Fraud

This module will help providers understand their responsibilities and obligations regarding the prevention, detection and reporting of fraud.

Welcome
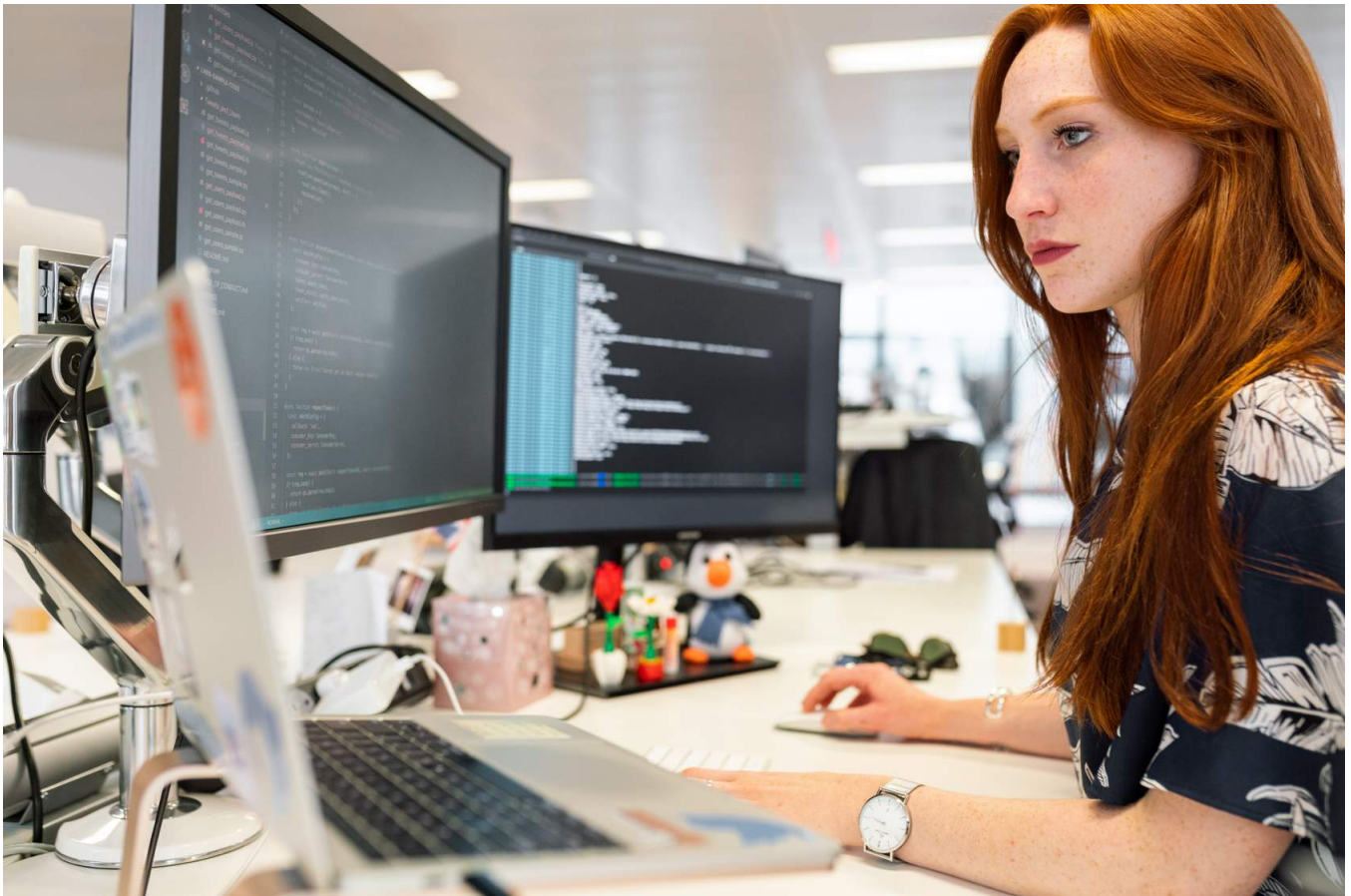
The purpose of this module is to promote awareness of fraud risks relating to your role assisting the Department of Education, Skills and Employment. It will help you understand your responsibilities and obligations regarding the prevention, detection and reporting of fraud.

Learning outcomes

At the end of this module you will be able to:

- describe fraud and its wide-reaching impacts

- explain conflicts of interest and how to manage them appropriately

- access the legislation and policy framework that governs fraud and compliance activities

- use departmental systems and access information appropriately

- identify red flags and report suspicious behaviour.

The module has been designed using research-based training methods. It presents you with new information and supports you to practice using it. It gives you the opportunity to check your understanding and apply your new knowledge.

Each lesson follows a similar format and includes:

- definitions

- descriptions of your role and responsibilities

- process diagrams

- scenarios

- activities

- feedback

- quiz questions

- links to other resources.

ⓘ This training module (the Module) is provided to assist Workforce Australia Employment Services Providers (Providers) realise the objectives of Workforce Australia Services in providing employment services under the Workforce Australia Employment Services

Providers Deed of Standing Offer 2022 – 2028 (the Deed). The Module is made available to Providers solely for the purpose of receiving training from the Commonwealth to assist in their performance of their obligations under the Deed. Providers may not use the Module for any other purpose than receiving training from the Commonwealth.

The Module does not in any way vary the Deed or the obligations of Providers under the Deed (including without limitation any Guidelines). Any general statements in the Module do not diminish specific obligations applicable to Providers under the Deed or the Guidelines. The Module is not incorporated into the Deed.

The Module may contain videos representing working environments. These videos should be taken as illustrative only and may not necessarily represent what is a safe system of work as required by the Deed or by work health and safety laws in Australian jurisdictions in which Providers operate.

GET STARTED

What is fraud?

In this lesson we explore what constitutes fraud and corruption.

Before you get stuck into the theory, watch Glen and Sarah's story.

To decide if fraud has been committed and if so, who committed it, we need to know a bit more about fraud.

Definition

Fraud against the Commonwealth is defined in the Commonwealth Fraud Control Policy as "**dishonestly** obtaining a **benefit** or causing a loss by **deception** or other means". It can also be a breach of contract or a civil wrong.

Dishonesty —

Dishonesty refers to the intent of the person at the time they did the wrong thing and whether they understood what they were doing was dishonest based on the standards of ordinary people. Dishonest actions include intentionally omitting information as well as providing false information.

Benefit —

A benefit or loss can be real or intangible. The benefit may be for the person perpetrating the fraud or for the benefit of another person and can include money, property, entitlements, recognition, leave, information or overpayments.

Deception —

Deception means a deliberate or reckless act or omission causing someone to be misled. This could be through submitting false information, failing to provide information, or deliberately accessing, modifying or disclosing information without authorisation. It can also include deception about a person's intent or conduct when they are using a computer or other electronic device to do something they are not authorised to do, like releasing information or changing information in a database.

Corruption is related to fraud. It is defined as "the dishonest or biased exercise of a public official's duties".

> **Fraud and corruption are often intertwined. While there is an overlap between fraud and corruption, not all cases of corruption will amount to fraud nor will all cases of fraud involve corruption.**

Corrupt conduct involves a breach of public trust that can lead to inequality, wasted resources, misuse of public money, and damage to the Commonwealth's reputation.

Examples of corrupt conduct include:

- bribery or secret commissions
- dishonestly using influence
- misusing information
- inappropriately inflating prices
- distorting markets.

More broadly, as per clause 34 of the Workforce Australia Services Deed of Standing Offer 2022-2028, providers must not engage in fraudulent activities and must take all reasonable steps to prevent fraud.

