

The Commonwealth Approach to Fraud Management

Presenter:

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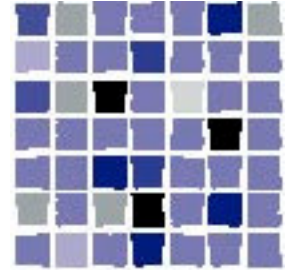
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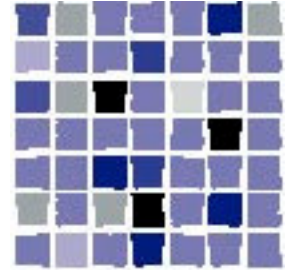
Overview



Discuss:

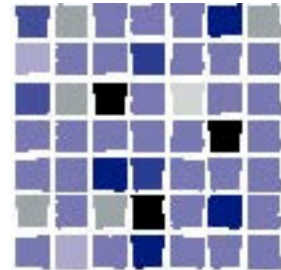
- **The Legislative basis for the concept of fraud within the Commonwealth**
- **Commonwealth Policy re fraud management**
- **Practical arrangements for fraud management**
- **Experienced problems**
- **Approach to Identity fraud management**

Legislation



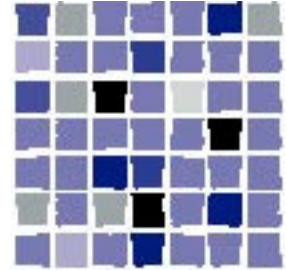
- **Financial Management and Accountability Act (FMA) 1997.**
- **Commonwealth Authorities and Companies Act (CAC) 1997.**
- **Public Service Act 1999**
- **Criminal Code Act 1995.**

Policy



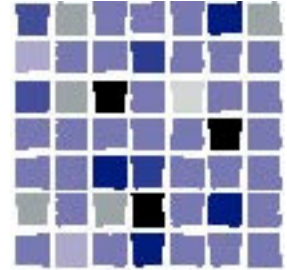
- **Commonwealth Fraud Control Guidelines 2002.**
 - **Chief Executive Officers (CEOs) and/or Boards of Directors of Commonwealth agencies are accountable to their Ministers or Presiding Officers for fraud control within their agencies. .**
 - **Requirements of the Commonwealth is reflected in the new AS 8001-2003 on Fraud and Corruption Control**

Policy



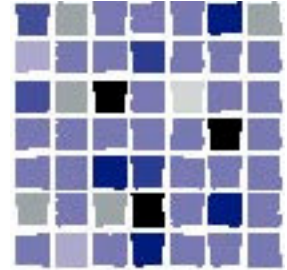
- **CEOs are obliged to ensure fraud risk assessments and fraud control plans are prepared and maintained at least on a biennial basis**

Policy



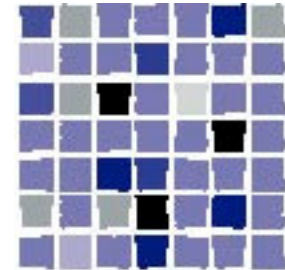
- **CEOs must put in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes including:**
 - Policy;
 - Code of Conduct;
 - Control Framework;
 - Internal Audit
 - Fraud Awareness Training Program

Policy



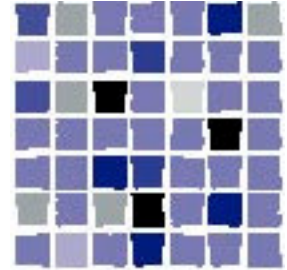
- **Agencies are responsible for investigating routine or minor instances of fraud ;**
- **Complex, interagency, or politically sensitive incidents are to be referred to the AFP ;**

Policy



- **All agency employees and contractors to Commonwealth agencies primarily engaged in fraud control activities are to meet the appropriate training standards:**
 - Competency based;
 - Advanced Diploma of Government (Fraud Control management)
 - Diploma of Government (Fraud Control [Prevention / Detection] [Investigation])
 - Certificate IV of Government (Fraud Control [Prevention / Detection] [Investigation])

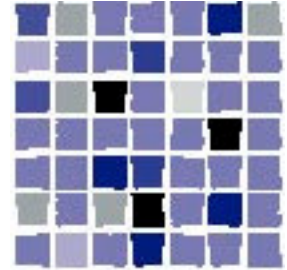
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- **Commonwealth Definition of Fraud**

“Dishonestly obtaining a benefit by deception or other means”

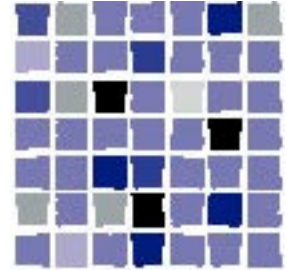
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- **Examples**

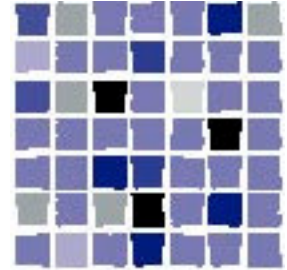
- theft;
- obtaining property, a financial advantage or any other benefit by deception;
- causing a loss, or avoiding or creating a liability by deception;
- providing false or misleading information to the Commonwealth, or failing to provide information where there is an obligation to do so;

Policy



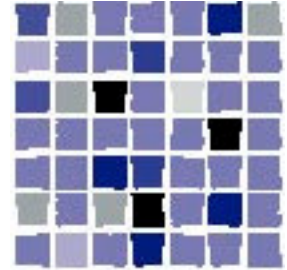
- **Examples (continued)**
 - making, using or possessing forged or falsified documents;
 - bribery, corruption or abuse of office;
 - unlawful use of Commonwealth computers, vehicles, telephones and other property or services;
 - relevant bankruptcy offences; and
 - any offences of a like nature to those listed above.

