

**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

5 May 2022

Dear

On 14 March 2022, you emailed the Inland Revenue Department (IRD) requesting, under the Official Information Act 1982 (the Act), the following information:

Could you please confirm that the following details are correct:

- 1. In the third quarter of 2021 IRD staff checked a sample of about 300 recipients of the original wage subsidy only using GST returns and employee data.*
- 2. Staff found that 8% of recipients did not have the required revenue drop for a month and 6% did not retain some of the employees they claimed for.*
- 3. Staff did not check whether businesses had had the required drop in revenue for all of the 12 weeks of the original wage subsidy they received.*
- 4. Please send any written instructions given to staff who carried out the survey and any report prepared about the survey.*

On 22 March 2022, your request was transferred under section 14 of the Act to the Ministry of Social Development (MSD) for response.

In March 2020, the Government implemented an economic package in response to the COVID-19 pandemic. The package consisted of taxpayer funded subsidies for those who were in business and were either self-employed or employed others and met the eligibility criteria. Subsequently, there were extensions to the package to continue supporting employers in retaining their staff because of the impacts of COVID-19. All payments pursuant to the package and subsequent extensions are collectively referred to as the Wage Subsidy.

The Wage Subsidy was initiated quickly, based on a high trust model, to ensure employers could pay their employees without delay. Where the Wage Subsidy was

fraudulently obtained and/or retained where it should not have been, there is a high expectation that MSD will respond to the loss of those public funds.

Requirements for the Wage Subsidy scheme were based around the need to meet a relevant drop in revenue in order to apply, which may have been predicted at the time of application. Dependent on the scheme, provisions were also made related to eligibility where alert levels changed during the revenue test period.

For clarity, I will respond to your questions in turn:

Could you please confirm that the following details are correct:

1. *In the third quarter of 2021 IRD staff checked a sample of about 300 recipients of the original wage subsidy only using GST returns and employee data.*

Work was undertaken from July 2021 in response to a specific recommendation made by the Office of the Auditor-General to MSD in their report *Management of the Wage Subsidy Scheme*, dated May 2021, to 'test the reliability of a sample of the post-payment assurance work it carried out against documentary evidence held by applicants'.

A sample of 339 early Wage Subsidy recipients were selected, as a representative sample of those recipients subject to a random post-payment integrity check as part of MSD's integrity programme.

Nine IR Compliance Specialists were originally seconded to MSD to support this work, with five remaining seconded until November 2021.

Documentary verification was requested from these recipients to support their entitlement, including that they met the required revenue decline. This documentary verification included:

- Verification that they are a real business
- Information evidencing the required revenue reduction, for example, financial or bank statements
- A reconciliation of their employee numbers (if they are an employer) to confirm they employed all of the employees named in the application
- Payroll information showing they continued to retain and pay their employees for the duration of the subsidy.

2. *Staff found that 8% of recipients did not have the required revenue drop for a month and 6% did not retain some of the employees they claimed for.*

Of the final results, in 89% of cases, entitlement for the Wage Subsidy received was confirmed. As noted in MSD's response to the first part of your request, the sample relates only to those subject to a random post-payment integrity check and it is not appropriate to extrapolate findings to recipients of the schemes in general given the nature of the sample.

Findings from this work however will feed into broader work as recommended by Audit NZ to analyse the results of all integrity and assurance work undertaken to date to inform a risk-based assessment of next steps, and what further integrity work needs to be completed, if any, to strengthen integrity of the scheme.

No separate report or findings have been prepared in relation to any results from the assurance work described in this response.

- 3. Staff did not check whether businesses had had the required drop in revenue for all of the 12 weeks of the original wage subsidy they received.*

Please refer to MSD's response to the first part of your request.

- 4. Please send any written instructions given to staff who carried out the survey and any report prepared about the survey."*

In scope of your request is the Deskfile provided to staff completing the assurance work described in this response, titled *20211020 Deskfile Post Payment Integrity Check V8.5*. Please find this document enclosed.

Some information has been withheld from the Deskfile as it is out of scope. This applies to names of Ministry staff and email addresses.

MSD understands you have previously received copies of guidance for MSD's Client Integrity Services staff in multiple previous responses to you. As noted in our response dated 26 February 2021, this guidance is updated as required.

As noted in MSD's response to the second part of your request, no final report has been prepared in relation to this work and as such, your request for 'any report' is refused under section 18(e) of the Act as this information does not exist.

The principles and purposes of the Act under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government
- to increase the ability of the public to participate in the making and administration of our laws and policies
- to lead to greater accountability in the conduct of public affairs.

