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assets, your reputation  
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## CORONAVIRUS (COVID-19) PANDEMIC ANTI-FRAUD AND CORRUPTION TOOLKIT FOR BUSINESS

Amid widespread public concerns over the rapidly changing COVID-19 situation, fraud, corruption and workplace misconduct risk is heightened. There has been an escalation in fraud related to the COVID-19 pandemic, which puts businesses at risk of further loss and reputation issues. Now is not the time to ignore governance, risk and compliance measures designed to mitigate these risks but for management to be ever-vigilant and take action like conducting a RSM COVID-19 pandemic anti-fraud/corruption and workplace misconduct review. It was not until these crises are over (like the 2008 global GFC) when the fraud skeletons emerge. Be proactive!

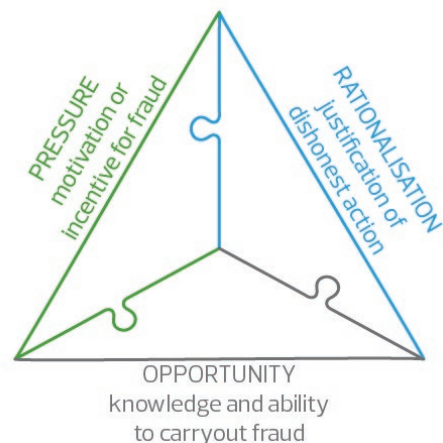
### Why be alert, not alarmed, to fraud, corruption and workplace misconduct during the Coronavirus pandemic?

The global and local Coronavirus (COVID-19) pandemic has created many changes to our workplaces and the way we do business. This also brings along new or heightened risks including the risk of fraud, corruption and workplace misconduct that will further impact a business's performance. This resulting potential financial and / or reputation loss will be felt by the business regardless if your business is global or local, or private sector / a company or a government organisation.

The following is what we know about the impacts from similar global events (such as the 2008 Global Financial Crisis or GFC, and natural disasters) of fraud, corruption and workplace misconduct about these times from similar events:

1. Fraudsters will prey on business and individuals in times of crisis, hoping the usual internal control defences and professional scepticism are down.
2. Internal controls may be circumvented in times of crisis for the reason of expediency to keep business processes operating, but they are the same circumstances that fraudsters exploit.
3. Management review may not be as vigilant due to being distracted by the crisis and other management responsibilities.
4. The best insights into circumstances leading to fraud, corruption and workplace misconduct are found in the classic fraud triangle as originally espoused

by criminologist Dr Donald R. Cressy in the 1950s but still as relevant today. In summary, for fraud, corruption or related workplace misconduct to occur are three elements present – motive, opportunity and rationalisation. In times of crisis, an employee(s) may exhibit financial stress or hardship as a result of job losses from household members during the current COVID-19 pandemic, or even from fear of their own job loss (even if only a perception or fear, and not a reality). These stresses may motivate fraudulent behaviour. An employee(s) may rationalise that they deserve extra money due to their hard work or length of services and may therefore justify stealing from the business, and the opportunity may exist if internal controls and management review is not vigilant and diligent.



### Known COVID-19 fraud and similar scams

The following is a summary of current COVID-19 scams which we are monitoring and change daily:

- 1. Outright theft or obtaining fraudulent benefits** by employees stealing funds from the business for a perceived motive as part of the fraud triangle, such as from internal control weaknesses within business processes like, accounts payable, accounts receivable, payroll, awarding work to suppliers, etc.
- 2. Phishing scams.** Phishing is a fraud method of sending emails or texts claiming to be from reputable or official sources (such as health advice, government, vendor sources) for the purposes of getting the recipient to reveal personal or company confidential information such as passwords, banking details etc. COVID-19 phishing scams can include fake government financial relief for business, and fake business travel and expenses refunds.
- 3. Investment scams** claiming the Coronavirus has created opportunities that are too good to be true, because they are too good to be true or do not exist!
- 4. Counterfeit or non-existent COVID-19 equipment,** such as anyone selling products that claim to prevent, treat, diagnose, or cure COVID-19, or counterfeit products such as sanitizing products and Personal Protective Equipment (PPE), including masks, goggles, full face shields, protective gowns, and gloves.
- 5. Fake online shopping sites requesting unusual payment methods** such as upfront payment via money order, EFT, international funds transfer, preloaded card or electronic currency, like Bitcoin.
- 6. Unsolicited Coronavirus related emails,** which could be from reputable sources such as a government department, inviting the recipient (such as someone in finance) to click on a link or open an attachment which unbeknown to the employee will infect their computer and compromise the computer network of the business.
- 7. False vendors** being added for later fraudulent payments.
- 8. Employees working from home but a considerable amount of the 'work time' is spent on non-employer related activities,** resulting in low to no productivity. It is recognised that the majority of employees will work responsibility unsupervised as often output work can be monitored by who is monitoring or investigating concerns!!!
- 9. Scams to organise the early release of superannuation,** especially in self-managed super funds (SMSFs) for you to access the money, with getting superannuation funds early illegal, except in very limited circumstances.

