

NATIONAL ACT

Cost of alleged fraud at public trustee's office jumps as management overhauled

By Henry Belot and Michael Inman

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The ACT Public Trustee has repaid more than \$1.7 million to 87 clients including interest and overhauled risk management strategies after allegations of embezzlement.

The office, which looks after the funds of the most vulnerable Canberrans, terminated the employment of two staffers when irregularities in client financial accounts revealed alleged fraud of \$1,468,577.

The suspect transactions took place over seven years and are believed to include debit card fraud, thefts from cash machines, contractor kickbacks, and false paperwork trails.

The money was repaid in full to all clients by June 30, with interest and capital prospective losses taking the total loss to \$1,736,061.

A report on the alleged fraud by audit firm KPMG earlier this year was not made public, although the office's latest annual report reveals the extent of challenges within the organisations.

"In June 2015 the Public Trustee finalised the investigation of irregularities discovered in client financial accounts maintained under enduring power of attorney and under order of the ACT Civil and Administrative Tribunal," the report said.

"PTACT's fraud/corruption mitigation strategy has been reviewed to incorporate KPMG's recommendations."

The internal review resulted in 15 new control measures to mitigate fraud risks including a review and upgrade of accounting software, codes of conduct, personnel change and the appointment of an independent chair.

All senior managers at the office were required to attend industry fraud and risk training seminars provided by KPMG and the Justice and Community Safety Directorate.

"The Public Trustee also attended an independent commission against corruption fraud and risk Workshop in Sydney from 25-26 March 2015," the report said.

The risk management strategy was overhauled during the 2014-15 in collaboration with other state public trustees, with all staff now required to sign a staff code of conduct.

"PTACT's resilience to fraud and corruption has been strengthened through the implementation of the recommendations by KPMG Forensic in its controls review report," the report said.

The office has lost a number of highly experienced senior staff although the report detailed a succession plan had identified staff capable of competing for advancement.

The office employs fewer than 30 people and has \$360 million and 128 properties under management.

Each case officer manages the finances of about 50 people and it is alleged the victims were those least likely to notice their funds had been drained.

"PTACT is currently undergoing a revitalisation of its management team with two longstanding senior managers retiring in 2013-14 and a further retirement expected in July 2015," the report said.