It is important to note that accidents do happen occasionally. Accidental errors, sloppy work practices or ineptitude can be considered non-compliance, but not fraud.

Check your understanding

Click on each word and drag it to match it up with its definition:

☰ Fraud	is dishonestly obtaining a benefit, or causing a loss by deception or other means.
☰ Dishonesty	is intentionally doing the wrong thing.
☰ Benefit	is an advantage for yourself or another.
☰ Deception	is deliberately doing something that misleads.

SUBMIT

Back to Glen and Sarah...

Now you have a better understanding about fraud and corruption, what do you think about Glen and Sarah? Did they commit fraud? Or was it corruption? Or was it both?

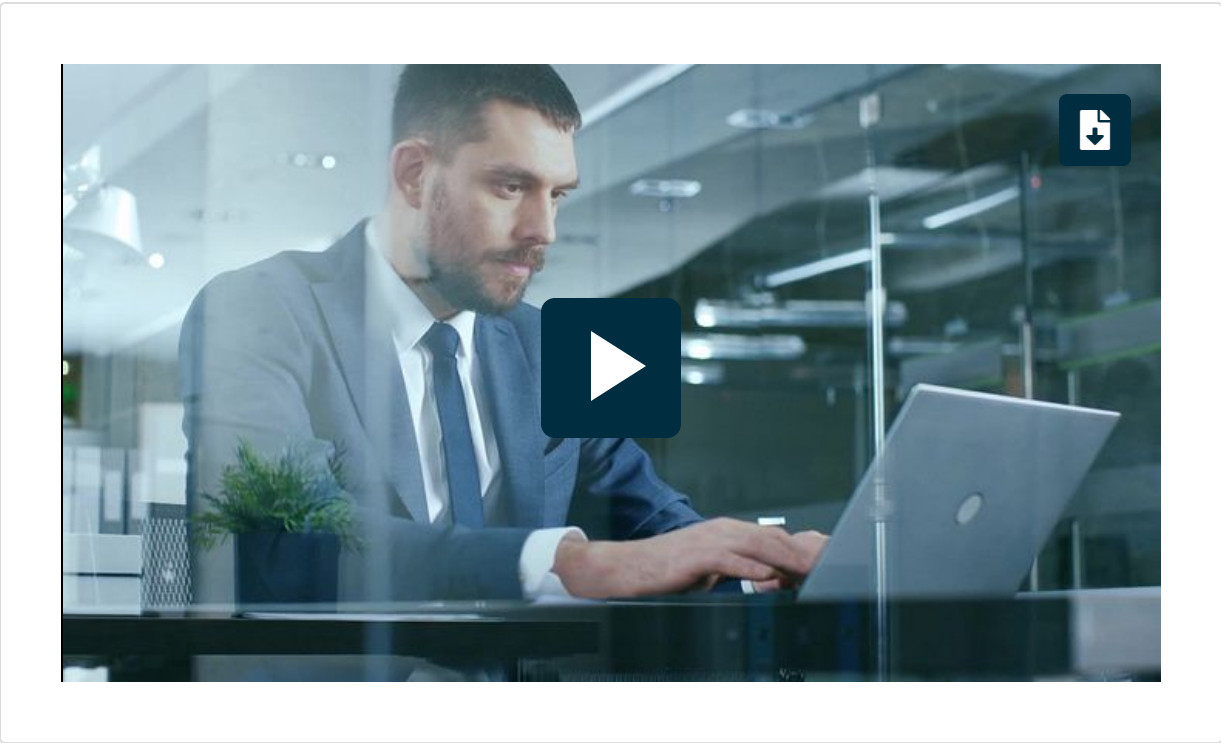Was it fraud, corruption or both?

It was both.

Who committed it?

Glen. He was the one who was dishonest. A benefit was received by his wife's company and he deliberately deceived the Commonwealth and Sarah.

What about this one?

This is Anne and Patrick's story.

Has Patrick committed fraud?

○   Yes

○   No

SUBMIT

Has Anne committed fraud?

○ Yes

○ No

SUBMIT

Has the employer committed fraud?

○ Yes

○ No

SUBMIT

Is it both corruption and fraud, or just fraud?

○ Just fraud

○ Corruption and fraud

SUBMIT

For fraud to have been committed, there must be **dishonesty**, **benefit** and **deception**.

Next up - Why people commit fraud

CONTINUE

Why people commit fraud

It can be useful to understand why people commit fraud, so we can identify the signs and make changes to systems, processes and workplaces to prevent it.

The Fraud Triangle, developed by criminologist Donald Cressey, describes the three factors that are usually present in a fraud case: opportunity, pressure and rationalisation.

Opportunity

is the situation that allows the fraud to occur. For example, there may be a lack of system controls, or your work credentials may provide you with access to personal and sensitive information held on departmental systems.

Pressure

is the stressor that encourages the fraud to continue. For example, an individual's financial situation, a gambling or substance addiction, pressure from family of friends to supply them with 'insider information'.

Rationalisation

is when the fraudster, in their mind, justifies their actions and motivation to continue their fraudulent behaviour. For example, they believe it's a victimless crime, they may intend to repay any money fraudulently obtained, or they may be disgruntled with their employer and trying to get back at them.

Opportunity, pressure and rationalisation are usually present when a person commits fraud.
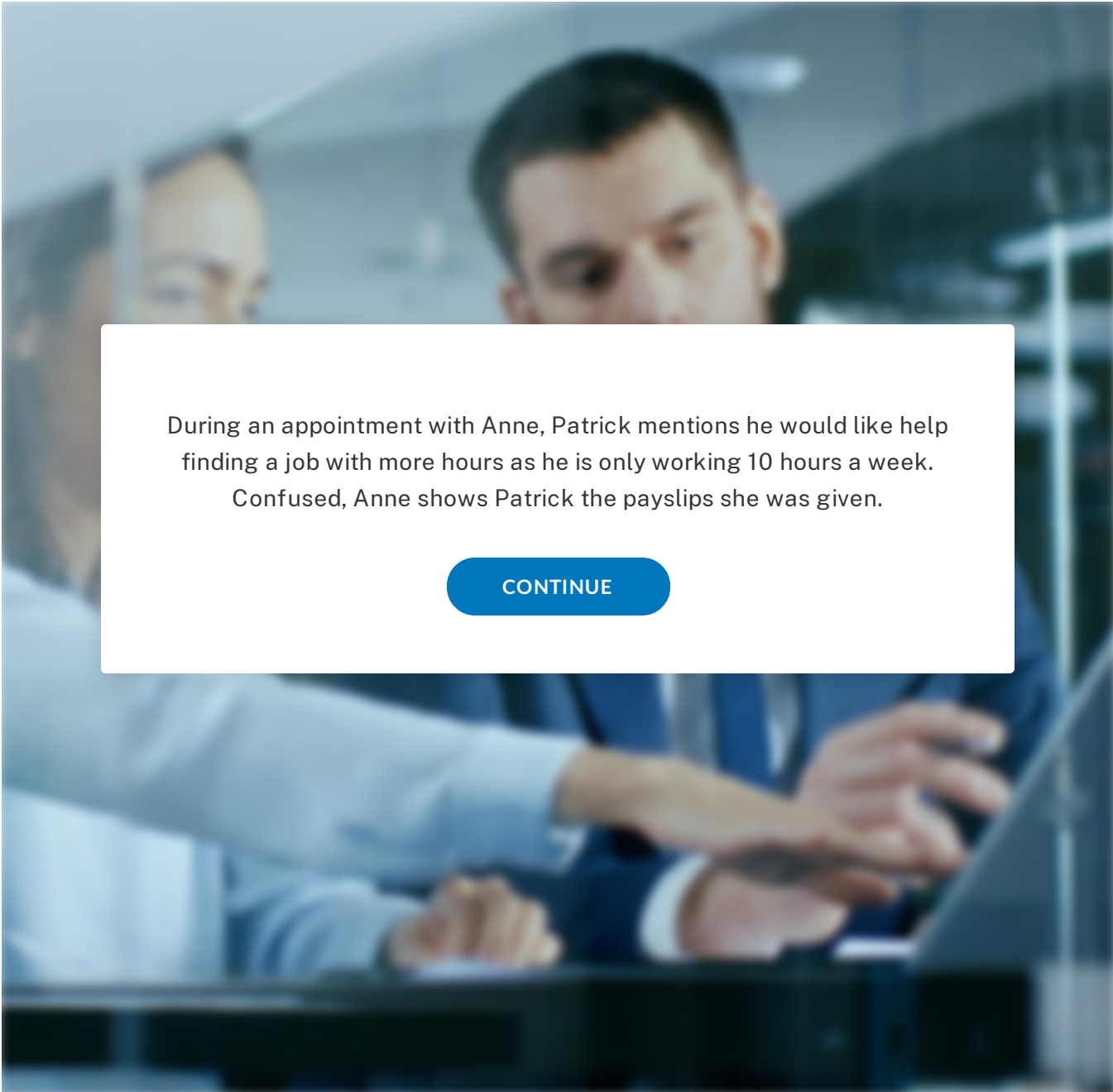
Back to Anne and Patrick...

