



Australian Government
Australian Institute of Criminology

Fraud, bribery and corruption in Australian government agencies

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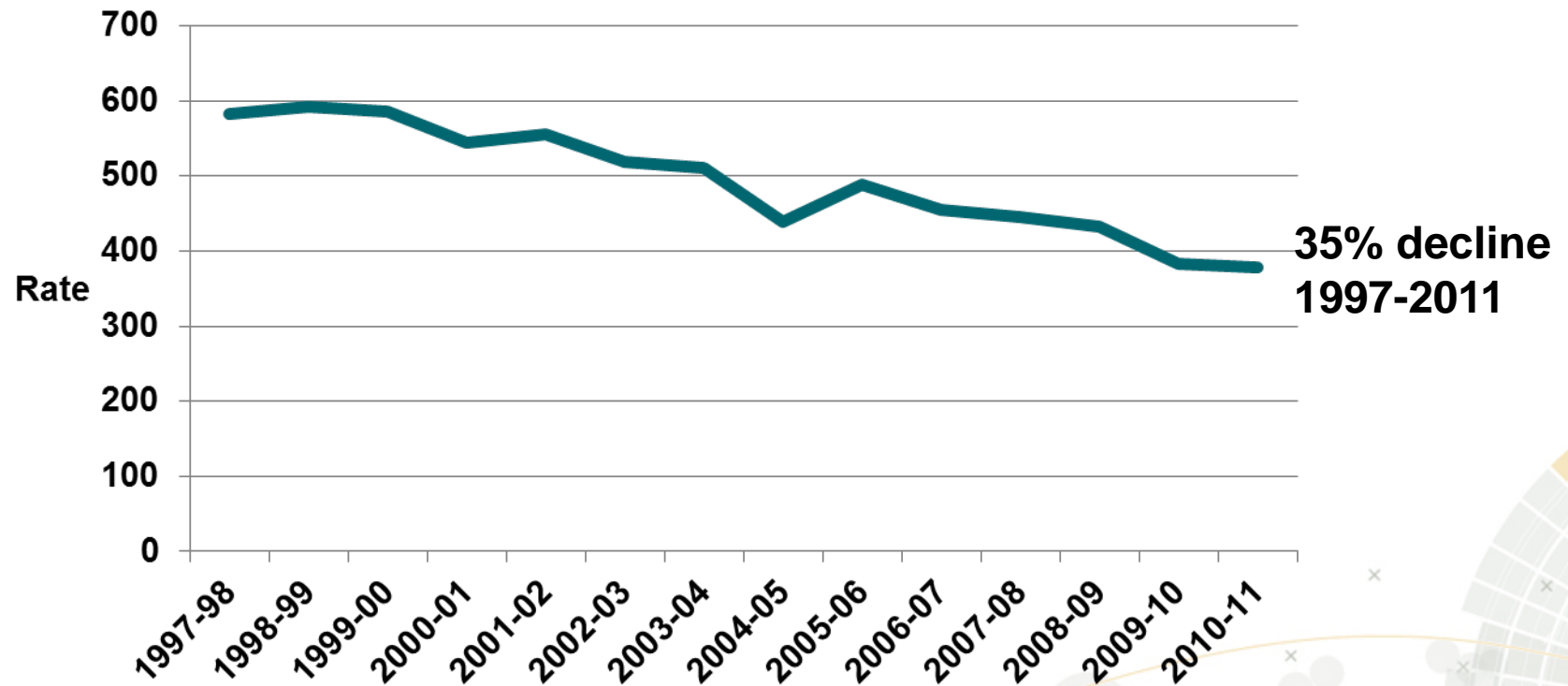
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Research Analyst



Is recorded fraud increasing in Australia?

Rate of Australian deception offences recorded by police

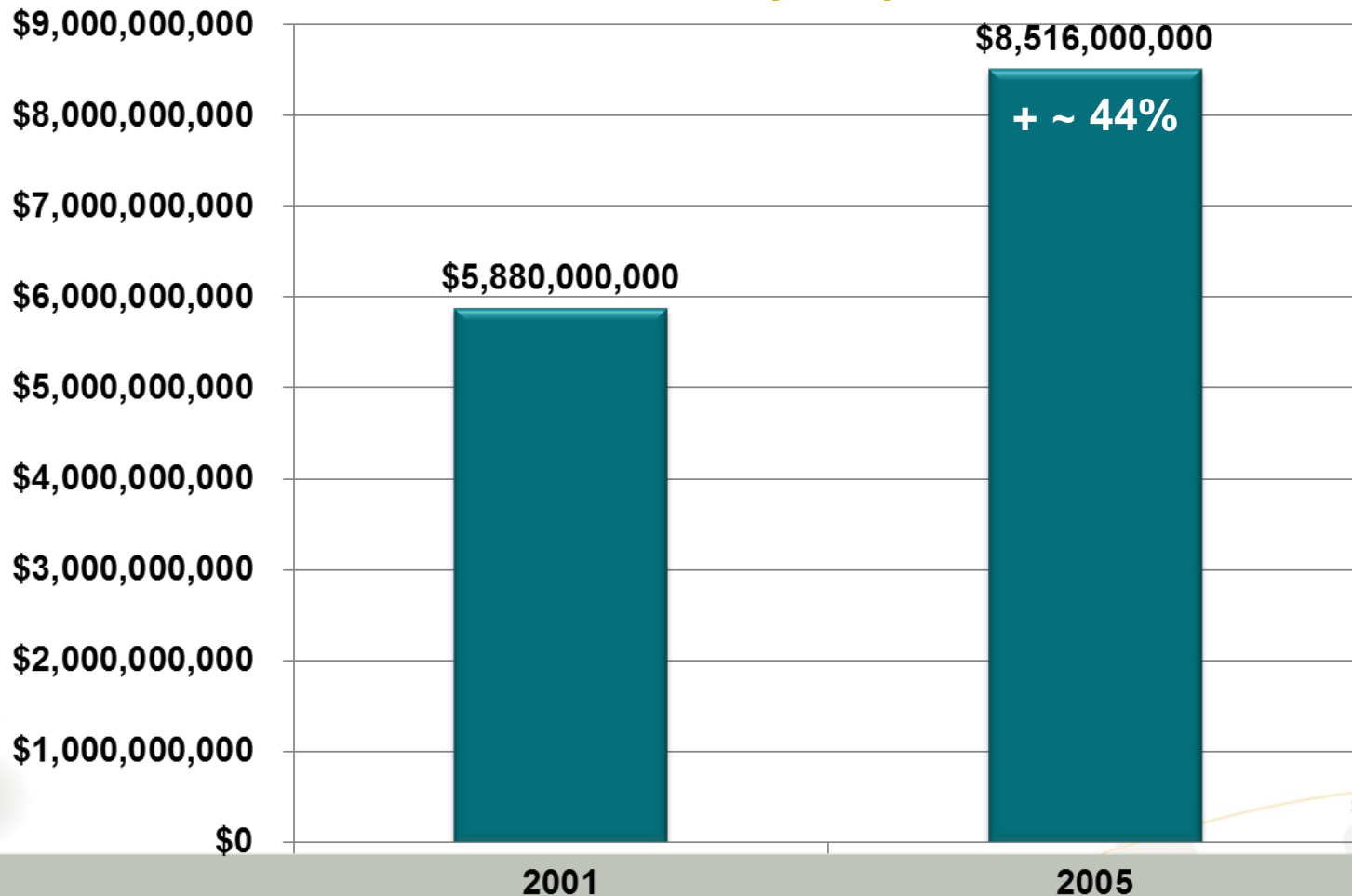
- 1997-98 – 583 offences / 100,000 population (109,404 offences)
- 2010-11 – 379 offences / 100,000 population (85,764 offences)





