



Grant Thornton

FinPro Conference

Fraud and Corruption Control

What happens when pit crews go bad

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FRAUD & CORRUPTION CONTROL

Contents

- 1. Prevention**
- 2. Detection**
- 3. Response**

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Prevention – *What, why and how*

1. What to prevent?

- Misappropriation of assets
- False accounting
- False documents
- False statements
- Kick backs
- Bribes
- Secret commissions
- Conflicts of interests

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Prevention – *What, why and how*

2. Why invest in prevention strategies?

Prevention costs less in time and money

- Achieve compliance
- Financial loss
 - Investigation costs
 - Asset loss
 - Recovery costs
- Reputational damage
- Lost management time and resources

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Prevention – *What, why and how*

3. How to prevent fraud and corruption?

"Tone from the top"

- Good culture
- Good governance
- Good resourcing and training

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Prevention – *What, why and how*

3. How to prevent fraud and corruption?

Identify and assess the risks

- Determine residual risk
- Design and implement adequate controls
- Ensure continuous monitoring

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Prevention – *What, why and how*

3. How to prevent fraud and corruption?

Policy and procedures

- Code of conduct
- Conflicts of interest
- Gifts & hospitality
- Asset management & register
- Procurement & contract management

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Prevention – *What, why and how*

3. How to prevent fraud and corruption?

Screening

- Employees
- Contractors and agents
- Suppliers

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Detection

1. How to detect fraud and corruption?

- Internal controls
- Internal audit
- Forensic audit
- Whistleblowing

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Response

1. What response is required?

Assess the allegations

- Who should do the initial assessment?
- Whistleblower a protected disclosure?
- Is the fraud still continuing?
- Who could be involved?

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Response

1. What response is required?

Investigate the allegations

- Identify appropriate skills & qualifications
- Identify source of evidence
- Principles of procedural fairness and natural justice
- *What, when, where, who, how & why*

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Response

1. What response is required?

Report findings to stakeholders

- Audit & Risk Committee
- Council
- Police
- Ombudsman/IBAC
- Employees
- Insurer
- Legal advisors
- VAGO
- Government
- Media

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Response

1. What response is required?

Dealing with the perpetrator

- Undertake surveillance
- Suspend pending investigation
- Disciplinary action
- Summary dismissal

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Document your strategies

1. Fraud & Corruption Control Plan

- Integrity Framework
- Based on assess risk
- Consistency and clarity
- A "live" document

Questions?