There are useful government sites which provide updates on COVID-19 scams with methods changing and emerging daily. In Australia, one such site is currently the 'Coronavirus (COVID-19) scams' on the Australian Competition & Consumer Commission (ACCC) website Scamwatch page. An example of a global site is the information updates from the U.S. Federal Bureau of Investigation (FBI).



### What businesses can do to minimise COVID-19 fraud, corruption, and workplace misconduct risks?

1. Stay ever vigilant and diligent by maintaining focus on compliance, internal and external audit and / or internal controls testing and strengthening activities to minimise loss and misconduct
2. Do not ignore or reduce your compliance requirements or practices, such as whistleblower reporting as per the Corporations Act whistleblower reforms for companies, and compliance with similar legislation for the public sector
3. Ensure that you have an updated, or have reviewed, your business's Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)
4. Provide employees with tips and traps to be aware of to avoid being a victim personally of COVID-19 fraud scams, which in turn makes them more alert in their daily work for their employer

### How we can help – an RSM COVID-19 fraud, corruption and workplace misconduct review

1. We are continuing to provide our Fraud & Forensic Services to our clients, albeit by social distancing means
2. Talk to us about conducting an RSM COVID-19 pandemic anti-fraud/corruption and workplace misconduct review, which will include, tailored to the client:
  - a. An assessment of specific fraud, corruption and workplace misconduct risks including COVID-19 scams and employee vulnerabilities of misconduct motivations
  - b. In consultation with our client a set of actionable procedures for prevention, detection of impropriety and response (investigation) if you require it
  - c. Identification of improvement opportunities for continual prevention, detection or response
4. From a broader holistic risk perspective, discuss with the Risk Advisory team at RSM about its COVID-19 pandemic response planning in all aspects for your business including financial analysis, corporate governance, supply chain, employee resources, and working remotely.

### How the Fraud & Forensic Services at RSM is working differently delivering client services

The Fraud & Forensic Services team at RSM are still operating and providing all services as required by clients. A summary of our services is in the succeeding graphic, and regarding investigations for clients the type of conduct or alleged conduct we regularly investigate include the following:

- Fraud and corruption
- Financial crime including money laundering
- Code of Conduct or integrity breaches
- Bullying and harassment and other workplace issues
- Security incidents including terrorism
- Ethics breaches
- Occupational Health and Safety

- Compliance breaches
- Internal control weaknesses or exploitation
- Confidential information or data breach
- Environmental incidents



We have modified the way we operate and deliver our Fraud & Forensic Services to ensure adherence with COVID-19 mitigation procedures such as keeping social distance and working remotely, but still meeting clients' expectations. Examples are as follows:

- Clarifying data requirements for projects by conference call, and arranging for the transmission of requested data for analysis via secure cloud storage where evidential integrity can be maintained
- Conducting interviews of witnesses as well as persons of interest (generally towards the end of an investigation) by video conferencing to ensure that modern interview techniques to detect potential deception are still maintained
- Conducting training via remote means such as by video conferencing
- Maintaining the whistleblower reporting service of RSM for clients which is via remote means of RSM's 1800 telephone free-call number, website access, email access, physical mail, and fax if required
- Maximise the use of staff survey tools that do not require face-to-face contact, such as with fraud reviews or internal audits for clients

## ABOUT RSM

RSM has grown to become one of the largest accounting and business advisory firms in Australia since our foundation in 1922. Today, we are uniquely placed in the Australian accounting profession as a national partnership with 140 Partners, Principals and associates and over 1,200 staff operating out of 30 offices throughout Australia including most of the major capital cities. This enables us to work closely and independently with clients at a local level, backed by the professional expertise, resources and strength of our national team.

**For further information about  
Fraud & Forensic Services at RSM, please contact:.**



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