Is the cost of fraud increasing in Australia?

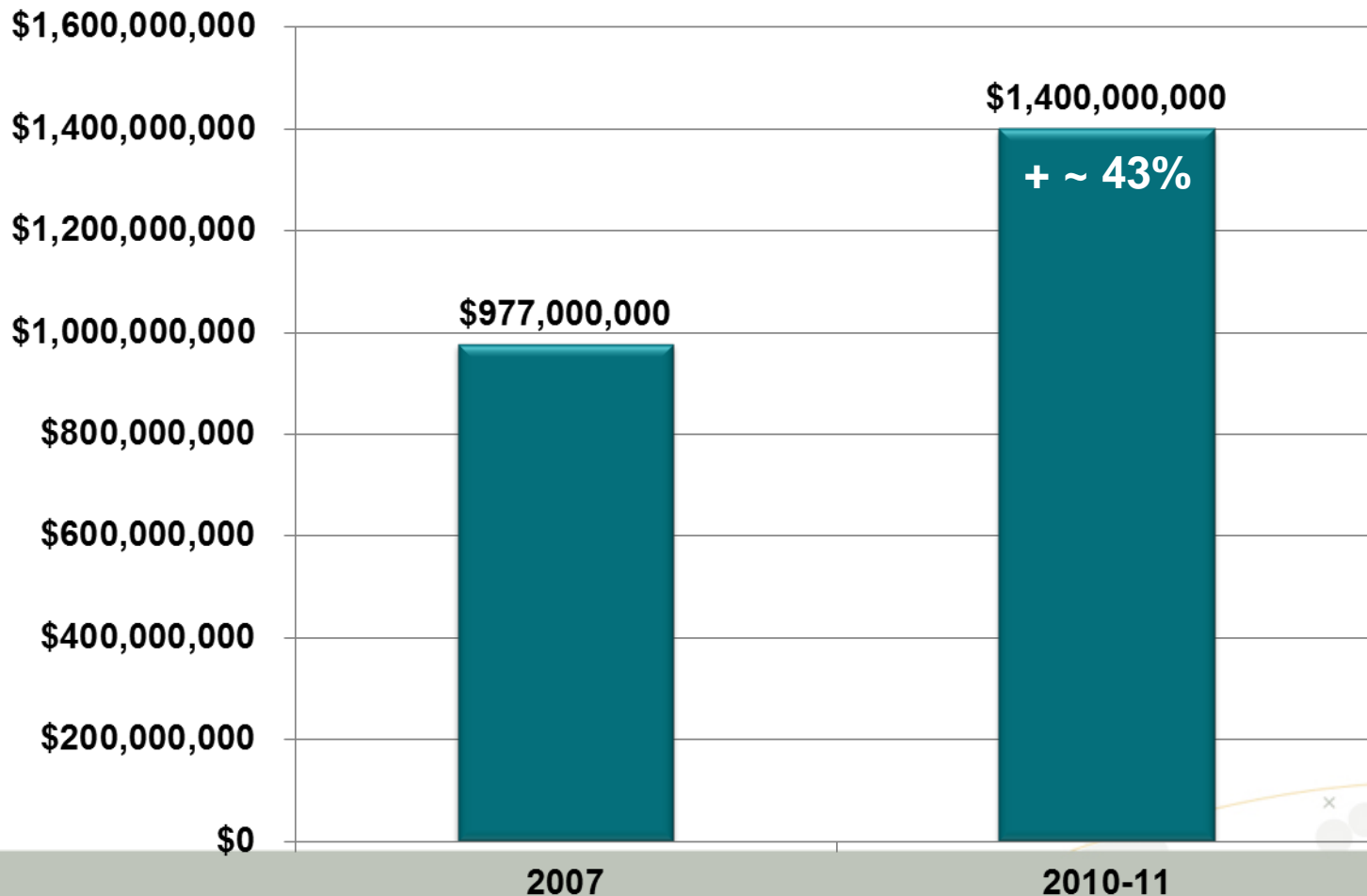
Estimated total fraud losses (AIC)





Are consumer scam losses increasing in Australia?

Personal fraud (Australian Bureau of Statistics)





Is fraud against the Cth increasing?