Remember Anne and Patrick, and the employer who faked the payslips to claim a wage subsidy? This is what happened next.

CONTINUE

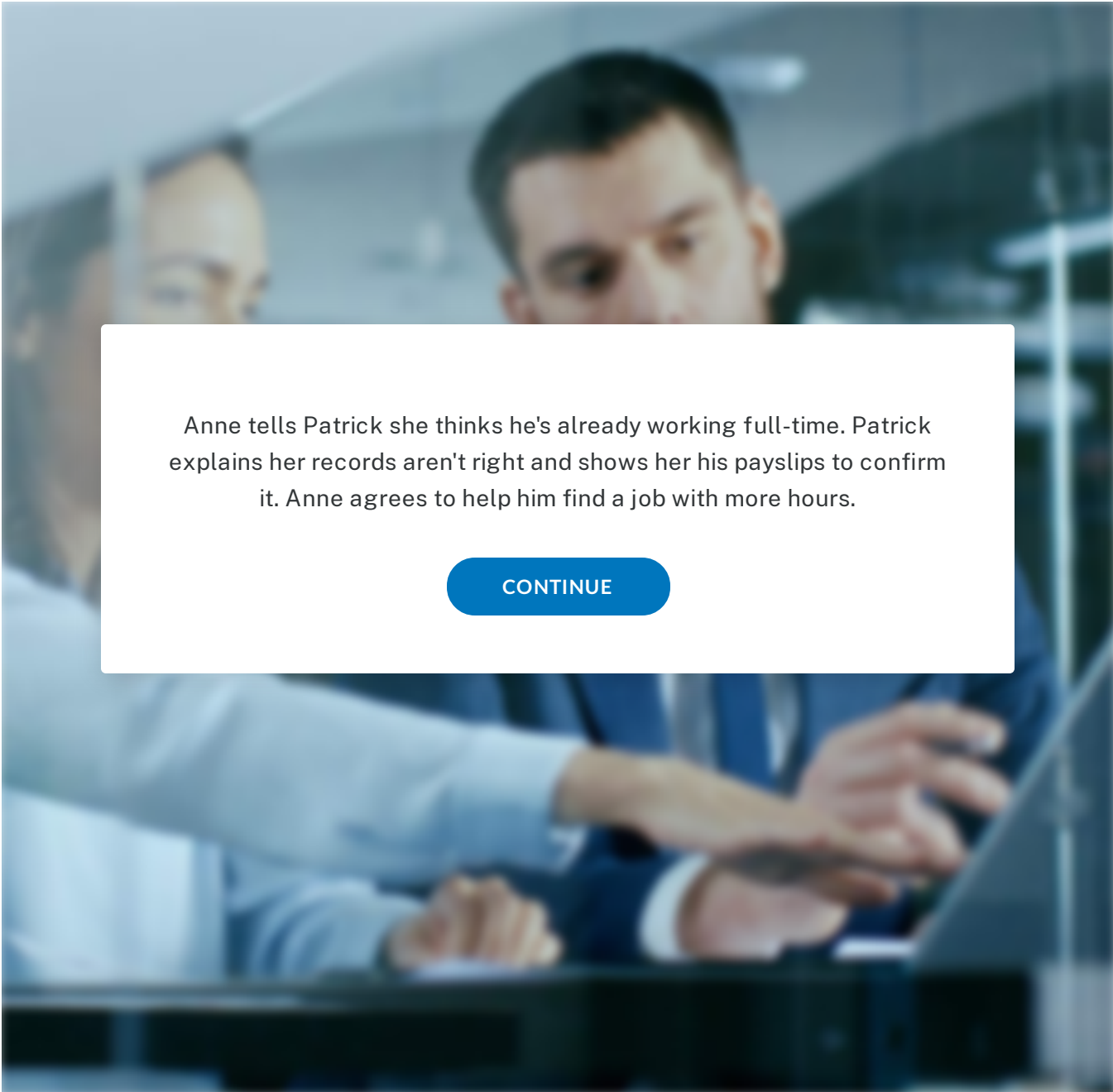## Scene 1 Slide 1

Continue → Next Slide

During an appointment with Anne, Patrick mentions he would like help finding a job with more hours as he is only working 10 hours a week. Confused, Anne shows Patrick the payslips she was given.
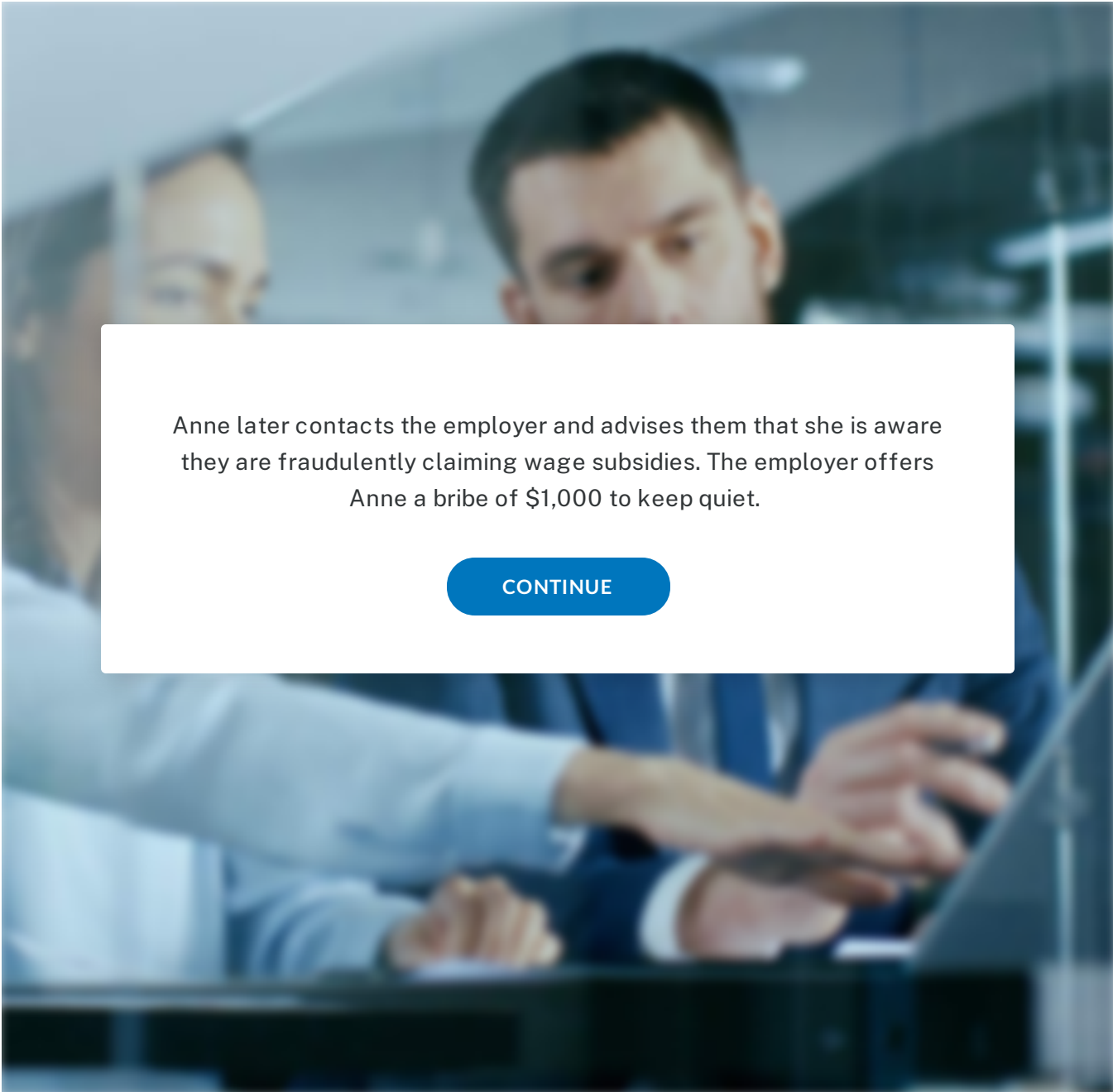
CONTINUE