MSD fully supports those principles and purposes. MSD therefore intends to make the information contained in this letter and any attached documents available to the wider public. MSD will do this by publishing this letter on its website. Your personal details will be deleted and MSD will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



George van Ooyen
Group General Manager
Client Service Support

**2020 COVID – 19 WAGE-SUBSIDY:
GUIDANCE FOR POST PAYMENT
INTEGRITY CHECKS**

Contents

Introduction to Wage Subsidy Schemes	2
MSD Business Processes for administering the wage subsidy schemes.....	3
Integrity Response.....	3
Office Auditor-General Recommendations.....	4
Process for post-payment integrity checks	4
Step 1 – Initial information gathering.....	5
Step 2 – Contact the Applicant.....	6
Step 3 - Verify and assess the information gathered	11
Step 4 – Reach a decision on whether the applicant is eligible for the wage subsidy based on the information gathered	12
Step 5 – Communicate your decision to the applicant	13
Step 6 – Document and close the Integrity Check.....	14
Review of Decision.....	15

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Introduction to Wage Subsidy Schemes

1. The New Zealand Government introduced the wage subsidy scheme to support businesses affected by the global impact of COVID-19 to retain employees. The Wage Subsidy Scheme is designed to:
 - support affected businesses to retain employees when Covid-19 restrictions impacted revenue; and
 - help preserve employment connections between employers and employees, and provide income for employees even when they were unable to work.
2. The wage subsidy scheme has provided payments for full-time employees at \$585.50 per week, and \$350 for part-time employees. Payments to each business were initially capped at \$150,000. The cap was removed on 22 March 2020.
3. To date the Government has introduced 5 wage subsidy schemes:
 - the **Original** scheme: introduced on 17 March 2020 and ending on 27 March 2020;
 - the **Enhanced** scheme: introduced on 27 March 2020 and ending on 28 March 2020;
 - the **Modified** scheme: introduced on 28 March 2020 and ending on 9 June 2020;
 - the **Extension** scheme: introduced on 10 June 2020 and ending on 1 September 2020;
 - the **Resurgence** scheme: introduced on 21 August 2020 and ending on 3 September 2020; and
 - the **March 2021** scheme: introduced on 8 March 2021 and ending on 21 March 2021.
4. This document sets out guidance and processes for integrity checks of payments of the wage subsidy made in relation to the Original, Enhanced/Modified schemes only.
5. To avoid confusion, MSD has publicly referred to the 27 and 28 March 2020 schemes as the "Enhanced" scheme only. This guidance takes the same approach, but you will need to check whether the application you are checking was made on 27 March or 28 March 2020 to ensure you are checking against the relevant declaration. Please feel free to seek legal advice if you need assistance with this.
6. Each scheme required applicants to make a **declaration** and complete an application form. Both the declaration and the application form comprise the application made by each recipient. The declaration requires the applicant to declare they have met the eligibility criteria for the scheme and that they will comply with the obligations specified in the scheme. The declaration forms the legal contract between MSD and the recipient of the wage subsidy.

- a. Enhanced Wage Subsidy introduced at 4 pm on 27 March 2020 - [Declaration Link](#);
 - b. Modified or Enhanced Wage Subsidy introduced on 28 March 2020 - [Declaration Link](#);
7. To assist you, attached is a table setting out a comparison of each declaration (Appendix One). You should make yourself familiar with the terms of each declaration as it applies to the application you are reviewing, and the table should be used as a quick guide only.

MSD Business Processes for administering the wage subsidy schemes

8. For full details and reference to 2020 COVID-19 Wage Subsidy please click on this [Link](#).
9. MSD established business processes in relation to the processing and payment of the wage subsidy schemes:
 - a. for guidance on how MSD processed wage subsidy applications please click on this [Link](#)
 - b. for answering questions about the wage subsidy please click on this [Link](#)
10. The [Emergency Employment Support \(EES\) portal](#) allows staff to search for and view applications made as part of the wage subsidy scheme.

Integrity Response

11. Following the implementation of the wage subsidy scheme, Fraud Intervention Services has undertaken an integrity programme to ensure the scheme was administered lawfully.
12. MSD commenced various forms of checks, reviews and referrals for investigations. These commenced as random audits¹, developed to targeted audits and eventually became specifically targeted risk-based reviews based on integrated risk data analysed by Inland Revenue.
13. Each integrity check was a high-level review that involved a desk-based review to ascertain the validity of the business, a phone interview with applicant/business and information sourced from alternative sources to verify the entitlement to the wage subsidy.

¹ Integrity Checks were initially named audits. MSD now refers to these as integrity checks.

14. All the details obtained from these integrity checks were recorded on manual integrity check sheets and filed in a central location (EDRMS).
15. By July and August 2020 MSD's integrity teams had identified some fraud and, through MSD Legal, sought Crown Law advice about how to investigate fraud in the context of the wage subsidy scheme. Many of these cases continue to be investigated.