The annual AIC Cth fraud survey

- AGD surveys 1996 to 2006 (for Departmental use only)
- Australian Institute of Criminology surveys since 2006-7
- ANAO surveys 1999, 2002, 2009 and specific agency audits

2009-10 Annual Survey

- 2nd publicly-released report of survey of 191 Commonwealth agencies
- CEOs notified in August, and online responses in by 30 September
- 152 useable responses analysed (no response 16; ineligible 23)
- Separate investigation and prosecution data from AFP and CDDP

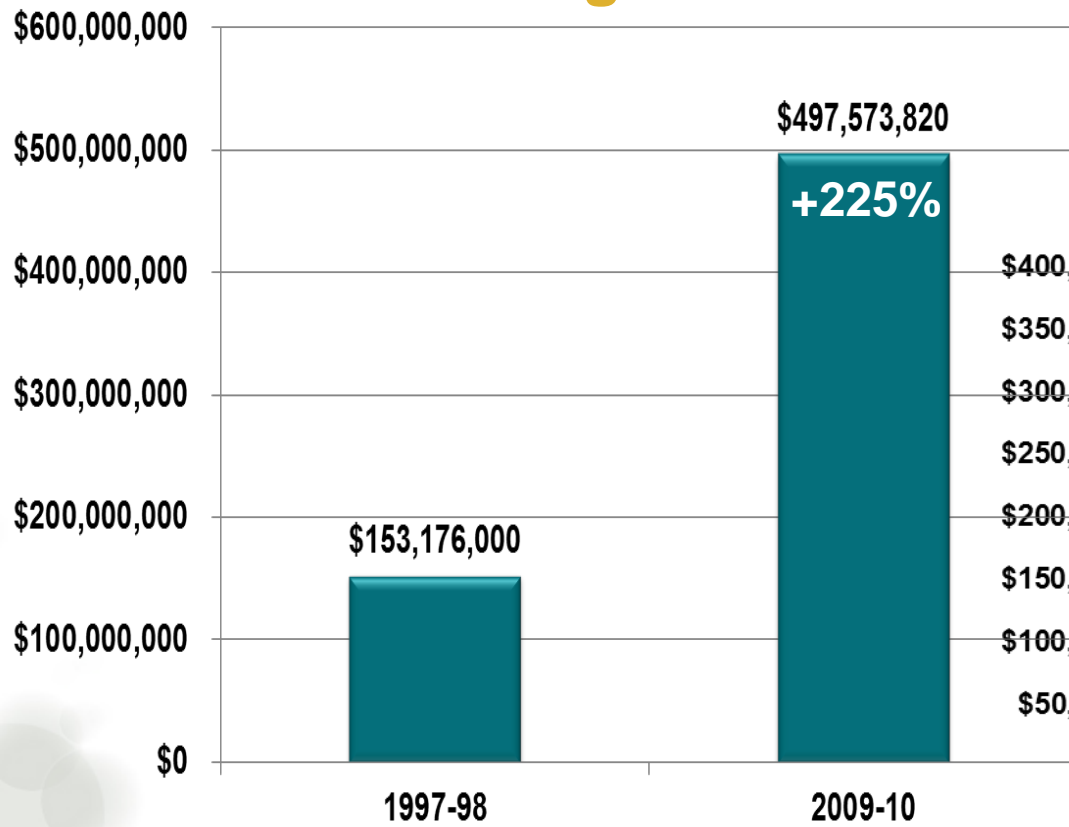
Survey and data issues

- High response rate (90%) – mandatory under the *Fraud Control Policy*
- Variable interpretations of the definition of fraud in some agencies
- Some difficulties with time-series analysis using older survey data



Is fraud against the Commonwealth increasing?

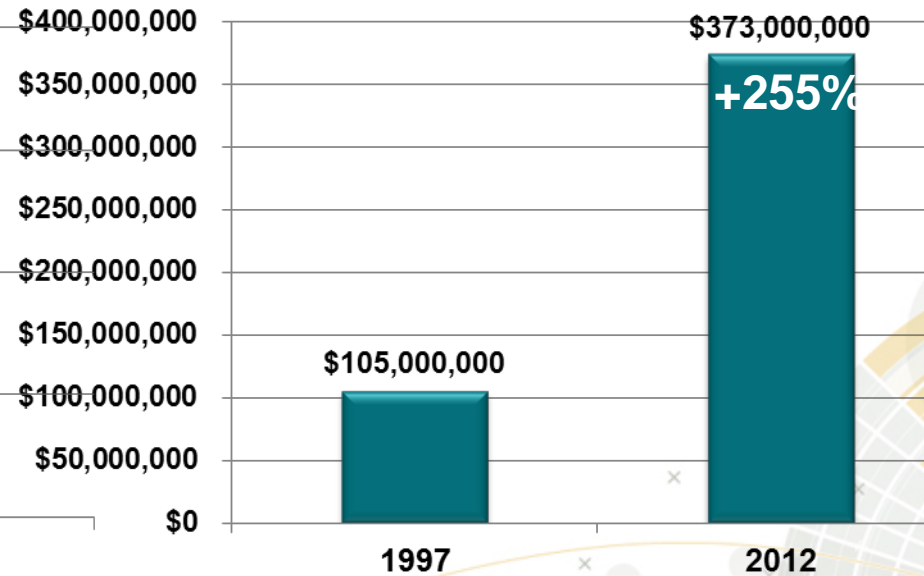
Fraud losses in 152 Commonwealth agencies



