Damage to office building property | Agency office building at <address> was subject to an arson incident, resulting in the temporary loss of office space. | $65,000 | Weaknesses in physical security identified.  | Stronger physical measures have been put in place e.g. additional cameras to be installed. | Event reported to police. A police investigation is currently underway. The individual responsible for the arson has not been identified as yet. A further report on this incident will be provided once the police investigation is complete. | Asset replacement value to be assessed and recovered through insurance cover. |

# Template report (remove)

## [Insert your Agency’s Name]

### Report of Significant or Systemic Fraud, Corruption and Other Losses

**SPECIFY AGENCY DOLLAR THRESHOLD FOR SIGNIFICANT INCIDENTS:**

Money – [**Add $ threshold**] Property – [**Add $ threshold**]

Details of event and incident report

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date of event | Money or other property affected | Description of event and/or incident | Value of assets | Review of internal controls | Rectification plan | Investigations, proceedings and disciplinary action | Recovery of asset |
| [Insert date] | [Insert details] | [Insert details] | [Insert amounts] | [Insert details] | [Insert details] | [Insert details] | [Insert details] |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

1. [Direction 1.6](http://www.dtf.vic.gov.au/files/7b9afc5c-687b-4ae7-b860-a5a6010a4a0e/Standing-Directions-of-the-Minister-for-Finance-2016.docx#Direction_1_6) includes a definition of ‘Significant or Systemic’ (see above). The defined value threshold under Instruction 3.5 only impacts on the interpretation of the meaning of ‘significant’ in relation to actual or suspected Fraud, Corruption or Other Loss. Different reporting thresholds for ‘significant’ apply to purchasing and prepaid debit cards misuse under Instruction 3.6. Where an actual or suspected Fraud, Corruption or Other Loss is deemed **systemic** it should be reported regardless of value. [↑](#footnote-ref-1)