



Australian Government

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NATIONAL DISABILITY INSURANCE SCHEME FRAUD PREVENTION

FINANCIAL CRIME GUIDE

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This guide was developed by Fintel Alliance partners in partnership with the National Disability Insurance Agency. Fintel Alliance is a public-private partnership led by AUSTRAC that brings together government, law enforcement and private sector organisations to fight serious crime.

Thank you to all of our partners who contributed to this financial crime guide.

ATTRIBUTION

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CONTENTS

How to use this financial crime guide	04
About financial crime guides	04
EXPLOITATION OF THE NDIS	05
ABOUT THE NDIS	06
FRAUD METHODOLOGY	07
FINANCIAL INDICATORS	08
Identification of NDIS funds	08
General financial indicators	08
Provider specific indicators	09
CASE STUDY: NDIS PROVIDER FRAUD	10
SUSPECT NDIS FRAUD?	11
Report suspicious matters to AUSTRAC	11
Notify the NDIA of suspected fraud	11

HOW TO USE THIS FINANCIAL CRIME GUIDE

The National Disability Insurance Scheme (NDIS) provides eligible Australians who have a significant or permanent disability with funding for support and services to assist them in their daily life.

This financial crime guide provides indicators to assist the financial services sector to detect and report suspicious transactions related to potential fraud and misappropriation of government funds through the NDIS.

Where suspected offending is identified, industry must consider their obligations including implementation of ongoing customer due diligence and reporting suspicious matters.

Your assistance will help protect Australians living with a disability and prosecute those who abuse government funding.

ABOUT FINANCIAL CRIME GUIDES

Financial crime guides provide information about the financial aspects of different crime types. They include case studies and indicators that can be used to identify if this offending could be occurring.

They are developed in partnership by AUSTRAC's Fintel Alliance, relevant government agencies, and our industry partners. This guide was developed by Fintel Alliance partners in partnership with the National Disability Insurance Agency.



If you identify indicators of potential fraudulent activity involving the NDIS, please submit suspicious matter reports (SMRs) to AUSTRAC. To assist AUSTRAC to target this crime type, include key words in your report such as NDIS fraud, disability fraud, NDIS, NDIA, National Disability Insurance Scheme or disability payments.

EXPLOITATION OF THE NDIS

Fraud against the NDIS is not a victimless crime and has a serious impact on the Australian public and economy.

The Australian Government is committed to preventing fraud against its programs and services to ensure vital funding supports Australians who need it.

The National Disability Insurance Agency (NDIA) is the Commonwealth agency responsible for implementing and managing the NDIS and also investigates fraud related to the Scheme, working with law enforcement agencies to prosecute those defrauding the Commonwealth.

AUSTRAC is working collaboratively with the NDIA, law enforcement and industry partners, through Fintel Alliance, AUSTRAC's public-private partnership, to develop financial intelligence and share information with industry to prevent and disrupt attempts to defraud government assistance programs.

4.3
MILLION
Australians
living with
disabilities



\$22
BILLION
in funding



500
THOUSAND
people helped



90
THOUSAND
jobs created



ABOUT THE NDIS

The NDIS was introduced to improve the lives of people with disability and the community more generally by providing insurance for all Australians and lowering future costs of disability support.

There are around 4.3 million people living with disabilities in Australia. Within the next five years, the NDIS will provide more than \$22 billion in funding a year to an estimated 500,000 Australians who have permanent and significant disability. The NDIS also contributes to the creation of around 90,000 jobs in the disability sector across Australia.

The NDIS funds a range of supports and services to help participants achieve their goals and enable social and economic participation. This includes education, employment, social participation, independence, living arrangements and health and wellbeing.

Each participant receives an individual plan and funding budget tailored to their goals and designed to fund supports deemed reasonable and necessary.

FRAUD METHODOLOGY

NDIS fraud can be committed by participants, providers, plan managers or staff:

Participants: eligible Australians that are receiving NDIS funding.

Providers: suppliers of support services to NDIS participants.

Plan managers: act as a financial intermediary and manage the budget for a plan held by a participant. Must be registered as a provider with the NDIS.

Staff: persons directly employed by the National Disability Insurance Agency (NDIA).

The NDIS provides participants with a plan to purchase disability support services to assist their daily life. Plans are allocated specific budgeted amounts under various categories as determined necessary for their needs. Plans are not income or asset tested.

Plans can be managed in several ways:

Self-managed: the participant has the choice to choose the provider and has control over their NDIS funding.

Plan-managed: a third party registered NDIS provider will manage the participant's plan, acting as a financial intermediary. A Plan Manager will assist a participant to implement and manage their plan.

NDIA-managed: NDIA manages the participant's plan and all providers are registered with NDIS. The providers claim payment electronically from the participant's funding.

However, many participants choose to self-manage. This gives them direct access to their funds to make payments and reimbursements as needed. Registered providers have the option to claim funds directly from the NDIA and from the participant's budgeted plan.