ANAO Survey 1999

AIC Survey 2010

Fraud losses in 281 Aust & NZ organisations

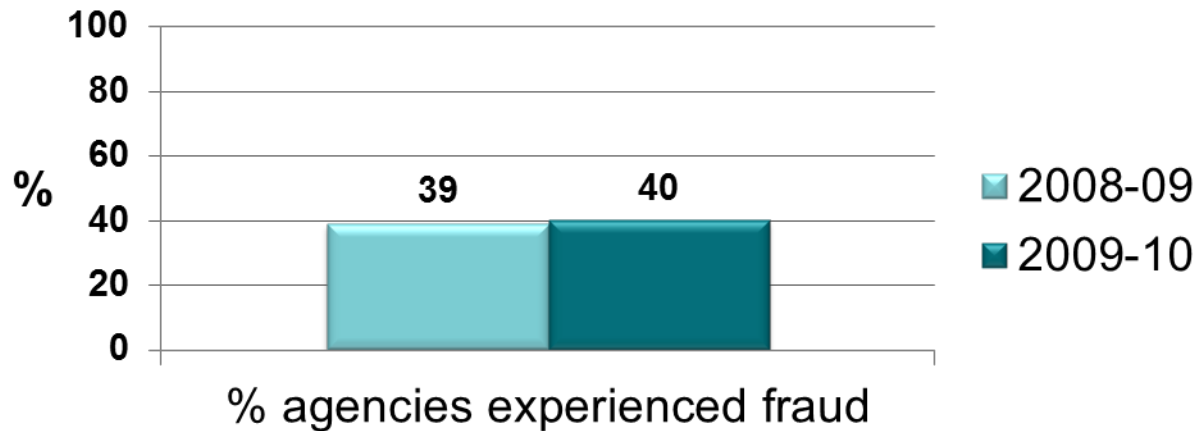


KPMG Survey 2012

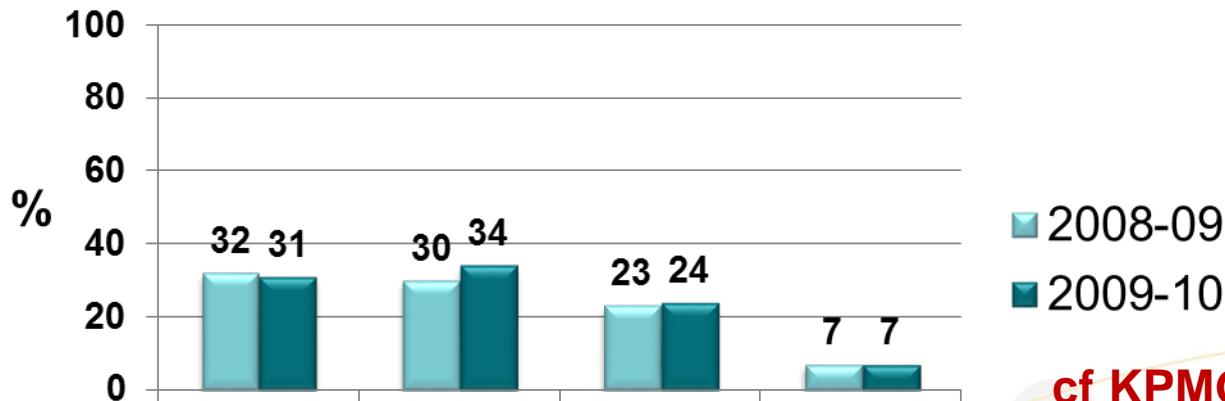


How many agencies experience fraud?

Percentage of agencies experiencing fraud



Location of perpetrator (% agencies experiencing fraud)



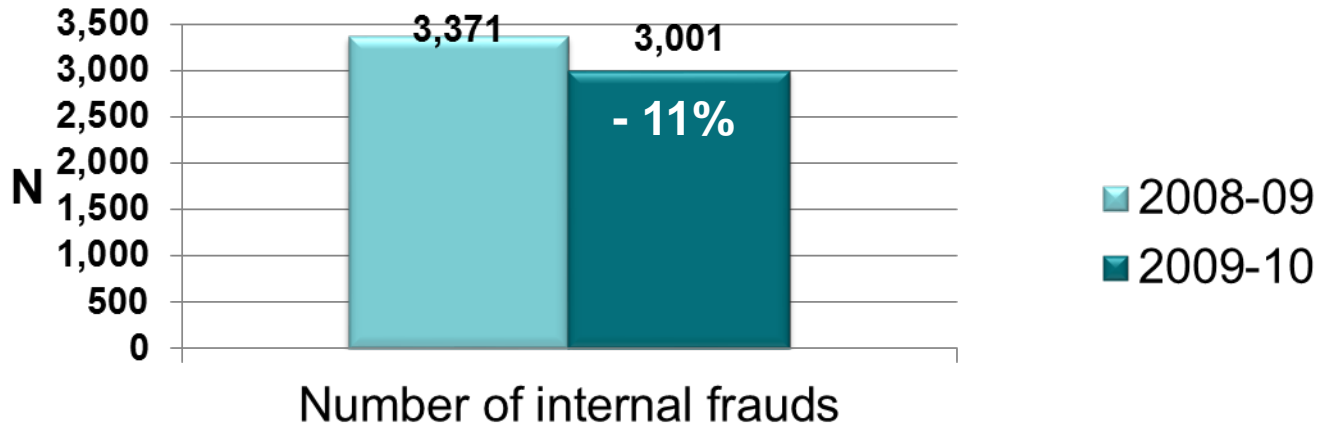
cf KPMG 29% collusion

Internal External Both Collusion-increase 13 to 42 incidents

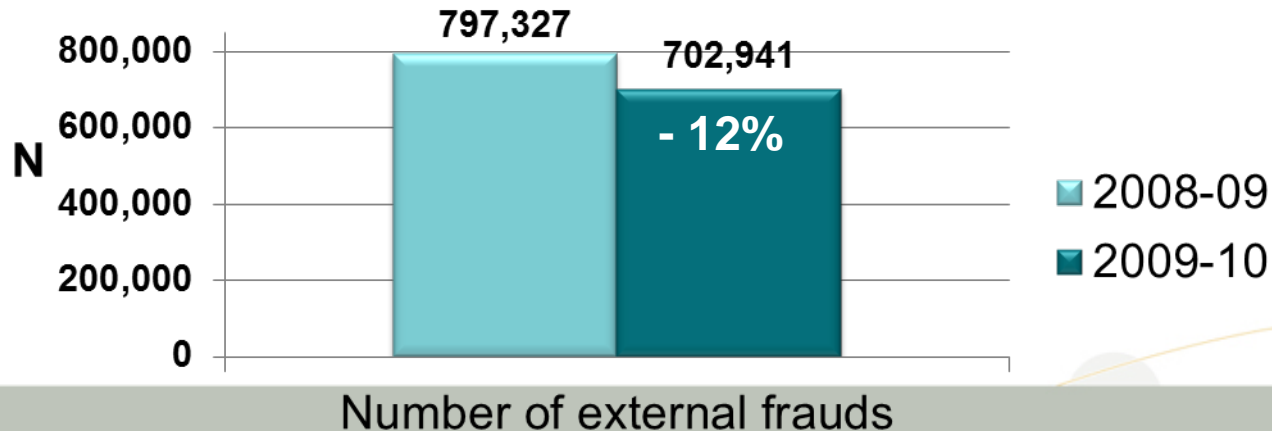


How many fraud incidents are experienced?

