

# ***Managing Fraud Risk in the Digital Era***

***Company Accountants  
Special Interest Group***



## Section 1

- Fraud – The Current Landscape

## Section 2

- Whistleblowers – 2021 Update

## Section 3

- Fraud Data Analytics

## Section 4

- Questions and Answers



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# Fraud – The Current Landscape

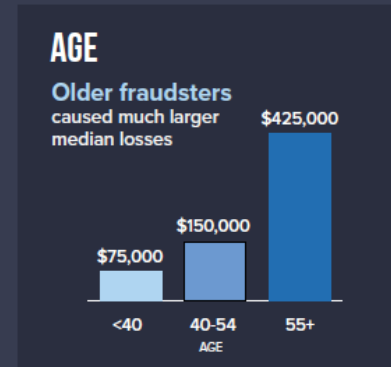
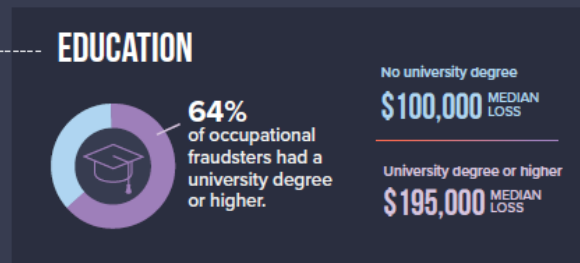
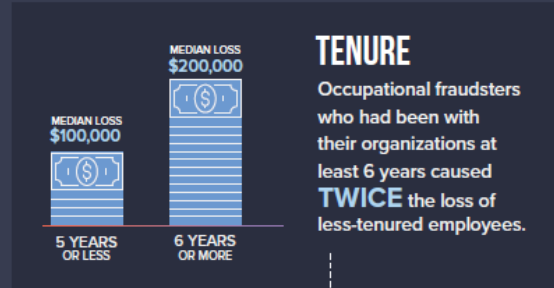
# REPORT TO THE NATIONS<sup>®</sup>

2020 GLOBAL STUDY ON OCCUPATIONAL FRAUD AND ABUSE



# Profile of a Fraudster

Our study includes perpetrator data from more than 2,000 fraud cases, which can help organizations assess fraud risk in their own workforces.



