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Inspector General

## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

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Inspector General  
Accredited

# Fraud: The Crime and the Cure

## Yes, it Happens Here in Palm Beach County

In early 2016, three city employees were arrested for organizing a scheme to defraud taxpayers of over \$150,000. The scheme involved setting up a company to sell goods to the city, which the city never received. The illegal activity had gone on undetected for at least five years before one of our Office of Inspector General auditors discovered some “red flags” that led to the investigation and eventual arrests.

The point is that while most government employees are ethical, conscientious public servants, a few “bad apples” can have a devastating effect by stealing our taxpayers’ dollars, damaging organizations’ reputations, and weakening public trust. A recent report issued by the Association of Certified Fraud Examiners (ACFE)\* revealed that organizations lose 5% annually due to fraud. The ACFE report is based on surveys and monitoring fraud cases in both the public and private sectors around the world.

## Types of Fraud

The report found that organizations of different sizes tended to have different types of fraud and risks. “Corruption was more prevalent at larger organizations, while check tampering, skimming, payroll, and cash larceny schemes were twice as common in small organizations.” Just some of the types of fraud we need to be looking for include:

Misappropriation/misuse/theft of government assets	Altering inventory records to account for lost, misplaced, or stolen items
Creating duplicate or fictitious invoices to conceal improper payments	Stealing time or claiming hours spent on personal or unrelated business
Actual cash larceny	Purchase card/credit card fraud

## Profile of a Fraudster

The ACFE study revealed that most occupational fraudsters are first-time offenders. However, these fraudsters tended to display warning signs, or red flags, when they were engaged in their crimes.

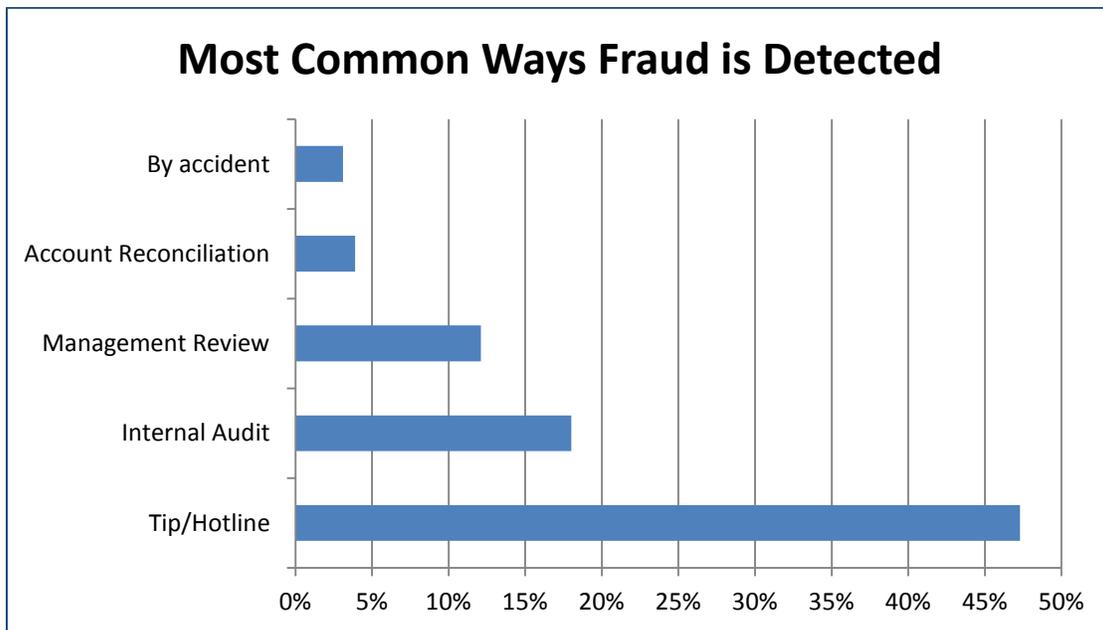
\*ACFE *Report to the Nations on Occupational Fraud and Abuse: 2016 Global Fraud Study*

*“Enhancing Public Trust in Government”*

<b>Some Behavioral Red Flags Displayed by Perpetrators</b>
Living beyond one's means
Financial difficulties
Complaining about inadequate pay
Unusually close association with a vendor or customer
Excessive control issues/unwillingness to share duties
A general "wheeler-dealer" attitude
A recent divorce or family problems

### What Can, or Should, You Do?

We all must be alert to these red flags and definitely report suspected fraud. While Offices of Inspectors General and internal auditors work hard to prevent and detect fraud, the **most common fraud detections come from tips.**



It's our taxpayer dollars and our reputation. Report suspected fraud, waste, and abuse.

**IG HOTLINE**

You can remain anonymous.

**1-877-283-7068**