



National Fraud Authority

Stephen Haddrill
Chief Executive
Financial Reporting Council
5th Floor, Aldwych House
71-91 Aldwych
London
WC2B 4HN

National Fraud Authority
PO Box 64170
London WC1A 9BP
T 020 3356 1000
F 020 3356 1001
www.attorneygeneral.gov.uk/nfa

BY EMAIL

04 March 2011

Dear Stephen

Thank you for the opportunity to respond to your consultation paper - Effective Company Stewardship. The National Fraud Authority, in its role as the UK's counter fraud champion, supports your key recommendations. We very much agree that effective company stewardship is one of the many weapons in the armoury that can help protect the UK from fraudsters. Investors have a right to expect that the companies they put their trust in, are ensuring that effective controls are in place to protect them from risks. We believe that fraud is a principle risk and must be addressed accordingly.

Fraud is a hidden crime and as such, by the time it is discovered it is often far too late for adequate remedial action. In our most recent Annual Fraud Indicator 2011 we estimate that the private sector loses at least £12 billion annually to fraud. We believe that this is a significant underestimate since too many companies believe that they do not have a fraud problem, when in fact they do.

The NFA would like to see that effective company stewardship includes the principle that fraud is a significant risk. We believe that as part of their responsibility, directors should ensure that fraud is proactively looked for and that any frauds discovered should be addressed robustly. Any significant frauds should be reported along with assurances that fraud controls are in place and that an independent view is taken of their adequacy.

Yours Sincerely

Edward Nkune
Director of Knowledge, NFA