## TOP 4 CONCEALMENT METHODS USED BY FRAUDSTERS



40%

Created fraudulent  
physical documents



36%

Altered physical  
documents



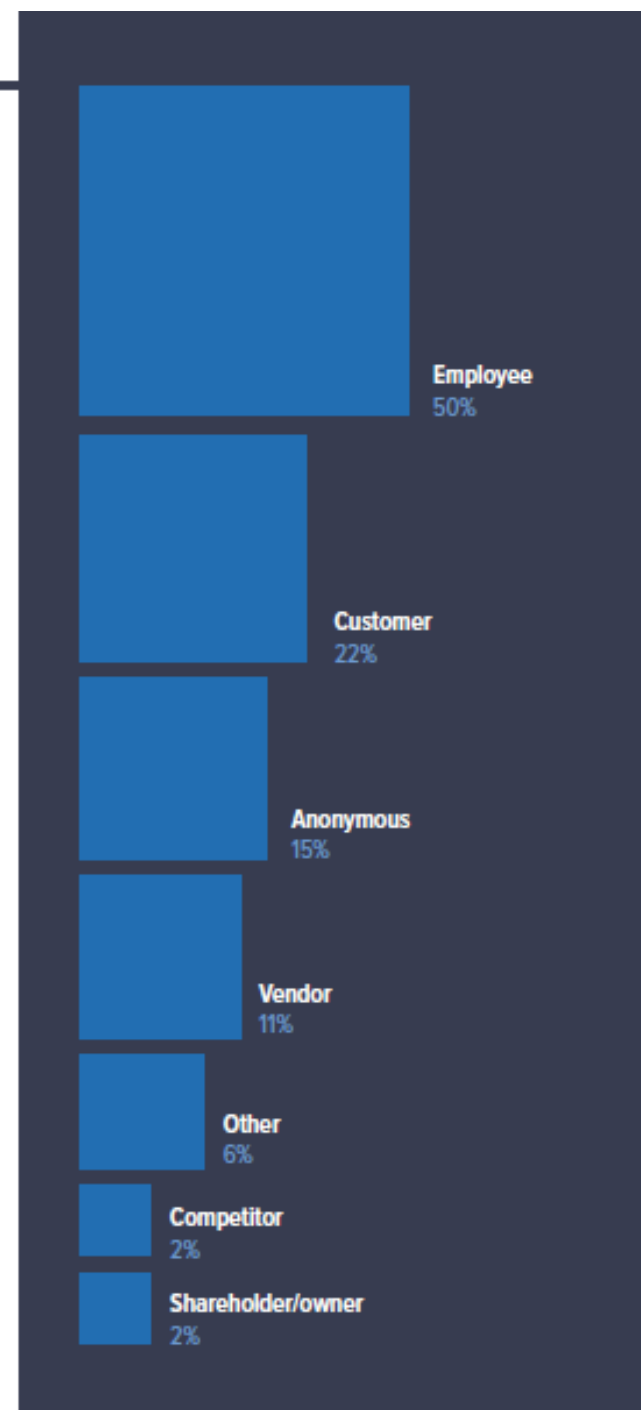
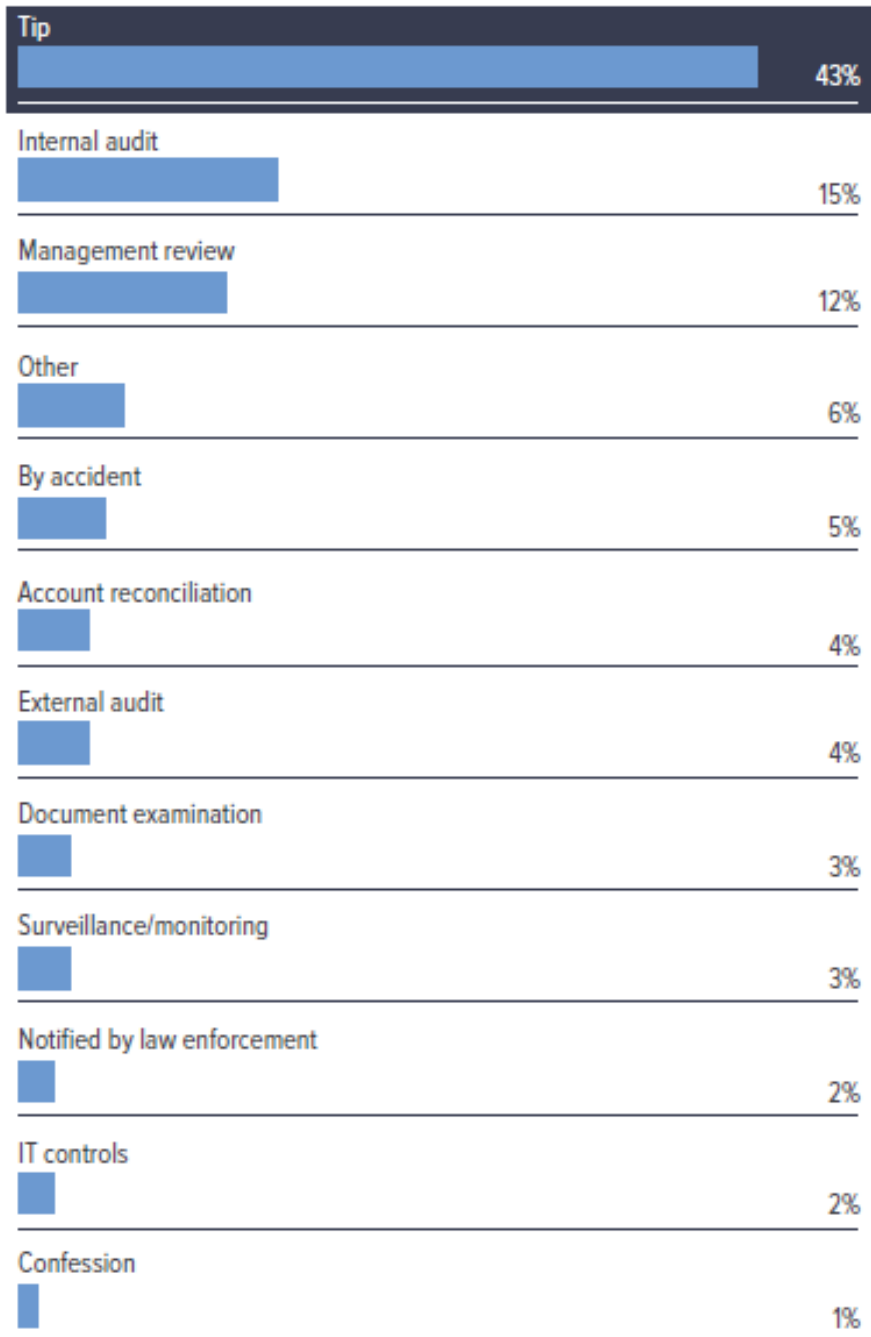
27%