No of internal fraud incidents

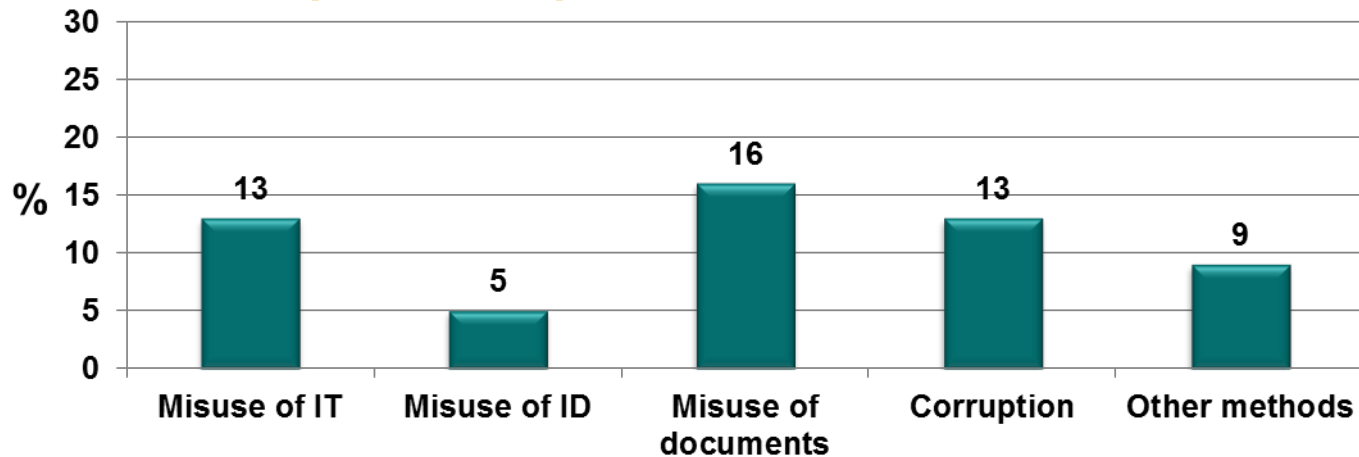


No of external fraud incidents

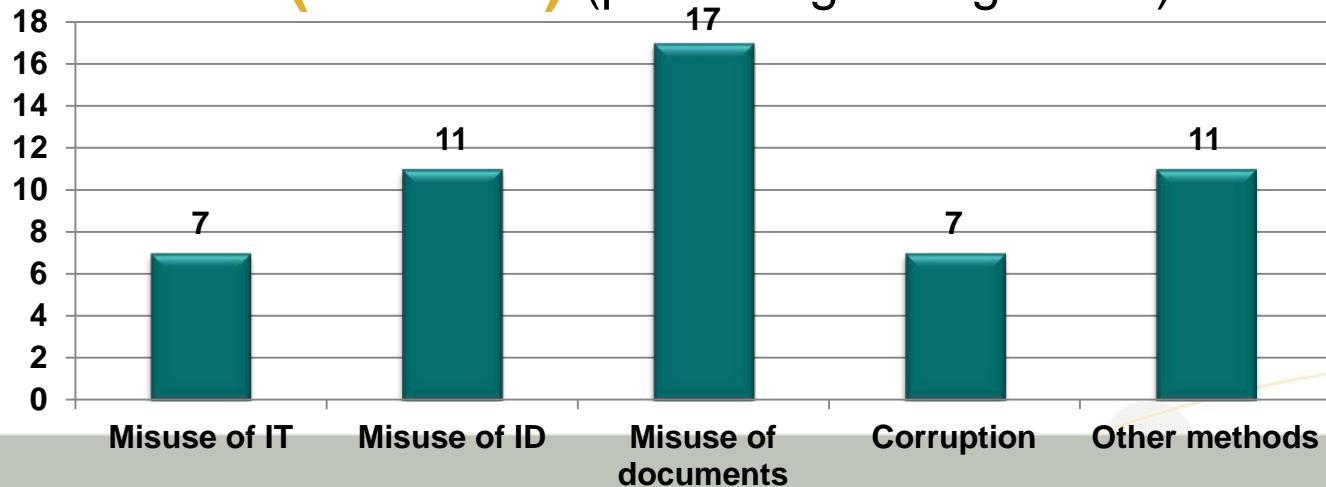




How are fraud incidents committed? Internal fraud (2009-10) (percentage of agencies)



External fraud (2009-10) (percentage of agencies)