Scene 1 Slide 2

Continue → Next Slide

Anne tells Patrick she thinks he's already working full-time. Patrick explains her records aren't right and shows her his payslips to confirm it. Anne agrees to help him find a job with more hours.

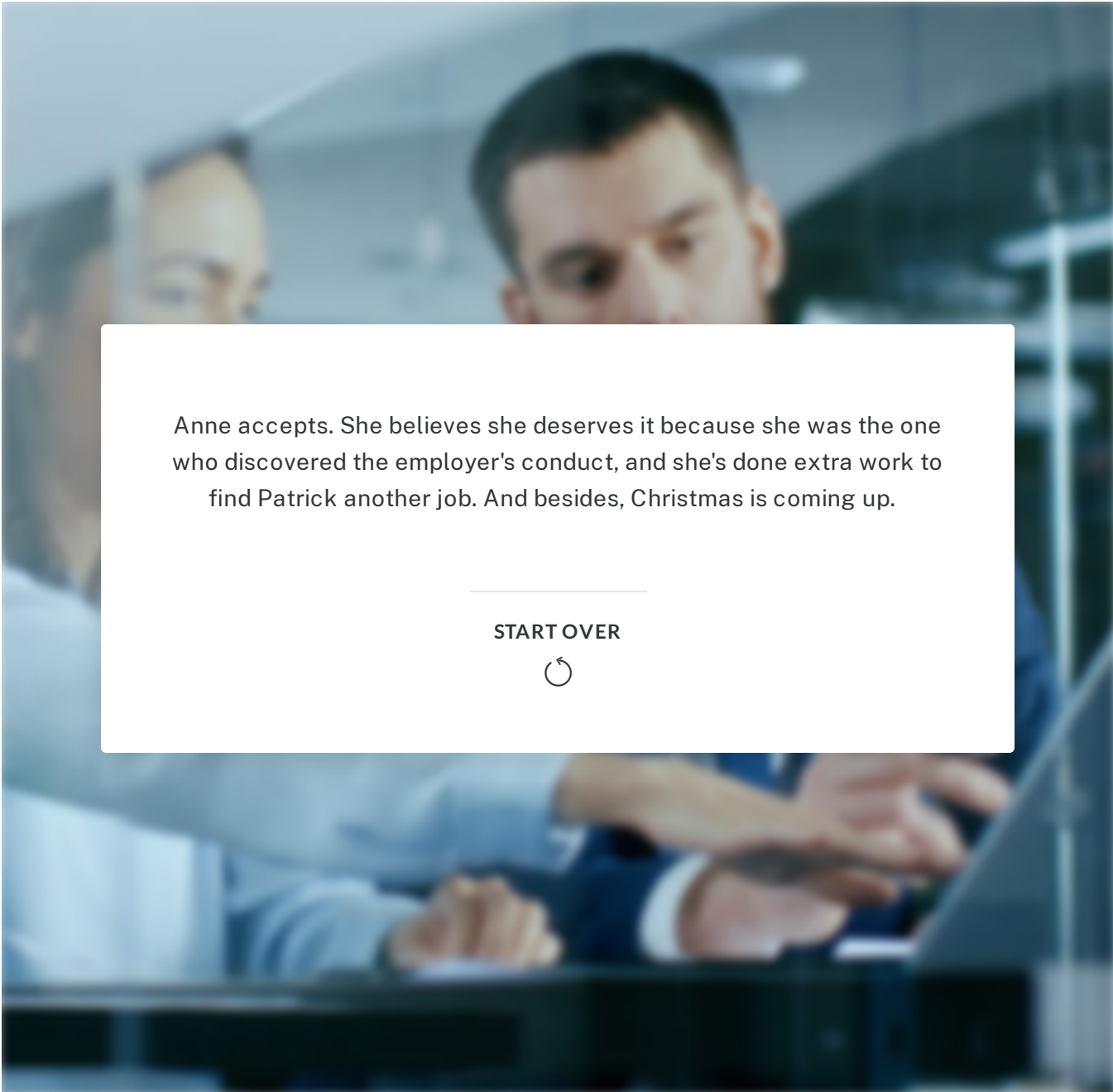CONTINUE

Scene 1 Slide 3

Continue → Next Slide

Anne later contacts the employer and advises them that she is aware they are fraudulently claiming wage subsidies. The employer offers Anne a bribe of $1,000 to keep quiet.

CONTINUE

Scene 1 Slide 4

Continue → Next Slide

Anne accepts. She believes she deserves it because she was the one who discovered the employer's conduct, and she's done extra work to find Patrick another job. And besides, Christmas is coming up.

START OVER

⟲

Scene 1 Slide 5

Continue → End of Scenario

Has Anne committed fraud now?

○ Yes

○ No

SUBMIT

Where are the opportunity, pressure and rationalisation in Anne's story?

Opportunity

Anne has the ability to report the employer's fraudulent conduct but seizes the opportunity to take a bribe

Pressure

Anne has additional expenses approaching the festive season

Rationalisation

Anne believes that she has gone above and beyond her duties and deserves the bribe

Try one on your own

Meet Rick. Rick works for an employment service provider and is helping Kim, a participant.