Altered electronic  
documents or files



26%

Created fraudulent  
electronic  
documents or files



Organizations with  
**FRAUD AWARENESS TRAINING**  
for employees were  
**more likely** to gather tips through



### FORMAL REPORTING MECHANISMS

**56%** of tips with training

**37%** of tips without training



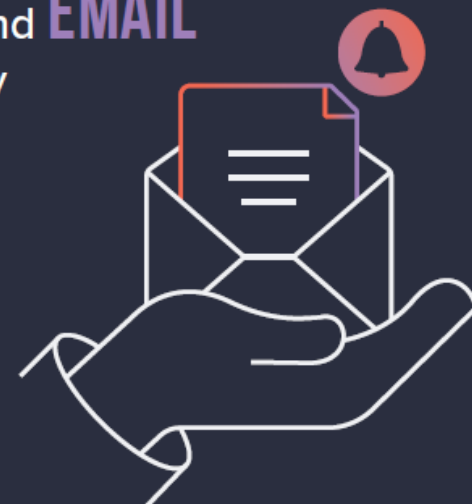
**43%** OF SCHEMES WERE DETECTED BY TIP,  
and half of those tips  
came from employees



### TELEPHONE HOTLINE and EMAIL

were each used by  
whistleblowers in

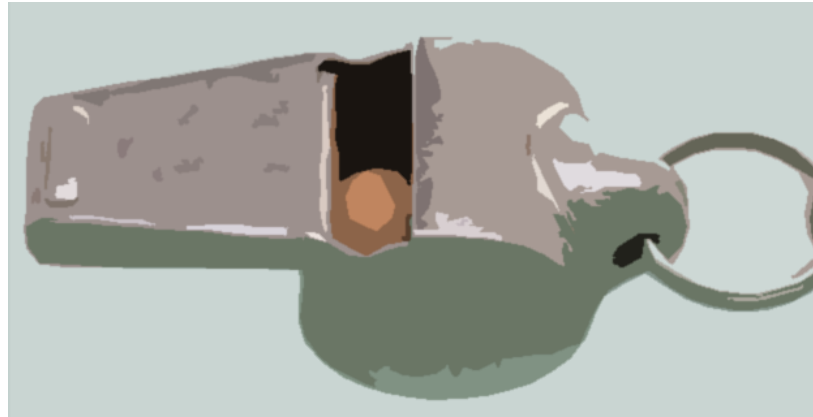
**33%**  
OF CASES





2

# Whistleblowers – 2021 Update



**Protected Disclosures Act 2000**



*"A person who informs  
on a person or organisation  
engaged in an illicit activity"*

**The Oxford Dictionary**



## **An employee may disclose in accordance with this Act if:**

Protected Disclosures Act 2000

- The information is about serious wrongdoing
- The employee believes the information to be true
- The employee wishes to disclose the information so that the serious wrongdoing can be investigated
- The employee wishes the disclosure to be protected.

# What is serious wrongdoing?



Protected Disclosures Act 2000



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Unlawful, corrupt, or irregular use of public sector funds or resources



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Something that is a serious risk to public safety, public health, or the environment



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Something that is a serious risk to the maintenance of the law, including the prevention and detection of offences, the investigation of offences, and the right to a fair trial



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Something that is a criminal offence



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Conduct by public officials that is oppressive, improperly discriminatory, grossly negligent, or gross mismanagement



## **The Fraudster: life and crimes of a conwoman**

Crime, Current Affairs, New Zealand, Politics | 2019 | 43:30

Featured Doco | Stuff Circuit investigates the hidden life and crimes of a million dollar conwoman who struck at the heart of corporate and government HQs

A portrait of a middle-aged man with a grey beard and mustache, wearing a dark blazer over a light-colored checkered shirt. He is seated in an office chair, looking directly at the camera. The background is a large window with a view of a city skyline, including a prominent building with a red roof. The text "ANDREW HOOKER" is overlaid in large white letters on the right side of the image.

