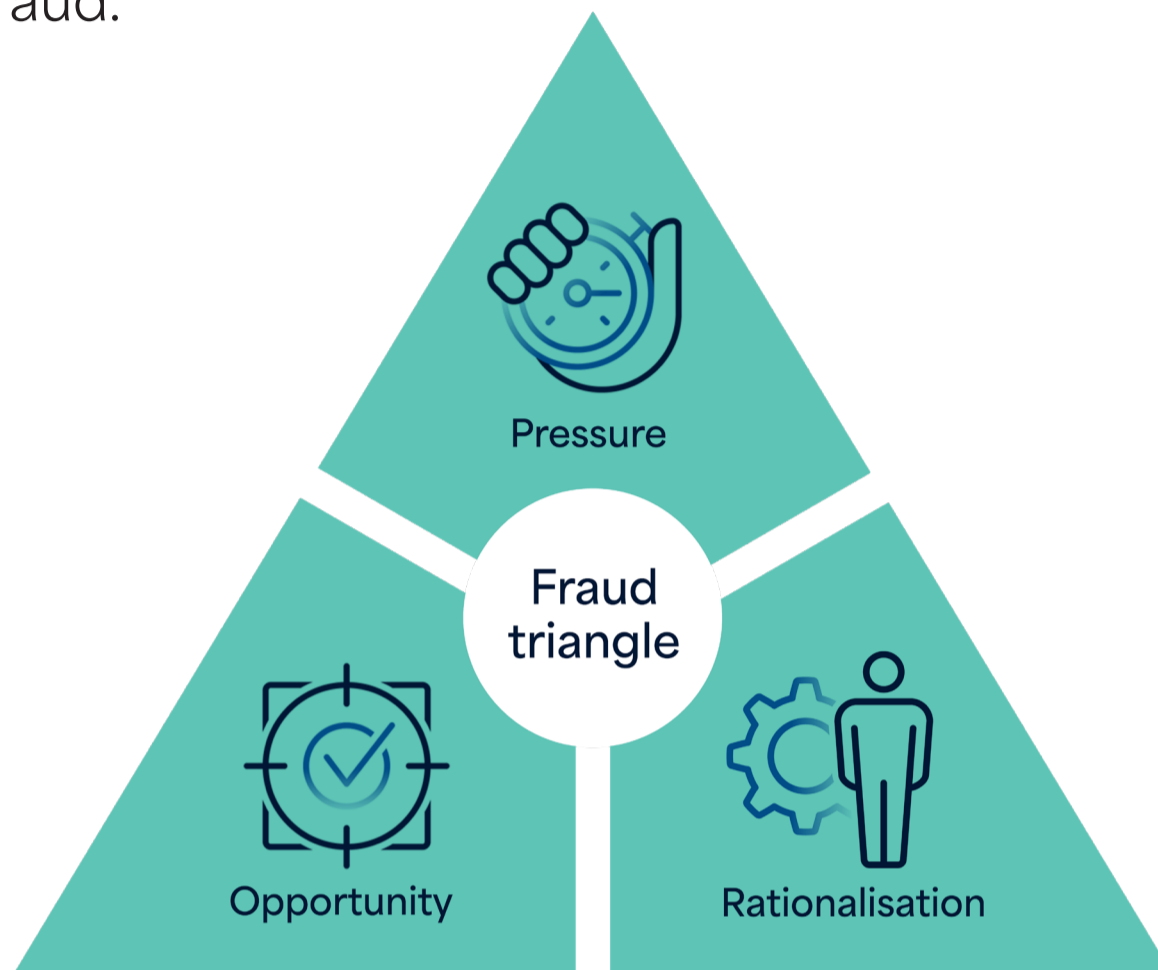


Fraud triangle

The fraud triangle is a model that helps us understand the factors that can cause someone to commit fraud.

A good fraud prevention approach will address all the elements of the fraud triangle.



Pressure

The things that drive the person to commit fraud

For example:

- addiction problems
- substantial financial losses
- living beyond one's means or expensive tastes
- high personal debt or credit
- personal and/or professional pressure to succeed
- greed, ambition and ego
- expensive medical bills.

Opportunity

A gap or weakness in a system that is available to be exploited

For example:

- ability to override system and/or physical controls
- lack of oversight, management and enforcement
- applicants taking advantage of a high-trust model to apply for government relief funding they are not eligible for
- mispresenting commercial arrangements to avoid triggering threshold reviews and reporting requirements.

Rationalisation

An individual's justification for committing fraud

For example:

- "I deserve it, I'm entitled to it, I've worked hard for it."
- "I'll pay it back later."
- "No one will even notice it's gone."
- "I pay enough tax."
- "I'm doing it for my family."
- "I'm not hurting anyone."
- "Everybody does it."
- "The organisation can afford it."
- "It's for a good cause."