Office Auditor-General Recommendations

16. The Office of the Auditor-General carried out a performance audit to review how well the Government has managed the wage subsidy scheme.
17. It was found that reviews of applications, carried out after payments were made, consisted mainly of verbal confirmation of information from employers and, in some cases, employees. These reviews focused on checking compliance with eligibility criteria and confirming that applicants understood associated obligations.
18. In most cases, they did not involve substantiating the facts using independent, or at least documented, information. The Office of the Auditor-General was not persuaded that the reviews provide enough confidence that all applications that merit further investigation have been identified.
19. It was recommended that the Ministry of Social Development test a sample of these reviews against documentary evidence. This guidance is intended to respond to that recommendation.
20. It was also recommended that the Ministry of Social Development seek written confirmation from applicants of their compliance with the eligibility criteria and the obligations of receiving the subsidy. Responding to this recommendation is part of a separate workstream.

Process for post-payment integrity checks

21. A spreadsheet containing Integrity check data (random samples or target groups) will be provided to a designated Fraud Intervention Services Manager. Staff will then be allocated work and directly advised of the allocation via e-mail with their host manager being copied in.
22. The process for the post-payment integrity check is as follows:
 - a. **Step 1:** initial information gathering phase. This will give you the necessary background information about the applicant;
 - b. **Step 2:** contact the applicant to gather information about their eligibility for the wage subsidy;
 - c. **Step 3:** verify and assess the information gathered;
 - d. **Step 4:** consider whether the applicant is eligible for the wage subsidy based on the information gathered;
 - e. **Step 5:** communicate your decision to the applicant; and
 - f. **Step 6:** document and close the Integrity Check.

23. Each step is explained in more detail below.

Step 1 – Initial information gathering

24. The purpose of the initial information gathering phase is to enable you to understand:
- basic background information as to the applicant's type of business;
 - what has been paid under the wage subsidy scheme;
 - what has been noted or identified by MSD during any previous reviews or investigations; and
 - whether any refund requests have been made, or whether the applicant has voluntarily repaid some or all of the wage subsidy.

25. To do this, you will need to:

Obtain and review all wage subsidy applications submitted by the applicant and any prior integrity check sheets.

26. This includes any wage subsidy applications that were submitted, but not granted. You can access the applications through the EES portal. Make a note in the comments field of each application that reads "POST PAYMENT INTEGRITY CHECK" "YOUR NAME". This enables MSD to keep a record of which applications have been reviewed under the post-payment integrity check, and by whom. It also ensures that there is no cross over of work. So, if you find an existing integrity check note has been entered into EES, please contact the staff member who added the note before you start your review as they may already be working on the application. Only one person should deal with all wage subsidy applications submitted by an applicant.

27. Prior integrity check sheets can be obtained by emailing Out of scope. Please include "Integrity Check Request" and the applicant's IRD number and/or the wage subsidy application reference number in the subject line of the email.

28. The integrity check sheets will contain confirmation that:
- the business exists,
 - was operating prior to application,
 - IR Information supplied,
 - Correspondence with business,
 - Details/Outcome of decision.

29. You will need to embed the original Integrity sheet into the new Post Payment Integrity check template you are completing (attached as Appendix Three). See page 7/8 – Verification Documents on how to do this.

Search publicly available sources of information.

30. You may find there is not enough information contained in the prior integrity check sheet. A review of publicly available information can help. There are number of publicly available open source searches that you can do which are detailed within your Integrity Check template form. For example: Google, social media, the Companies Office register. Please record what publicly available checks you have completed in your Integrity Check template.

31. MSD may hold information about the applicant or its employees in its IMS or CMS systems, such as whether the relevant individual was receiving a benefit during the wage subsidy period. However, for important privacy reasons you are unable to access those systems. You may be able to obtain that information from other sources. This is explained further below.

What to do if the information suggests fraud at this stage

32. If after reviewing all information available at this stage you suspect that the application may involve fraud, seek advice from MSD Legal on how to proceed prior to moving to Step 2. Please discuss with Program Manager in the first instance (Out of scope).

