



Objective

To determine whether Treasury Board Secretariat effectively oversees the implementation of the Fraud Management Policy throughout the Government of Newfoundland and Labrador.



Audit Scope Period

April 1, 2024 to
December 31, 2025.



Why this Audit is Important

Fraud poses a significant risk to the integrity and accountability of public sector operations. The Government of Newfoundland and Labrador adopted a Fraud Risk Management Policy in 2017 to establish a consistent approach for preventing, detecting, and responding to fraud across all departments and entities, including a requirement that all instances of suspected or confirmed fraud be reported to the Office of the Auditor General. Effective oversight by the Treasury Board Secretariat is critical to ensuring compliance with this policy and protecting public resources. Given the potential financial, operational, and reputational impacts of fraud, this audit is important to determine whether the Treasury Board Secretariat is effectively overseeing the implementation of the policy throughout government and to identify opportunities for improvement.



What We Found

Fraud Management Policy



The Fraud Management Policy was outdated and lacked key requirements.



Oversight of fraud management policies was weak.



Many entities lacked a fraud policy.

Fraud Management Program

Fraud Risk Assessments	Fraud Reporting and Investigations	Fraud Training and Awareness
More than half of government entities did not complete a fraud risk self-assessment during 2025.	Suspected fraud incidents were not consistently reported.	Fraud training was not mandatory or well-monitored.



Conclusion

The audit found that the Treasury Board Secretariat did not effectively oversee the implementation of the Fraud Management Policy throughout the Government of Newfoundland and Labrador. The Professional Services and Internal Audit Division did not have a documented comprehensive fraud management program. The Fraud Management Policy was outdated, incomplete, and lacked defined oversight responsibilities, resulting in inconsistent practices and some non-compliance. Key requirements, such as fraud risk assessments, defined training expectations, and mechanisms for monitoring adherence were missing or unclear, weakening government's overall fraud management framework. The Division did not ensure departments and entities implemented or aligned with the policy. Many government entities had no fraud policy, and training was neither mandatory nor monitored. Fraud training was not mandatory, monitored, or consistently accessible, and no refresher or high-risk-area training existed. Overall, the absence of clear policy direction, consistent training, reliable reporting, and oversight means effective fraud management is not occurring throughout government. These gaps reduce the government's ability to identify and address fraud risks and can undermine public confidence in the stewardship of public resources.

Summary of Recommendations

We recommend that the Treasury Board Secretariat:

Fraud Management Program and Policy	1. Update the Fraud Management Policy, with consideration given to weaknesses identified in this report, and establish a review cycle to ensure it remains current, comprehensive, reflective of evolving fraud risks and fit for purpose.
	2. Formalize its fraud management program in a comprehensive document that establishes roles, responsibilities and oversight mechanisms, including how compliance with the policy will be monitored and who is responsible for oversight of the program.
	3. Require all government entities to implement a fraud management policy and periodically assess the alignment of each entity's fraud management policy to that of government.
Fraud Risk Assessments	4. Define and communicate clear expectations for annual participation in the fraud risk self-assessment process to all entities.
	5. Ensure that the fraud risk self-assessments are completed annually by government entities.
	6. Increase the number of detailed fraud risk assessments it completes annually to achieve appropriate coverage of risk areas across government.
Fraud Reporting and Investigations	7. Clarify and communicate fraud reporting obligations to all government entities to ensure adherence to legislation and policy.
	8. Periodically monitor fraud-related investigations completed by departments and entities for compliance with the Fraud Management Policy, including consistent consequences of fraud in a zero tolerance culture.
Fraud Training and Awareness	9. Establish mandatory fraud-related training requirements for all new and existing government employees.
	10. Report on fraud training completion rates across government to the Audit Committee, including information on participation and fraud-related training undertaken.



After reading this report, you may want to ask the following questions of government:

Given Treasury Board Secretariat's responsibility for overseeing the fraud risk management program for government, how will the Treasury Board Secretariat:

1. Ensure that all government entities are included?
2. Ensure that all employees of the government and its entities receive mandatory fraud training?
3. Ensure that all suspected fraud is reported to the Comptroller General and Auditor General?