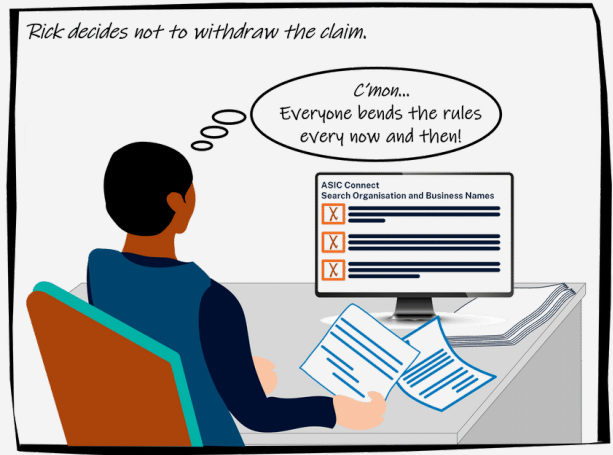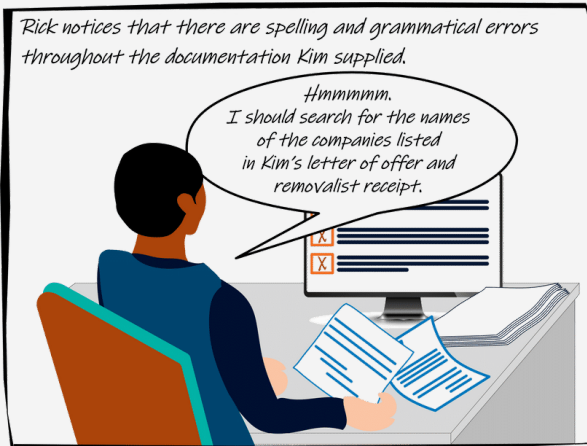Rick and Kim part 1

Who committed fraud, Rick or Kim?

○   Rick

○   Kim

SUBMIT

As he's packing up for the day, Rick has a closer look at the documents Kim has given him.

Rick and Kim part 2

Has Rick committed fraud now?

- ○ Yes
- ○ No

SUBMIT

Identify the opportunity, pressure and rationalisation in Rick's story:

SUBMIT

Types of fraud

It's important to be aware that fraud risks can come from external and internal threats or a combination of both. The examples of fraud below are not an exhaustive list.

EXTERNAL FRAUD

INTERNAL FRAUD

External fraud is where the threat of fraud comes from outside the organisation. Examples of external fraud include:

- individuals deliberately claiming benefits from government programs they are knowingly not eligible for

- job seekers making, using or submitting forged or falsified documents e.g. false payslips or false medical evidence

- employers supplying false payslips or records of attendance to claim wage subsidies

- theft of public resources, including money, information and property

- someone submitting a false resume to gain employment with your company.

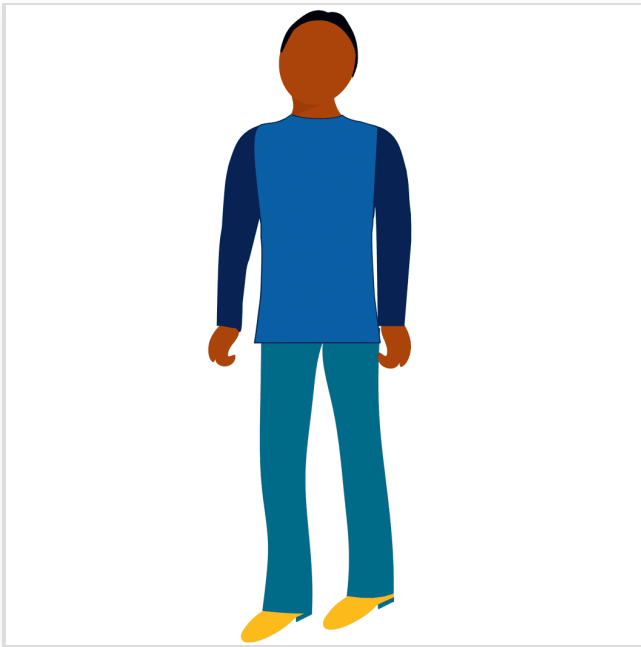

| EXTERNAL FRAUD | INTERNAL FRAUD |

Internal fraud and corruption relate to matters committed from inside an organisation by an official or trusted insider. Examples of internal fraud include:

- unauthorised access, modification and/or disclosure of restricted data held on official systems (e.g. the address or other personal information of a job seeker)

- processing or submitting false documents from job seekers when you know them to be fake

- bribery, corruption or abuse of office

- facilitating unauthorised third-party access to premises or systems, such as letting your friends use your login credentials or letting unknown persons into the building

- colluding with external parties to commit or facilitate fraud

- misappropriating funds for personal gain or to cause others a loss, such as redirecting subsidies to yourself rather than an employer

- assisting family, friends or associates to obtain benefits when they would otherwise be ineligible.
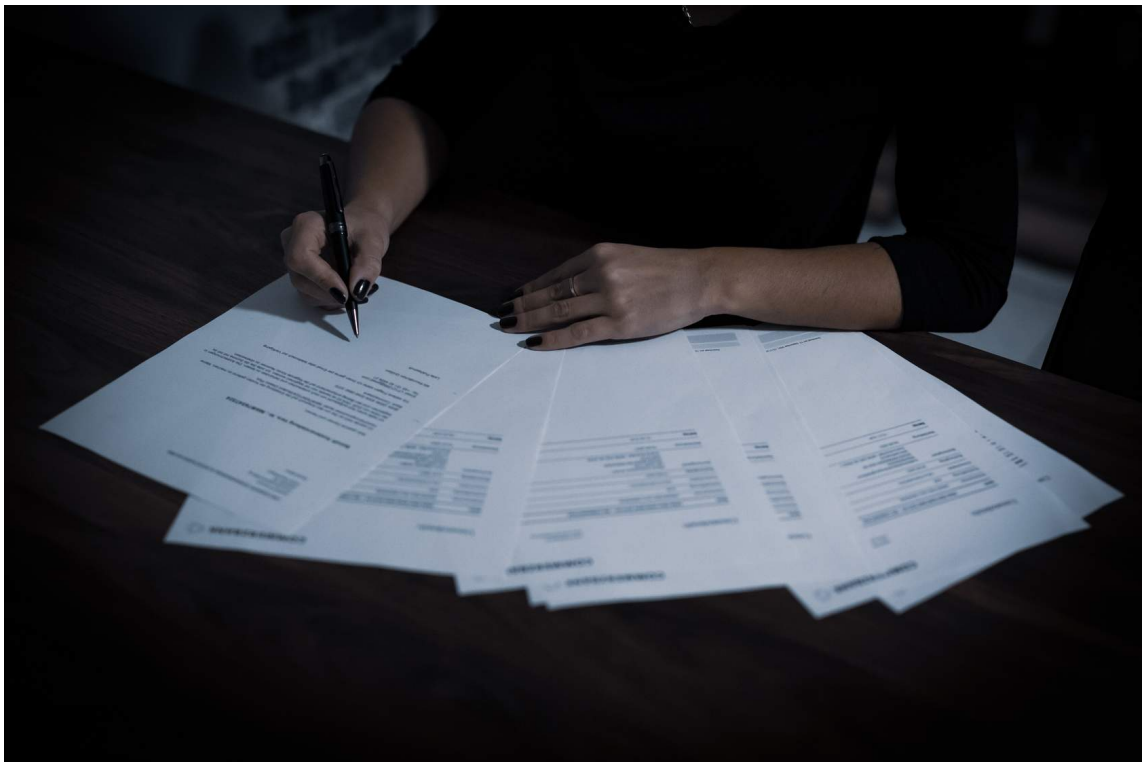
Back to Rick and Kim…

Think back to Rick and Kim. Kim submitted false documentation to claim relocation assistance and Rick allowed the claim to be processed knowing the documents were false. Both of them committed fraud. Who committed external fraud, and who committed internal fraud?

If you said internal, you're right. Rick works for the provider, so the fraud is internal.

Kim is an outsider from the provider's perspective, so her fraud was external.

So, now you can identify the factors that are present when fraud is committed (opportunity, pressure and rationalisation) and you can differentiate between internal and external fraud.

