

Fraud vs. error and the NDIS

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Errors when using the NDIS

When self-managing your NDIS plan, you might worry about misusing the funding and being unable to claim reimbursements or getting in trouble with the NDIA.

Errors are unintentional mistakes when claiming or using funds. A common mistake is making a payment request in the NDIS portal using the wrong category of funds, e.g. confusing core daily activities with capacity building daily activities.

The difference between error and fraud is intent. You will not get in trouble for making a mistake if your intention to use the funding fits within the [reasonable and necessary guidelines](#), is related to a person's disability and goals and you have proof of how the money was spent. If you do make a mistake, you can raise it with the NDIS and ask for it to be fixed or reimburse money if required.

About fraud and the NDIS

The Commonwealth Fraud Control Framework 2017 defines fraud as “dishonestly obtaining a benefit or causing a loss by deception or other means”. Fraud requires intent and it does not happen by accident or error.

Some examples of NDIS fraud might be:

- Buying an item, support or service not related to a participant's disability supports or needs, e.g. washing machines
- Reselling products funded by the NDIS to make a profit
- Using falsified documents to access the NDIS or to claim money
- Claiming funds for services a participant never received
- Claiming supports or services more than once
- Use of NDIS funds by a person other than the NDIS participant or plan nominee
- Buying products or services before they are approved by the NDIA in the plan

Fraud can be committed by anyone involved with the NDIS including:

- NDIS participants
- Carers or support people
- Plan nominees
- Service providers and staff

- NDIA staff
- Community partners

The NDIA has a fraud strategy. You can report suspected fraud by calling the Fraud Reporting Hotline on 1800 650 717.

To learn more about the NDIA's fraud strategy and reporting process, visit the below links:

[Reporting suspected fraud](#)

[Fraud strategy](#)

Frequently asked questions about fraud

Is it fraud if I don't have a service agreement?

No. Service agreements are not required and not all self-managers choose to use them. However, it is helpful to have documentation that makes the service or supports, cost and terms clear to everyone.

Is it fraud if I employ a friend or family member?

The general rule is that the NDIA will not fund family members to provide supports. However, there are exceptional circumstances where family and friends can be paid. These include a lack of suitable providers to provide the service, a risk of harm or neglect, religious or cultural reasons, or participants' personal views.

Employing family or friends must be discussed and authorised by the NDIA. The NDIA will review the circumstances of each case as per the NDIS Operational Guidelines, Section 11.1.

Is it fraud if I self-employ staff without the legal requirements in place?

It is not NDIS fraud to self-employ staff without the legal requirements in place. However, as an employer, you may have obligations around tax, superannuation, or other requirements, and may receive penalties for breaching those obligations.

CYDA has commissioned a guide to employing your own staff which can help you to understand your obligations as an employer. You can find the guide at cyda.org.au/resources/ndis-self-management

Is it fraud if I claim in advance for a service?

No, if the funds will be used for the stated purpose and relate to the participant's plan and goals. The NDIS states that you should claim money once the service or support is delivered, as there is a risk with advance payments due to unforeseen circumstances or cancellations. If you have a service planned, you can call the NDIA and ask about your options.

You can negotiate directly with the service provider around payment schedules. You can also use a credit card to pay and then receive reimbursements as services are completed.

Safeguarding against fraud

If you are unsure about spending the funds in your child or young person's NDIS plan, you can work through the following questions:

- Is the support or service reasonable and necessary?

Use the [NDIS Self-Management Guide](#) questions on page 8:

- Will the support or service help the participant achieve a plan goal?
- Does the cost represent value for money?
- Will your remaining plan budget cover the cost?
- Will the support connect the participant with the community or improve their relationships?
- Is it safe?
- Can the support be funded by another government service?
- Is the support or service related to the goals in the current plan?
- Do I need a report from a specialist or therapist to justify the support or service?

It is important to remember that every participant and their situation is different. What may be considered reasonable and necessary for one person may not be for another. If you have questions, you can ask the NDIA directly, talk to your ECEI, LAC or Planner, or check the NDIS guidelines and resources to help answer your question.

I have a concern about a service provider and fraud

If you have noticed concerning behaviour by any of your service providers or unauthorised charges to your NDIS plan, talk to your provider first and try to fix the issue directly. It is helpful to keep all evidence of communication with the provider. If the issue is still unresolved, you can take it further:

NDIS Fraud Reporting Hotline: 1800 650 717

NDIS Quality and Safeguards Commission: 1300 035 544

If you need support to raise a problem, Disability Advocacy Network Australia (DANA) has a disability advocate finder available. You can search for advocates in your area and seek advice and support.

[DANA Find an advocate](#)

Disclaimer: CYDA's In Control Our Way resources have been created to support families of children and young people with disability to self-manage their NDIS plans. Information provided is intended as a general guide and may not contain the most recent information and updates. CYDA is not responsible for decisions made by the NDIA or its partners in the community. For the most current information on the NDIS, refer to the NDIS website. These fact sheets are current as of September 2020.

View the full set of In Control Our Way resources at: cyda.org.au/



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