# ANDREW HOOKER

EX-TOWER INSURANCE CORPORATE COUNSEL





# THE FRAUDSTER



11/11/2016

□ □ □ □

Ministry of Transport  
PO Box 3175  
Wellington 6140  
Attention: CP&B

Invoice No: wisp5/8  
Date: 16/09/2013

Description	Amount
<p>Tare session preparation as arranged and agreed by J Harrison</p> <p>CONFIDENCE REC 1618</p> <p>29/4/13</p> <p>24952</p>	<p>\$1150.00</p>
<p><b>TOTAL PAYABLE</b></p>	<p><b>\$1150.00</b></p>

Electronic transfer payments to account:

4820 9999 6/15 1150.00  
 CO Proj Acct Nat Account  
 Description Workshop prep  
 I certify that the goods or services have been received.  
 The billing is accurate, correct and that this  
 expenditure complies with the University's expense policy  
 Date 16/8/13

REC-22/8 email



Mazarine Associates

CHAZIOO  
Maza

Invoice numbers

Date \_\_\_\_\_

MAI/JH-MOT/4-21

21 July 2014

<b>To:</b>	Ministry of Transport PO Box 3075 Wellington 6140		
<b>From:</b>	Joanne Harrison Professional shared services support 01 July – 31 July 2014		
<b>GIFT Number:</b>	[REDACTED]		
	160 hours @ \$10 per hour GST		<b>\$17,600.00</b>
	Total		<b>\$17,600.00</b>
<b>Payment terms:</b>	Payment by 30 August 2014		
	Amount owing: <b>\$17,600.00</b>		

00006415, 9999, 17600-00  
CC Proj Acct Net Amount  
Description Shared Services Project  
Support - (Mat lead)  
I hereby certify that goods or services have been received,  
the pricing is fair and reasonable and subject and that this  
expense will be paid with this Agency's payment policy  
Date 25/8/14  
Merzarine Associates

28/8/14

26143

46

EJW CONSULTANTS

CEJW100

TAX INVOICE

✓N  
15/16/0.3

19/11/15

27606

To: Ministry of Transport  
PO Box 8175  
Wellington  
6140

Our reference: UCT-2015-35/1  
Date: 6 November 2015

[illegible]

Please make payment by 30 November 2015

Account number

0900 9999 6415 \$14170.00  
CE Proj Acct Net Amount

Description Professional H.R.  
Services

I hereby certify that the above is a true and correct copy of the original as submitted by the contractor.