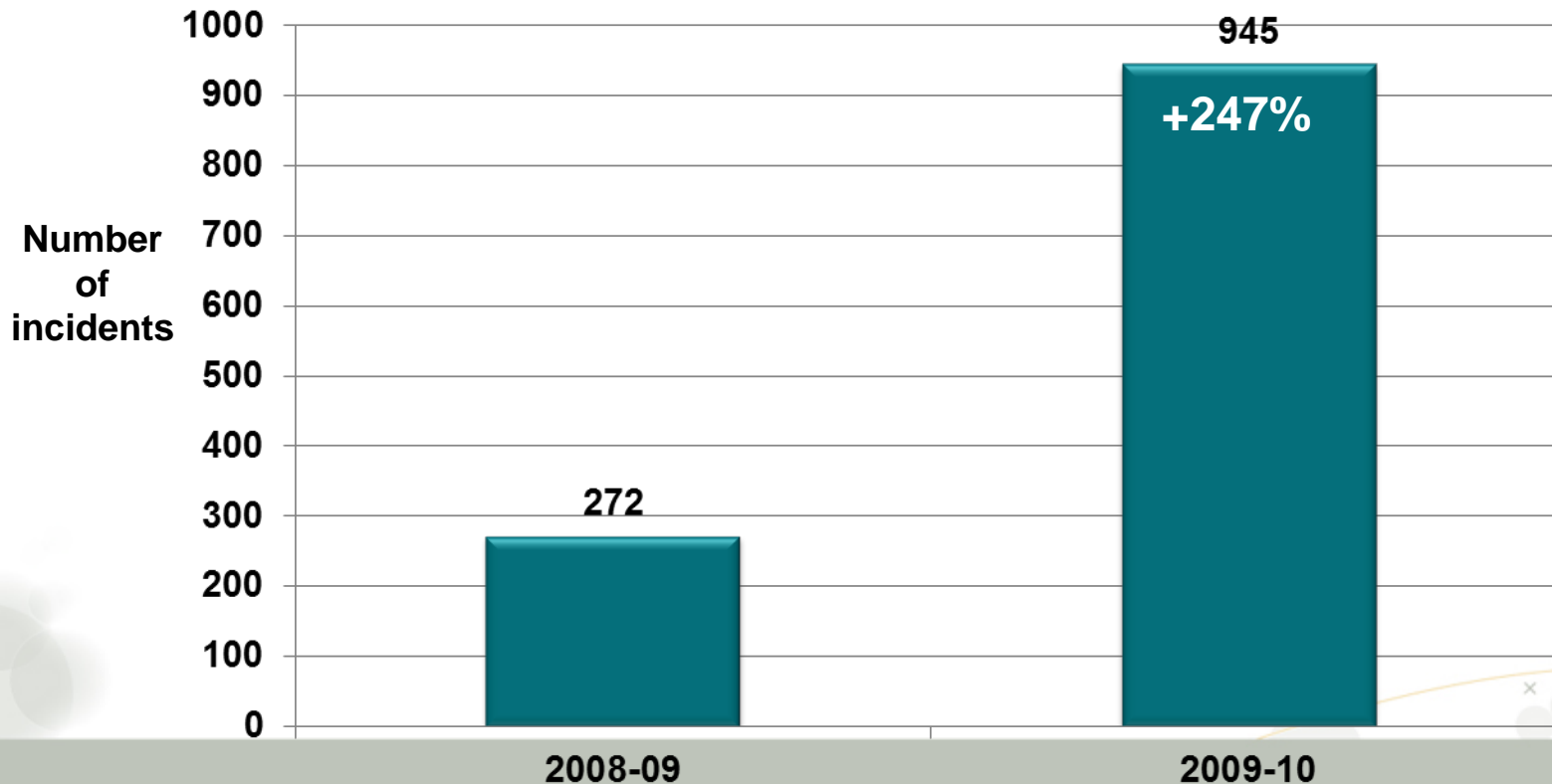




Is corruption in the Commonwealth increasing?

Commonwealth corruption incidents (AIC surveys)

- 2008-09 – 249 internal, 23 external corruption incidents
- 2009-10 – 802 internal, 143 external corruption incidents





What internal Commonwealth corruption is detected?

Type of corruption	2007-08	2008-09	2009-10
Bribery of employee	83	75	48
Accepting kickbacks / gratuities	3	9	9
Conflict of interest	58	49	342
Collusion or conspiracy	8	7	23
Abuse of power	23	69	45
Unable to be determined	56	33	92
Other	0	7	243

Number of incidents



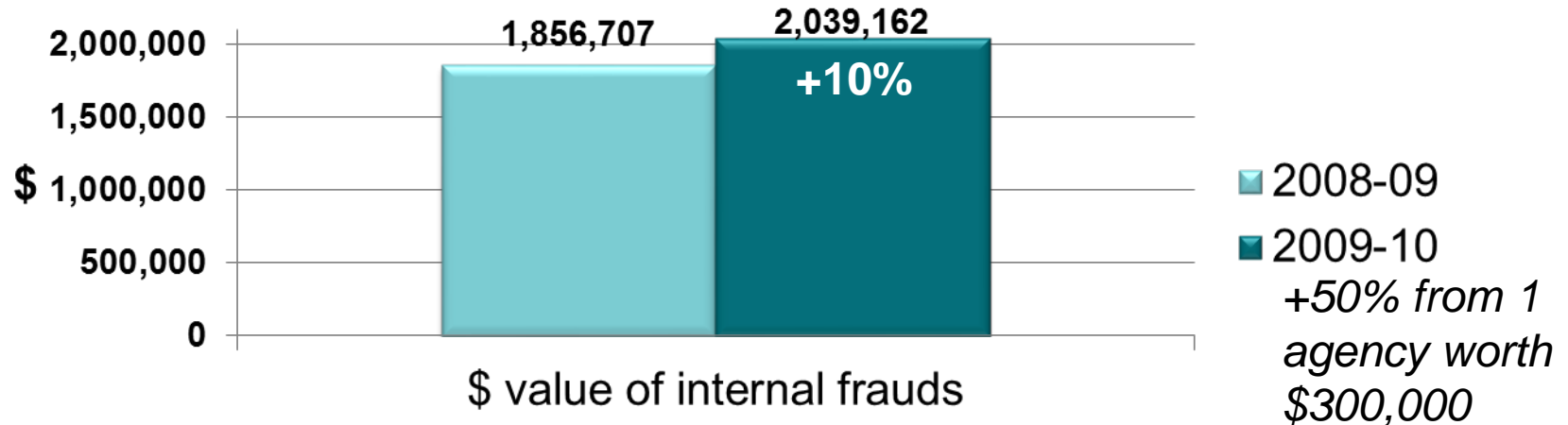
What external Commonwealth corruption is detected?