Next up - Impact and consequences of fraud

CONTINUE

Impact and consequences of fraud

Fraud impacts the government's ability to deliver services but the impact of fraud extends beyond a financial loss to the government. Any public money lost to fraud reduces the benefits available to legitimate recipients. It also negatively impacts private organisations and communities. Fraud is not a victimless crime.

Click on the hotspots in the picture to discover some of the impacts of fraud.

Less money for sports impacts coaching and equipment businesses and affects the health and wellbeing of community members.

Less money for education impacts the quality of education our young people receive, affects their long-term job opportunities and economic well-being and can make us less internationally competitive.

Less money for aged care affects employment conditions of the staff in the sector, opportunities for suppliers such as caterers, laundry services, health services and so on.

Less money for health reduces services for the sick and means fewer work opportunities for health professionals, such as doctors, pharmacists, physios and medical equipment manufacturers.

Less money for child care impacts the ability of parents, particularly mothers, to return to work and can affect their careers and financial health.

Less money for regulatory oversight might mean more fraud and scams and more money syphoned out of the system.

Fraud is a criminal offence that can lead to prosecution. The outcome of a fraud offence can include:

- imprisonment

- non-custodial sentences

- financial penalties such as court costs

- a criminal record

- loss of job opportunities

- travel restrictions - some countries do not issue visas if you have a criminal record

In addition to criminal proceedings individuals who commit fraud can face civil action, such as:

- disciplinary action from your employer

- termination of employment

- legal action, such as being sued for breach of contract.

Check your understanding

Click on each card and drag it to the correct pile.

TRUE

You can serve a custodial sentence (jail) if you commit fraud

Fraud results in less money spent on essential services

Unauthorised use of personal information can be considered fraud

FALSE

Fraud is a victimless crime

It's not fraud if you assist someone else to gain a financial advantage

Next up - Unauthorised and inadvertent access

CONTINUE

Unauthorised and inadvertent access

Unauthorised and inadvertent access are terms used to describe when people access information they shouldn't.

Unauthorised access occurs when someone accesses or modifies restricted data without a valid business reason. You should only ever access records where there is a legitimate business need to do so. All other access can be considered unauthorised. Examples of unauthorised access include, deliberately accessing information about a:

- Partner or ex-partner

- Friend

- Family member (partner, brother, sister, mother, father, uncle, aunt, cousin, child/ren, in-laws) or ex-family member

- Public figure

This also includes accessing information on someone else's behalf. You should report any instances of suspected unauthorised access or any instance where you have been asked to inappropriately access departmental systems and personal information to **fraud@dese.gov.au.**

(i) It is important to know that unauthorised access is a criminal offence under the Criminal Code Act 1995 and can carry serious penalties, from community

corrections orders or fines through to imprisonment. Unauthorised access can also be a breach of the Social Security Act which has serious penalties if protected information is accessed without a business need to do so.

Inadvertent access

You may, during your usual duties, inadvertently (accidentally or in error) access the information of a person who you have a personal association with, for example a:

- Family member (partner, brother, sister, mother, father, uncle, aunt, cousin, child/ren, in-laws) or ex-family member

- Friend or close personal acquaintance

- Neighbour

- Business acquaintance

- Person where there may be a real or apparent conflict of interest (conflict of interest is covered in more detail later in the module)

If you inadvertently access information in any departmental system, you must notify your supervisor as soon as possible.
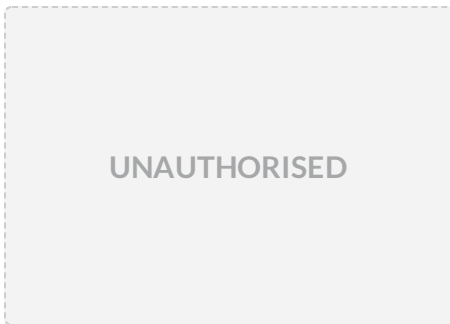
Check your understanding

Sort the following scenarios into authorised/unauthorised/inadvertent.

AUTHORISED
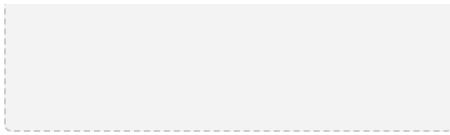
Accessing a participant's record to assist them with legitimate business

UNAUTHORISED

Accessing your own record in a departmental database

Accessing your partner's record and actioning something for them

Accessing your ex-partner's record to see where they live

Accessing the record of a celebrity out of curiosity

Accessing the record of a person you met on an online dating service

Disclosing a job seeker's details in return for cash payments

INADVERTENT

Entering a job seeker ID from a list and realising it's your housemate

Listen to Noah's story

Part 1

▶ ⬤ ─────────────────────────────────────── 00:32

Noah's story - part 1

Is this fraud?

○ Yes

○ No

SUBMIT

Part 2

▶ ●————————————————————————— 00:13

Noah's story - part 2

Is it fraud now?
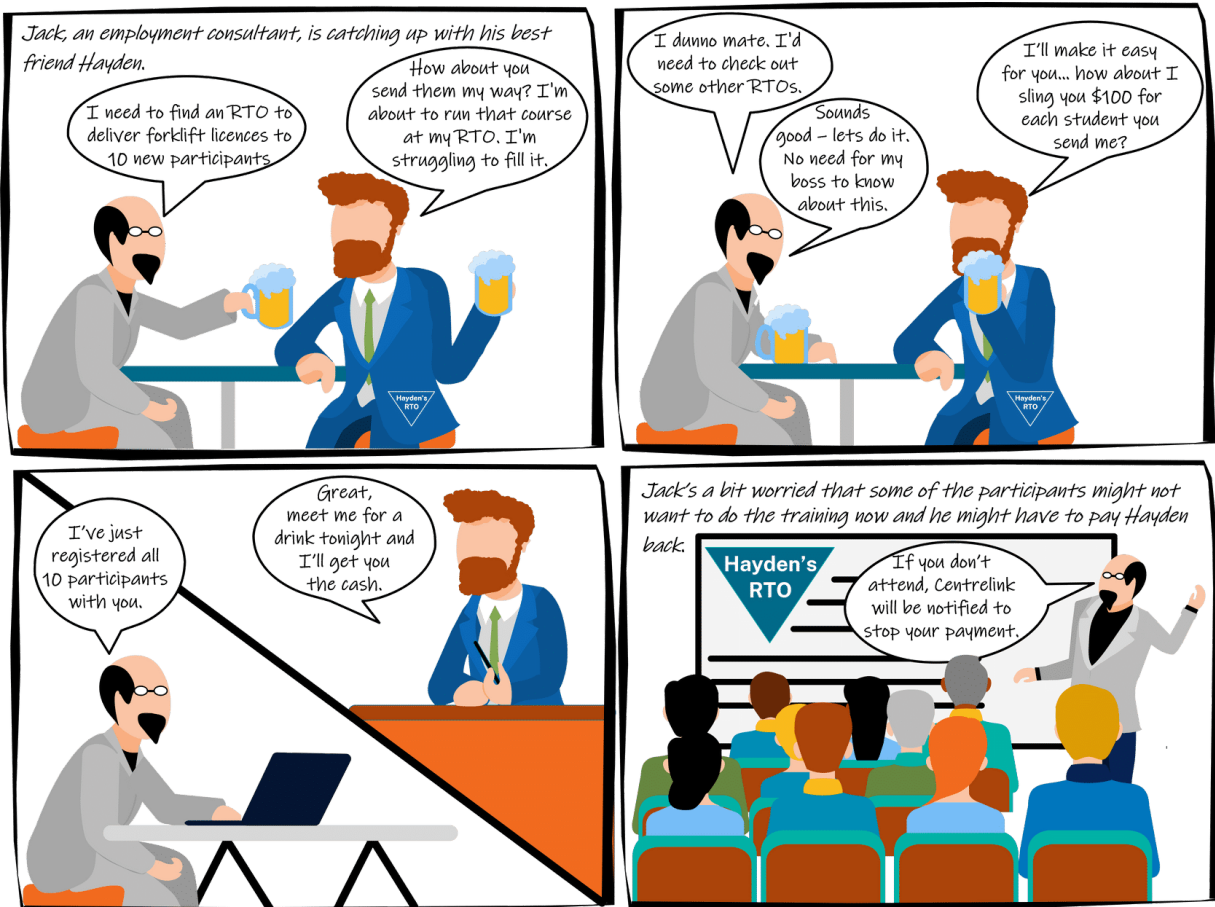
○ Yes

○ No

SUBMIT

Next up - Conflict of interest

CONTINUE

Conflict of interest

Jack and Hayden's story

This is an extreme example of a **conflict of interest**.

