



Is Fraud Occurring in my Council?

Martin Thompson, Principal.

13 October 2011

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■ YES

■ NO

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Unfortunately it probably is.....

- Bathurst Regional Council paid invoices for enough safety mesh to line the Great Western Highway to Sydney and back....but none of it was delivered.

- A council manager and former Mr Australasia bodybuilder defrauded more than \$1.5 million in council funds and bought a Mustang sports car, a court has heard.

- A former Sydney council general manager could face criminal charges after the NSW corruption watchdog found he misused council funds to have his wife and her colleague spied on, among other offences.

- Holidays, footy tickets, iPhones, alcohol and gift vouchers were among the more than \$116,000 worth of kickbacks allegedly used to "groom" NSW public officials for corruption.

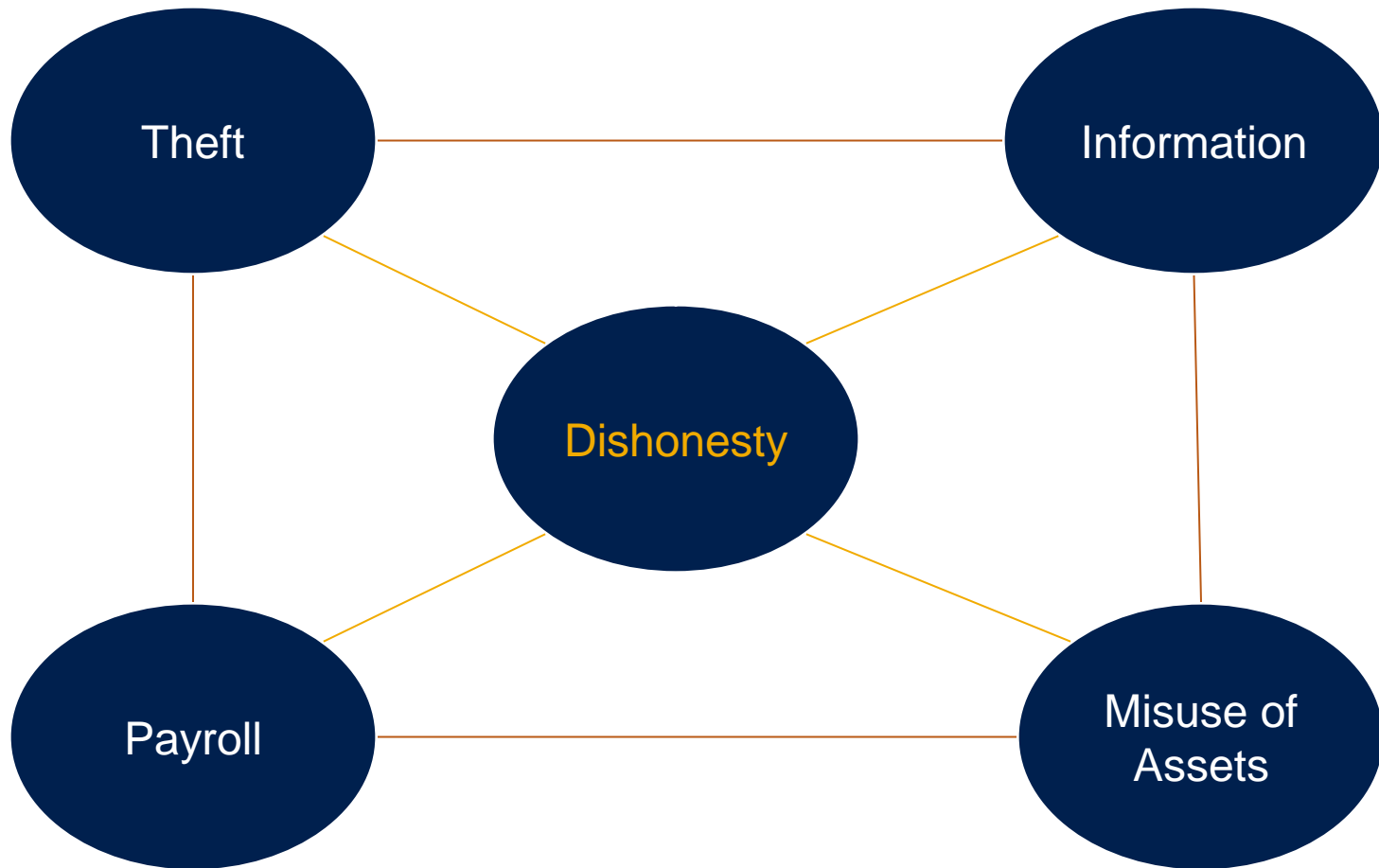
- A Tasmanian mother yesterday admitted defrauding her employers of \$278,000...to maintain an affair with her lover

- Senior staff in the federal Attorney-General's Department with high-level security clearances have been investigated internally for reporting their overtime claims and obtaining financial benefits by deception, according to internal government files.

- The Department of Agriculture, Fisheries and Forestry has been rocked by allegations of fraud. A leaked internal document says Australian Quarantine Inspection Service staff are confused, poorly trained.

- In states such as Queensland, Western Australia and NSW, such cases might have merited an independent investigation by an anti-corruption watchdog.

What might be happening?



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Theft

- *Cash*
- *Petty cash claims*
- *Reimbursements*
- *Manipulation of EFT*
- *Skimming receipts*
- *False creditors/invoices*
- *Removal of assets*
- *Sale of assets*
- *Removal of stationary*
- *Removal of materials*
- *Private works*
- *Misuse of credit cards*
- *Fuel Cards*
- *Private works*
- *Periodic payments (direct debits)*
- *Tools and small plant*

What might be happening?



Dishonesty

- *Tendering*
- *Collusion with suppliers*
- *Falsifying qualifications/experience*
- *Providing priority access to services*
- *Requiring deposits/service fees*
- *Planning processes*
- *Special treatment for family/friends*
- *Bribery/Kick backs*
- *Forgery or alteration of documents*

What might be happening?



Payroll

- *Master file amendments*
- *False overtime claims*
- *Invalid variations*
- *False casuals*
- *Failure to submit leave forms*
- *Creation of ghosts*
- *Manipulation of 'terminated' employees*
- *Abuse of lunch breaks, etc*

What might be happening?



Misuse of
assets

- *Private use of Council assets (indoor and outdoor)*
- *Use of 'surplus' materials*
- *Private works*
- *Misuse of Council vehicles*
- *Inappropriate use of Council buildings*
- *Appropriation of intellectual property*

What might be happening?



Information

- *Sale of data (rates, registration, childcare, etc)*
- *Manipulation of data (rates database)*
- *Corruption of data (aggrieved staff)*
- *Theft of client database*

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- Complete a fraud risk health check.

Fraud Risk Health Check

How healthy is your fraud management framework? Take the test:

Question	Yes/No	Last Review
Do you have a fraud prevention/management policy?		
Have you undertaken a fraud risk assessment?		
Do you run fraud awareness training?		
Is fraud awareness part of your induction process?		
Does your code of conduct summarise and link to the fraud policy?		
Do you have effective preventative controls?		
Do you have effective detective controls?		

The outcome of the health check can help focus your efforts in improving the fraud control framework within your Council

Questions?

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