Policy



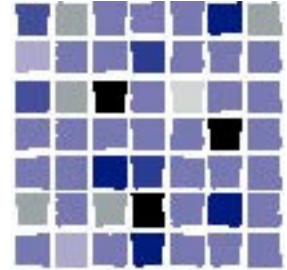
**Implication is that most offences against
Commonwealth Legislation fall into the
Fraud Definition.**

Practical Arrangements



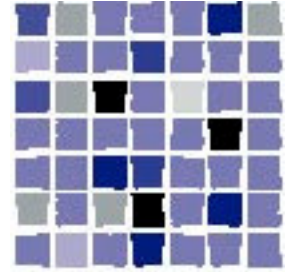
- **Agencies that aim to possess internal competency in fraud Prevention, Detection and Investigation**
 - **Some difficulty in obtaining and retaining trained staff**
 - **Commonly no “career” path for investigators outside of the AFP**

Practical Arrangements



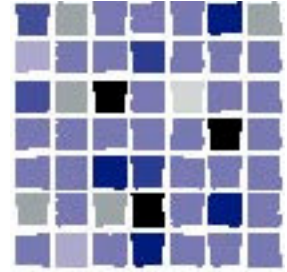
- **Secondment of AFP Agents to agencies (user pays)**
 - **Some difficulties in competition re management responsibility for seconded agents activities**

Practical Arrangements



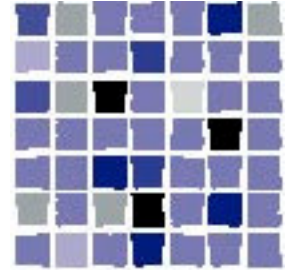
- **Outsourcing of Fraud Management expertise**
 - **Primarily Accounting / Management consulting firms providing**
 - Forensic accounting
 - Prevention/Detection
 - Investigation

Experienced Problems



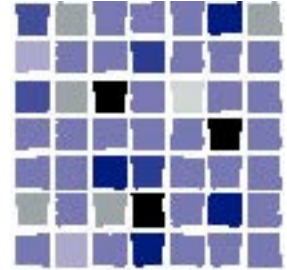
- **Large number of minor offences absorb resources perhaps better focused upon systematic and organized crime**
- **Fundamental resource shortage forces need to selectively investigate crime**

Experienced Problems



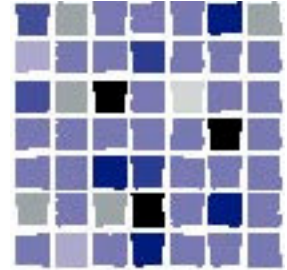
- **View that crime intelligence activity will increase overloading on investigatory staff**
- **Out of sight – Out of mind syndrome. If we are not aware of fraudulent activity it is not happening**
- **Often very difficult to justify commitment of resources on a “cost – benefit” basis**

Identity Fraud



- **Significant concern for many Commonwealth agencies**
- **Several forums and pilots established with sponsors including**
 - **Australian Crime Commission**
 - **Australian Taxation Office**
 - **Attorney General's Department**

Identity Fraud



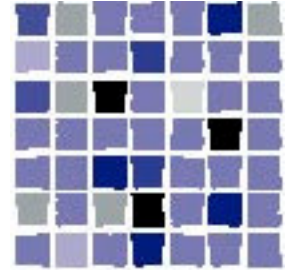
- **Other concerned agencies**
 - **Australian Passports Office**
 - **Centrelink**
 - **Department of Immigration and Multicultural and Indigenous Affairs**
 - **Australian Federal Police**
 - **Health Insurance Commission**
 - **Australian Customs Service**
 - **Australian Taxation Office**

Identity Fraud



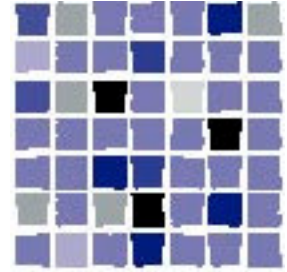
- **Australian Crime Commission**
 - **Identity Fraud Register**
 - Established an Identity register on the Australian Criminal Intelligence Database to be used as an intelligence tool to aid agencies in investigations
 - **Initiated by ABCI and completed by ACC**
 - **Involves all Police and key Commonwealth and State agencies**

Identity Fraud



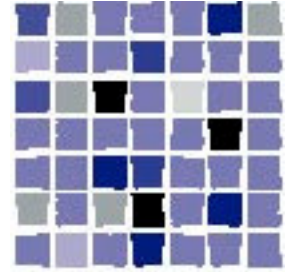
- **Concerted effort on the part of several Commonwealth agencies to cooperate in the cleansing of data held on various agency databases through data matching exercises**
- **Project with Australian Passports Office and Registrars of Births Deaths and Marriages to match and cleanse data**

Identity Fraud



- **Little in legislation to prescribe requirements for the establishment of identity**
- **Thrust amongst agencies to standardise the approach to establishment of identity**
- **100 point approach adopted by most as a basis to improve reliability of establishment of identity.**

Identity Fraud



- **Move toward the use of technology including biometrics in linkage of individuals to their identity documentation.**