What is a conflict of interest?

A conflict of interest is any circumstance that places a worker in a position where their personal interests (including those of their immediate family or close personal or business acquaintances) could compromise their ability to undertake official work independently. This includes any known financial asset or association that may give rise to an actual or apparent conflict with official duties, as well as anything else that may put an official or entity's integrity or reputation at risk.

ACTUAL CONFLICT OF INTEREST	APPARENT CONFLICT OF INTEREST

An actual conflict of interest occurs where there is a conflict between the public duty and personal interests of a worker, which improperly influences the worker in the performance of their duties.

An apparent conflict of interest occurs where it appears a worker's personal interests could improperly influence the performance of their duties, but this is not in fact the case.
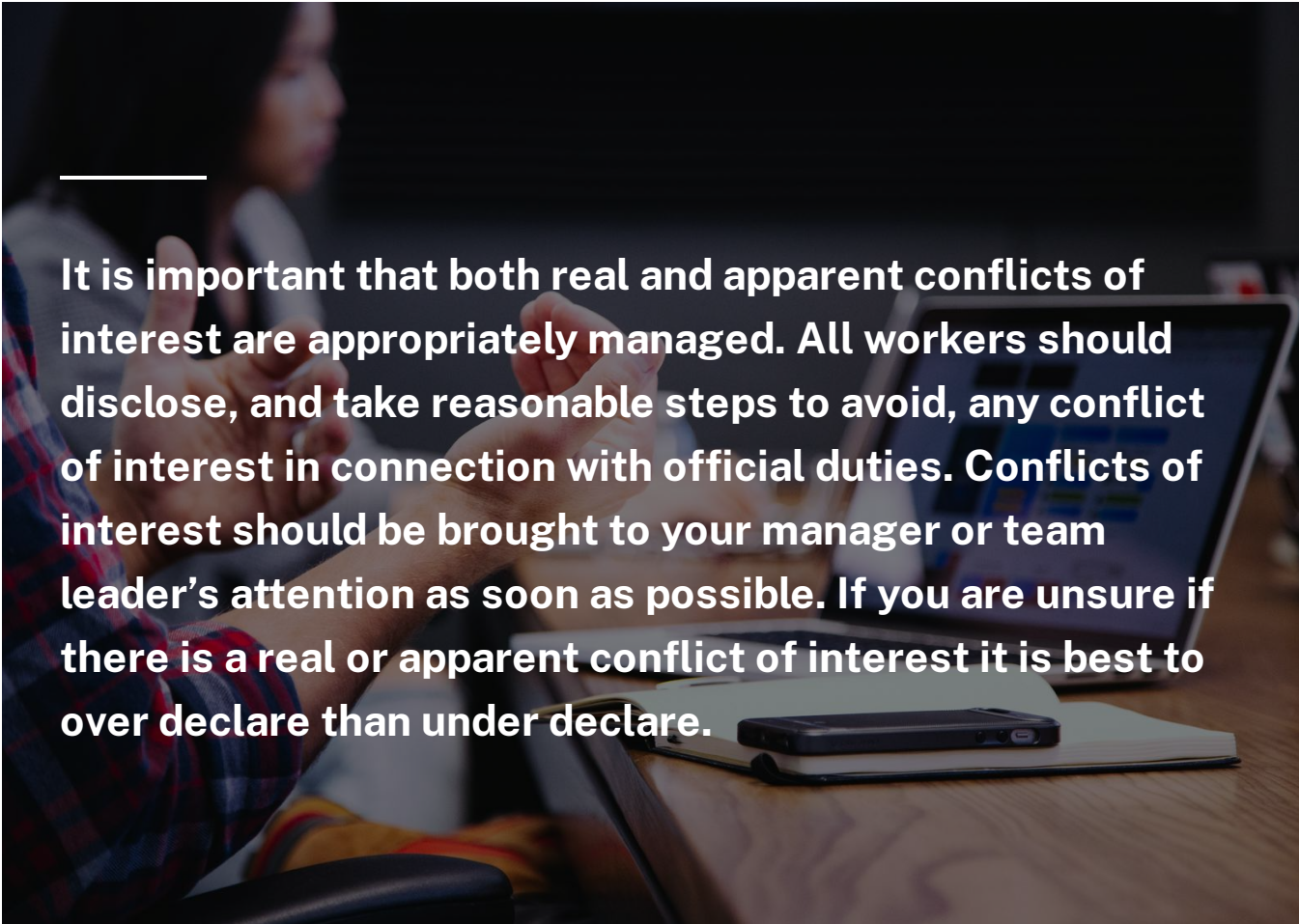

Conflicts of interest include but are not limited to:

- directing business to an organisation you or a family member owns

- friends or family owning businesses you have a contract with

- shareholdings in companies you deal with in the course of your employment

- accepting gifts from suppliers

- participation on boards or committees that influence your work

- directing Work for the Dole participants to businesses owned by friends or family

- paid, unpaid or voluntary outside employment

- accessing the records of friends or family in Workforce Australia Online for Providers (formally known as ESS Web)

- accessing your own record in Workforce Australia Online for Providers (formally known as ESS Web).

It is important that both real and apparent conflicts of interest are appropriately managed. All workers should disclose, and take reasonable steps to avoid, any conflict of interest in connection with official duties. Conflicts of interest should be brought to your manager or team leader's attention as soon as possible. If you are unsure if there is a real or apparent conflict of interest it is best to over declare than under declare.

Next up - Legal framework

CONTINUE

Legal framework

There is a comprehensive legal framework that governs how the Commonwealth manages fraud and compliance activities. As per clause 34 of the Workforce Australia Services Deed of Standing Offer 2022-2028, providers must not engage in fraudulent activities and must take all reasonable steps to prevent fraud. It is important that you are aware of these requirements. Please contact **fraud@dese.gov.au** if you would like any additional information relating to the legal framework.

- [Public Governance Performance and Accountability Act 2013 (PGPA Act)](#)

- [Public Governance Performance and Accountability Rule 2014, Section 10 (the Fraud Rule)](#)

- [Crimes Act 1914](#)

- [Criminal Code Act 1995](#)

- [Public Service Act 1999](#)

- [Privacy Act 1988](#)

- [The Commonwealth Fraud Control Framework](#)

Next up - Red flags and reporting

CONTINUE

Red flags and reporting

Detecting, preventing and reporting suspected fraud is everybody's responsibility. Knowing some of the warning signs or *red flags* associated with fraud will help you identify suspicious behaviour, which should be reported to the department as soon as possible.

Identifying red flags

Identifying warning signs or red flags is important for the early detection of fraud. They can help identify possible perpetrators of fraud.

Check your understanding

Which examples do you think might be red flags and which do you think are not? Think about why people commit fraud to help you make your decisions.