Participants or their nominees may misappropriate funds by:

- claiming for goods or services not budgeted for or covered under their NDIS plan
- suppliers overcharging and providing cash incentives to participants
- transferring funds to themselves where no service was provided, or no reimbursement is required.

Providers may misappropriate funds by:

- over-claiming amounts from participants' plans which they are not entitled to
- claiming from participants when they did not provide any services
- colluding with plan managers, support coordinators, nominees or participants to provide inducements.

*Note - participants can be staff of the NDIA. For more information on NDIS pricing visit: <https://www.ndis.gov.au/providers/price-guides-and-pricing>

FINANCIAL INDICATORS

Fintel Alliance's ongoing work has identified a number of indicators of potential fraudulent activity involving the NDIS.

These indicators should be used as a guide to assist financial institutions to recognise and report at-risk behaviours.

The existence of a single indicator does not necessarily indicate criminal activity. However, the presence of multiple indicators should encourage further monitoring, examination and reporting where appropriate.

IDENTIFICATION OF NDIS FUNDS

- Bank accounts receiving funds with obvious reference to the NDIS from the government e.g. "NDIS payment 1234567891234".

GENERAL FINANCIAL INDICATORS

- Use of NDIS sourced funds for cash withdrawals, transactions at gambling or gaming venues, or use in other suspicious transactions.
- Majority of NDIS sourced funds paid into loan accounts.
- Accumulation or pooling of NDIS sourced funds over a period of time, followed by large withdrawals or expenditure on goods or services not related to disability support.
- Large amounts of NDIS sourced funds sent outside of Australia.
- Purchases or spending which does not correlate with running a NDIS provider business, or to providing disability support services. For example:
 - online gambling
 - multiple withdrawals in gambling venues
 - holiday related expenses including accommodation and flights
 - for businesses, purchase of goods or services that would be seen as personal expenditure
 - purchase of luxury goods such as designer clothes and bags
 - purchase of luxury assets such as cars or property
 - share or cryptocurrency trading
 - cash withdrawals of all NDIS funds.

PROVIDER SPECIFIC INDICATORS

- A provider without an active Australian Business Number.
- Large amounts of NDIS sourced funds sent outside of Australia.
- Provider resides outside Australia.
- Cash withdrawals of all NDIS sourced funds.
- Accumulation or pooling of NDIS sourced funds over a period of time, followed by large withdrawals or expenditure on goods or services not related to disability support.
- Use of NDIS sourced funds which does not correlate with providing or receiving support services such as cash withdrawals, transactions at gambling or gaming venues or purchase of goods or services related to personal expenditure.
- Purchase of luxury goods such as designer clothes and bags.
- Purchase of luxury assets such as cars or property.
- Majority of NDIS sourced funds paid into loan accounts.
- Use of NDIS sourced funds for purchase of shares or cryptocurrency, or trading in commodities.
- Receipt of funds from NDIS without associated expenses.
- Absence of normal business expenses in a business account.
- Sudden receipt of funds from NDIS without prior indications of providing disability support services.
- Opening of a new business or sole trader account where the account signatory or name does not match public records.
- Provider has no online presence or online reference to providing disability support services.

CASE STUDY: NDIS PROVIDER FRAUD

A registered NDIS provider opened 10 bank accounts online with multiple financial institutions in a three-month period.

All account names were in the same name of the business, with the same signatory controlling all accounts. Neither the business or signatory had a previous relationship with these institutions.

Open source searches showed that the provider had no online presence, suggesting either a new business or a business not in operation.

Shortly after the accounts were opened, a pattern of high frequency large deposits were observed being made into these accounts from the NDIS. No deposits from other sources were observed.

There was no evidence of any business-related expenditure within the accounts to suggest that NDIS allocated funds were being used to provide assistance or run a business.

Transactions on the accounts showed that once received, all funds were transferred to multiple third parties not related to the disability sector, and some of the funds were used to purchase cryptocurrency.

By monitoring these suspicious indicators and reporting to AUSTRAC, NDIS fraud was detected through payments being made without expenditure on disability-related support. The rapid movement of funds through the account and unexplained use of the funds for purchases not related to disability services indicated fraud was occurring. This reporting helped to identify the full extent of the offending and track the flow of fraudulently obtained funds for investigation.



SUSPECT NDIS FRAUD?

REPORT SUSPICIOUS MATTERS TO AUSTRAC

On their own, these financial indicators may appear normal. However, if you notice a combination of indicators, please alert your manager or compliance officer and submit a suspicious matter report (SMR) to AUSTRAC. To assist AUSTRAC to target this crime type, include key words in your report such as NDIS fraud, disability fraud, NDIS, NDIA, National Disability Insurance Scheme or disability payments.

Your assistance will help protect Australians living with disability and prosecute those who abuse government funding.

To find out more visit: austrac.gov.au/smr



NOTIFY THE NDIA OF SUSPECTED FRAUD

If you suspect someone may be committing fraud against the NDIA or NDIS, report it to the NDIS fraud reporting and scams helpline on **1800 650 717**.

Read more: www.ndis.gov.au/about-us/fraud-strategy/reporting-suspected-fraud



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