Date 9/11/2008

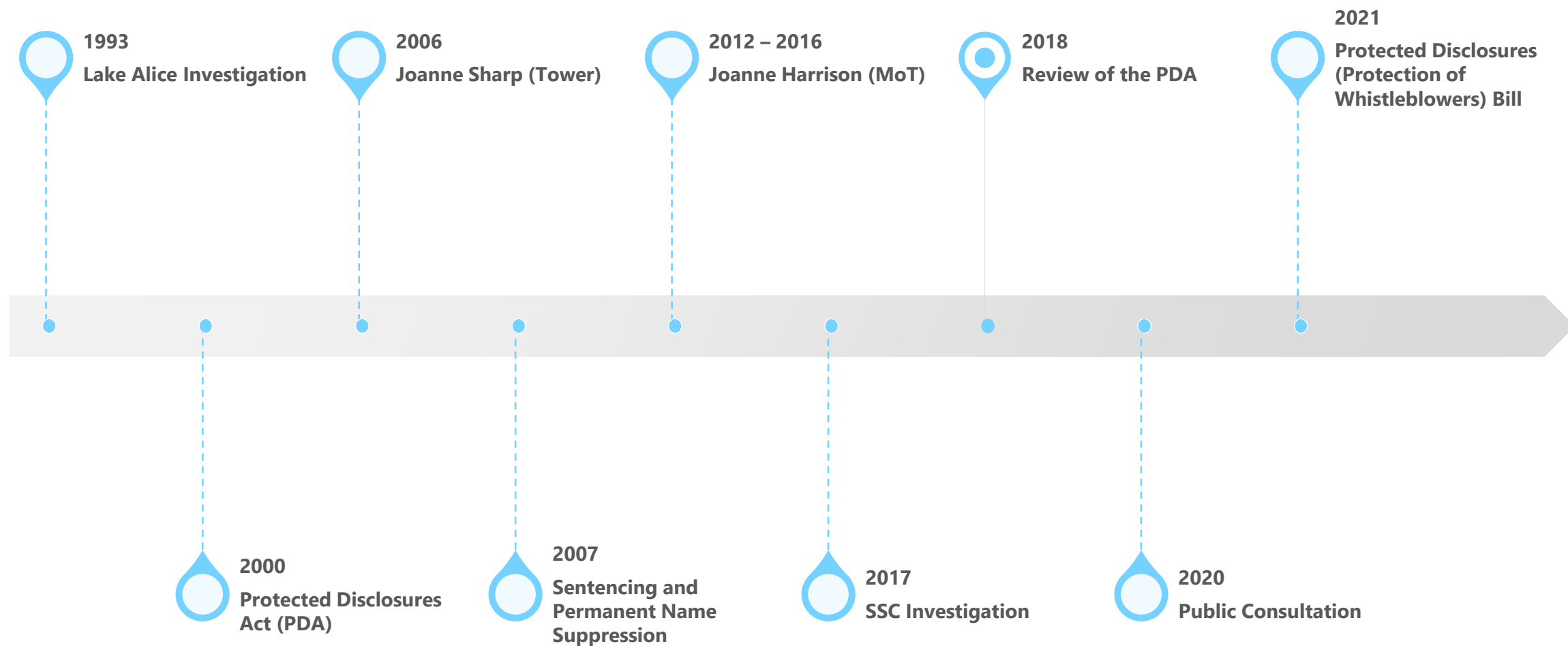
## Contact



*I saw - and still see the present [offending] as involving a one-off situation", and "...in my judgment the possibility of reoffending is in no way on any kind of cards".*

**Judge Roderick Joyce QC, 2007**

# Timeline



# **State Services Commission Investigation Report into the Whistleblowers**

- Three former employees in the finance team were disadvantaged by the way they had been treated, particularly by being made redundant just before Christmas. This treatment seemed to have stemmed from advice provided by Ms Harrison to the decision-makers.
- Another employee had been disadvantaged by Ms Harrison's actions, when Ms Harrison claimed that a Ministry policy prevented the staff member receiving a higher duties allowance for her secondment.
- These employees have received a public apology and an agreed (but confidential) package of redress and settlement.
- The SSC should look into the operation of complaints procedures, including the operation of the Act, in the broader public service.

# Protected Disclosures (Protection of Whistleblowers) Bill

- clarifies the definition of serious wrongdoing
- extends application to cover private sector
- enables people to report serious wrongdoing directly to an appropriate authority at any time
- strengthens protections for disclosers by specifying what a receiver of a disclosure should do
- clarifies how to provide practical assistance and advice to disclosers
- clarifies the potential forms of adverse conduct disclosers may face

# Serious Wrongdoing

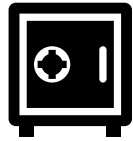
Clause 10 of the Bill defines serious wrongdoing. The current definition speaks of unlawful, corrupt, or irregular use of a public sector organisation's funds or resources.

- Widen the definition to include private sector bodies using public funds or resources.
- Catch oppressive, improperly discriminatory, or grossly negligent conduct or gross mismanagement by those either performing or acting on behalf of a public sector organisation, which will now include private sector bodies who are fulfilling public functions, duties, or powers.

# What you should look for in a Whistleblower Service



Independent



Multiple  
disclosure  
channels



Confidentiality  
and anonymity



24/7



Whistleblowing  
experts



**0800 WITNESS (0800 948 637)**

**support@whistleblowers.co.nz**

**whistleblowers.co.nz**



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