RED FLAG

Unwillingness to share duties

Replacing existing suppliers upon appointment to a

or refusal to take leave	position

Lifestyle above apparent financial means (e.g extravagant holidays or hobbies)	An unusually close association with a vendor or customer

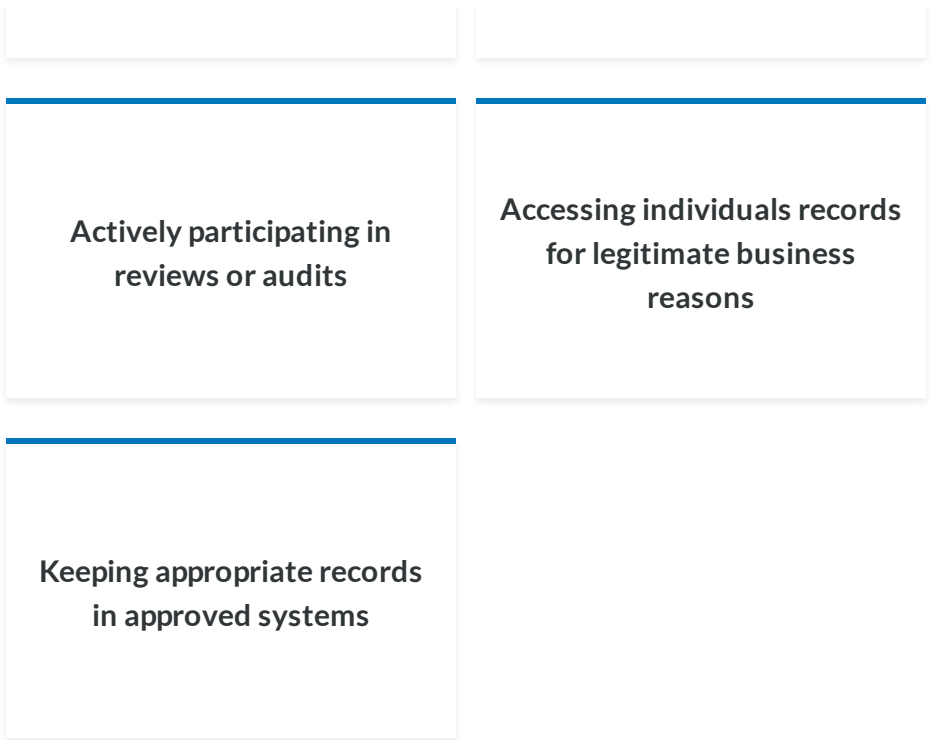| Extreme defensiveness or bullying behaviour when questioned about work	Requests to access information unrelated to duties

Addiction problems, such as substance or gambling

NOT A RED FLAG

Requesting access to systems required for your role	Transparency of decision making

Actively participating in reviews or audits

Accessing individuals records for legitimate business reasons

Keeping appropriate records in approved systems

Grooming
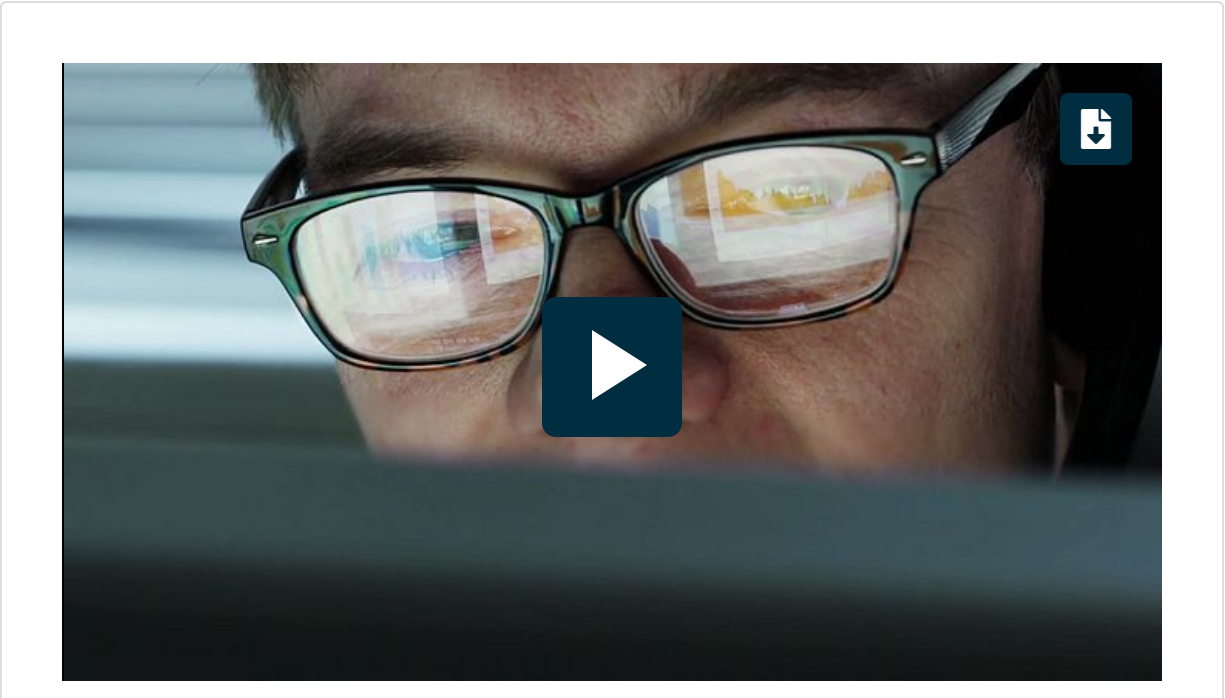
As someone with access to the department's sensitive databases, it is important that you are aware that you may be the target of groomers.

If you are ever asked to disclose sensitive information outside your organisation, including to former colleagues, you should inform your manager as soon as possible.

A recent report by the Australian Commission for Law Enforcement Integrity (ACELI) observed an increase in the instances of grooming. Due to your level of access to Australian Government data holdings (Workforce Australia Online for Providers) it is important that you are aware that individuals may approach you to assist in obtaining sensitive information.

Reporting fraud and corruption

It is your responsibility to report any fraudulent activity relating to the department and the administration of its programs to the fraud team as soon as you become aware of or suspect it.

When reporting fraud, answer the following key questions where possible:

- **WHO** is the subject of your suspicions?

- **WHEN** did this matter occur?

- **WHERE** did it occur?

- **WHAT** are the circumstances, including how the matter came to your attention?

- **WHAT** is the basis of your suspicions?

- **WHAT** sensitivities, if any, are there?

- **HOW** did the subject/s commit the suspected fraud and do you have any supporting information that you can provide?

- **WHAT** is the motivation for committing the suspected fraud?

- **WHY** is the suspected dishonest and unlawful behaviour continuing?

You can report fraud using any of the following channels

Email **fraud@dese.gov.au** or report fraud through our anonymous online reporting tool, Whispli which allows you to report fraud and communicate directly with the department without disclosing your identity.

Next up - Summary

CONTINUE

Summary

Let's recap...

- Fraud has wide-reaching implications that extend far beyond the impact to the victim.

- Opportunity, pressure and rationalisation are usually present when a person commits fraud.

- There is a comprehensive policy framework that governs how fraud is managed.

- It is important that you are aware of any real or perceived conflicts of interest and ensure they are appropriately managed.

- You should only access information contained in departmental data bases for official and authorised reasons.

- If you suspect fraud, contact the department's fraud team via email **fraud@dese.gov.au** or anonymously report fraud through our online reporting tool, [Whispli](#).

Congratulations - you've completed the module.

EXIT COURSE