Type of corruption	2007-08	2008-09	2009-10
Bribery of employee	0	3	42
Accepting kickbacks / gratuities	2	3	4
Conflict of interest	1	5	11
Collusion or conspiracy	117	3	19
Abuse of power	13	8	43
Unable to be determined	6	1	22
Other	43	0	2

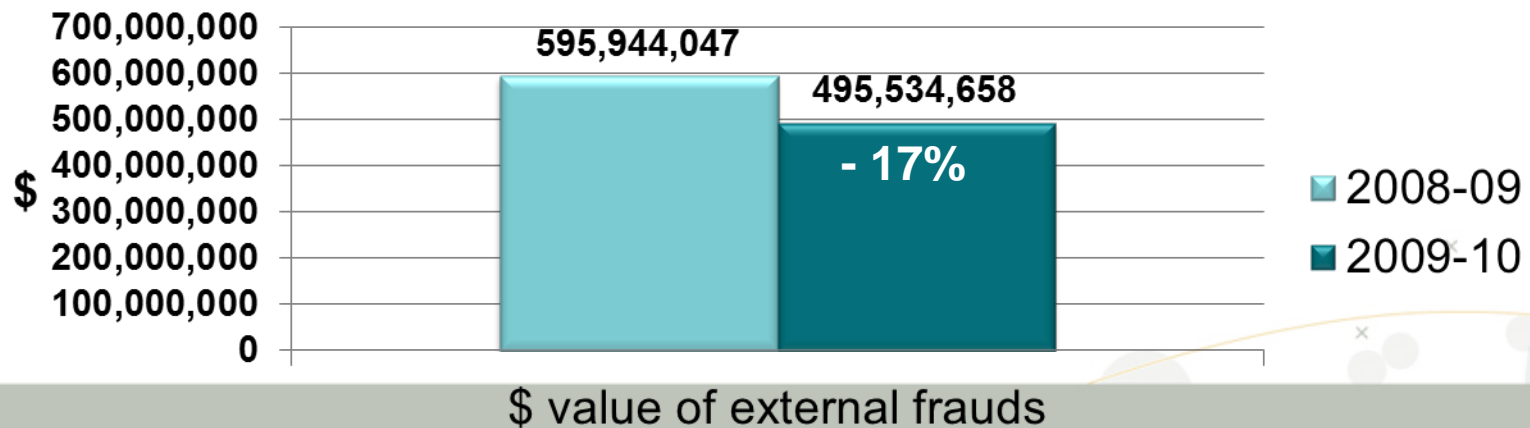
Number of incidents



How much money is at risk? Value of internal fraud incidents



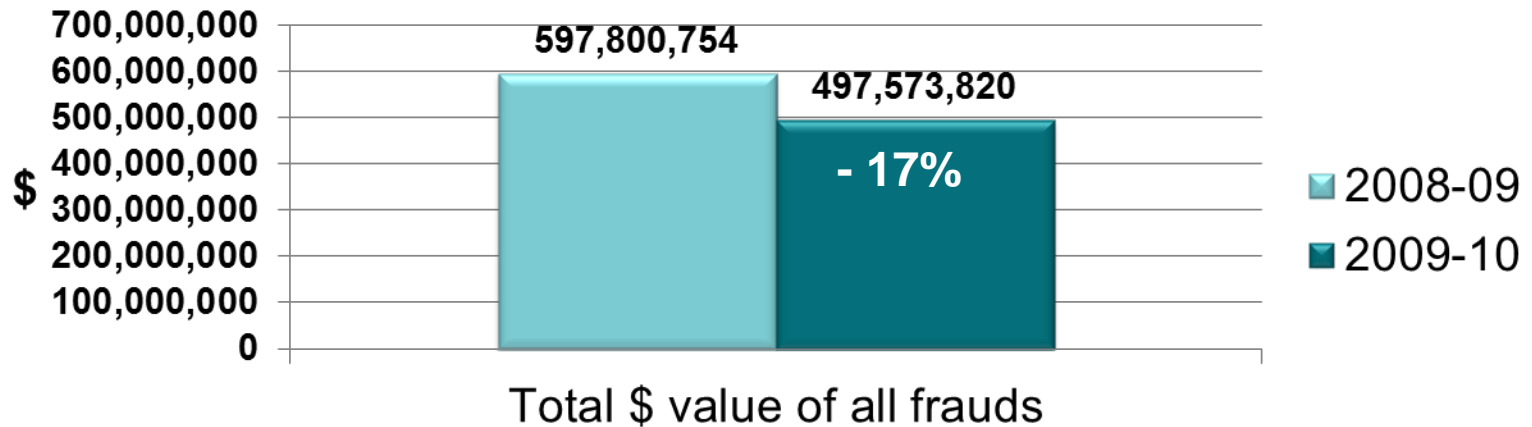
Value of external fraud incidents



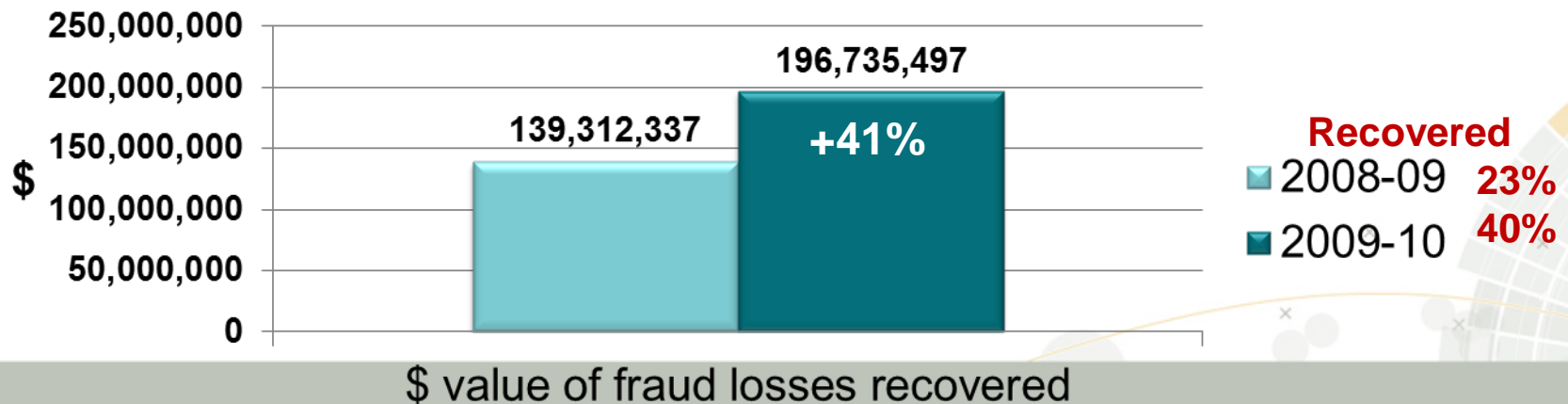


How much money is lost and recovered?

Total value of incidents

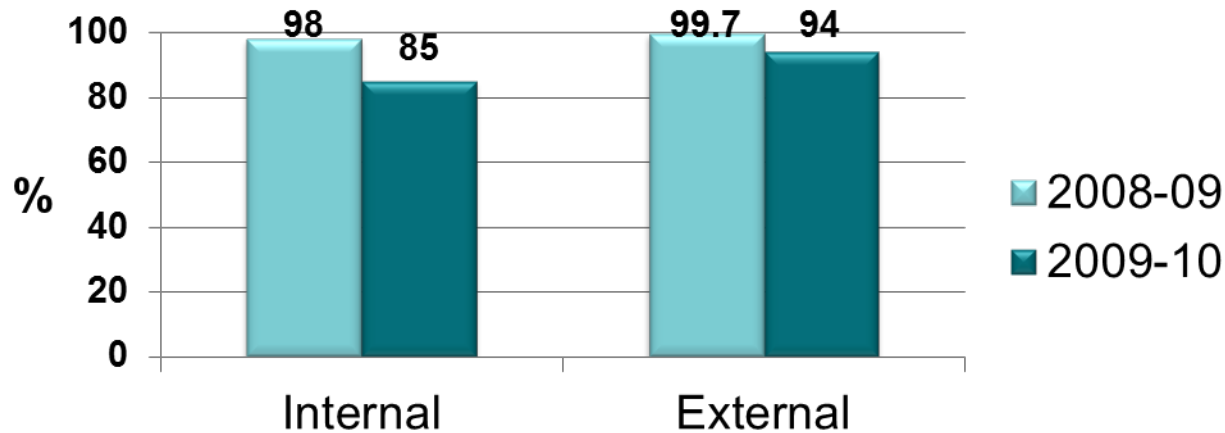


Value of fraud losses recovered

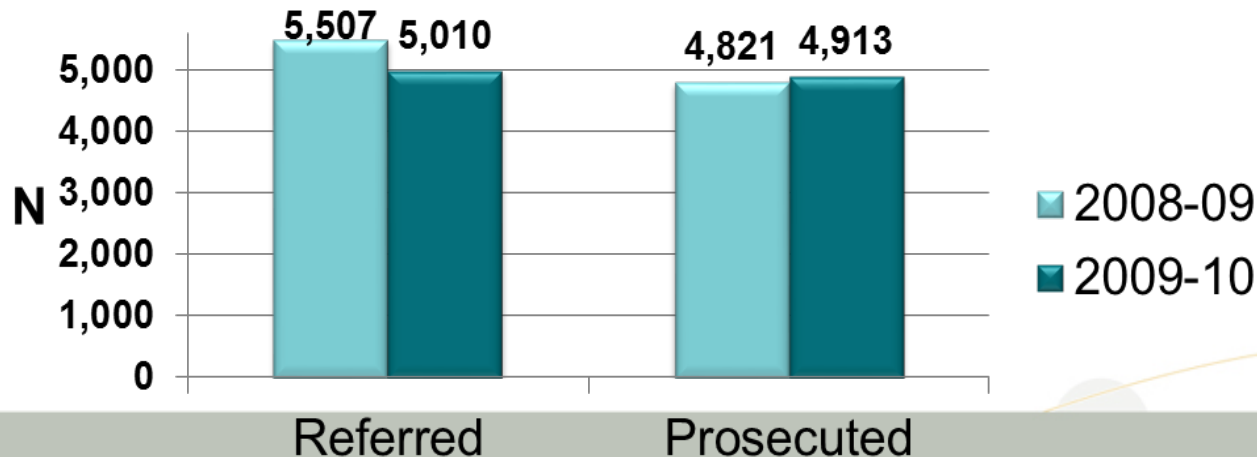




How is fraud dealt with by agencies? Percentage of agency investigations conducted internally



Number of frauds referred and prosecuted by CDPP





How many fraud investigators do agencies employ?

Size of agencies' fraud sections

Agency fraud section staff and qualifications

Area	Investigation		Prevention		Other	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Year						
Employees	2,062	1,126	454	680	442	1,620
% qualified	43%	93%	19%	15%	10%	8%
Change N=	- 936		+ 226		+ 1,178	
Change %=	- 45%		+ 50%		+ 267%	



Key findings

Fraud trends affecting Commonwealth agencies (08-09/09-10)

- Overall *decrease* in incidents (by 12%) and losses (by 17%)
- *Increase* in internal fraud losses (by 10% – more than \$2m in 2009-10)
- Most incidents involve misuse of documents; and large agencies
- 247% increase in corruption incidents 2008-09 to 2009-10

Fraud investigation, prosecution and recovery of losses

- More than 90% of investigations conducted internally by agencies
- Decline in agency investigators; increase in other fraud personnel
- 4,913 individuals prosecuted by CDPP, worth \$100m in 2009-10
- 40% of losses recovered by agencies in 2009-10

Forthcoming surveys (from 2010-11)

- Additional detail on most costly incident in each agency annually
- Further focus on corruption and collusion affecting agencies



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