Step 2 – Contact the Applicant

Initial contact

33. Once you are satisfied that you have sufficient background information, you can then contact the applicant to gather further information.
34. The purpose of contacting the applicant is to check and obtain documented verification of their eligibility for the wage subsidy, and their compliance with the obligations under the scheme. This will include:
- verification that they are a real business (if applicable, you may already have this information from what you have gathered during Step 1);
 - information evidencing a 30% and/or a 40% decline in revenue (if they applied under the Wage Subsidy Extension Scheme) related to COVID-19. This may include financial or bank statements;
 - a reconciliation of their employee numbers (if they are an employer) to confirm they employed all of the employees named in the application;
 - payroll information showing they continued to retain and pay their employees for the duration of the subsidy.
35. In the first instance, you should contact and speak with the person that submitted the wage subsidy application. It is important when contacting the applicant that you identify who you are talking to, and you confirm that they have the authority and knowledge to answer all questions. You may be referred to other relevant staff within the business to discuss the required verification such as the Finance Manager, Human Resources Manager, Payroll staff.
36. Included as a Conversation Guide (Appendix Two) is a list of suggested questions for your conversation with the applicant, together with examples of the types of documents you may require the applicant to provide. We recommend allowing for 10 working days for the applicant to provide the above information. You can be flexible on timing if there are exceptional circumstances which mean an applicant is unable to provide the information within the requested timeframe.
37. If at any stage during your conversation with the applicant you suspect they may have committed fraud, you must stop the conversation and issue a caution. The caution must be in the following terms:
- the person has the right to refrain from answering any further questions and is entitled to remain silent;

- b. the person has the right to consult and instruct a lawyer before deciding whether to answer any questions;
 - c. that anything the person chooses to say will be recorded and may be given in evidence.
38. You must also ask the person whether they understand those rights, and whether they wish to continue the conversation or whether they would prefer to reschedule the conversation at a time when their lawyer can be present. You must also ensure you take full and contemporaneous notes of the conversation, including details of the caution given and the person's response. Following the conversation, you should seek advice from MSD Legal on the next steps.
39. Assuming you have no suspicion of fraud, at the conclusion of the conversation please follow up with an email using the following template. Please note that no changes should be made to any of the emails below without seeking advice from MSD Legal:

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Template One: Follow Up Verbal Request in Writing

[Include company name in email subject]

Kia ora

Thank you for your time recently to talk about our review of the wage subsidy [[you] or [company name (**the company**)]] received.

As discussed, MSD is reviewing [[your] or [the company's]] entitlement to the wage subsidy and intends to make a decision about whether [[you were] or [the company was]] entitled to it when [[you applied] or [the company applied]], and whether [[you remain] or [the company remains]] entitled to it. In order for MSD to make its decision, it needs some further information from you.

When [[you] or [the company]] applied for the wage subsidy [[you] or [the company's representative]] signed a declaration agreeing to provide MSD with information about you, your business, or employees (with their consent) to the extent necessary for MSD to audit and review the payment received. We'll need to see the following documents to confirm [[your] or [the company's]] entitlement to the wage subsidy:

- [List documents]
- You may also provide any other information you wish MSD to consider.

We need the information by [date]. Please provide it to [insert].

If you are unable to provide the information for some reason (for example, because it is held by a third party), please contact us to discuss at [insert].

If you don't provide the documents requested, we may decide to get some or all of it from other sources, such as Inland Revenue.

If you do not respond by [date] we may make a final decision without your input. This could result in [[you] or [the company]] having to repay the subsidy. Accordingly, please ensure you contact us by [date].

This information is to be provided in accordance with the obligations and declarations accepted by [[you] or [the company]] when [[you] or [the company]] applied for the subsidy. The wage subsidy declaration that was made by [[you] or [the company]] is available online. If [[you] or [the company]] applied before 4pm on 27 March 2021 it is available [here]. If [[you] or [the company]] applied after 4pm on 27 March 2021 it is available [here].

However, if [[you consider] or [the company considers]] that any of the above information would be likely to incriminate [[you] or [the company]], you are not required to answer this request for that information. We recommend seeking legal advice.

Please feel free to contact me if you have any questions or need to clarify anything.

Follow up contact

40. In some cases, you may not get a response to your email request for further information. When that happens please follow up using the following template email:

Template Two: Follow up for Documents

[Include company name in email subject]

Kia ora

Thank you for your time recently to talk about the wage subsidy *[[you] or [company name (the company)]]* received.

As discussed, MSD is reviewing *[[your] or [the company's]]* entitlement to the wage subsidy and intends to make a decision about whether *[[you were] or [the company was]]* entitled to it when *[[you applied] or [the company applied]]*, and whether *[[you remain] or [the company remains]]* entitled to it. In order for MSD to make its decision, it needs some further information from you.

We sent you an email on *[date]* setting out the information that is required and what might happen if you do not provide it. Unfortunately, we haven't been able to finalise our review because we're still waiting on information from you. We've asked for it by phone and email on *[date(s)]*. We're now asking that you please provide the information by *[date]* by sending it to *[insert]*. You may also provide any other information you wish MSD to consider.

If you are unable to provide the information for some reason (for example, because it is held by a third party), please contact us to discuss at *[insert]*. If you don't provide the documents we've asked for, we may decide to get some or all of it from other sources.

If you do not respond by *[date]*, we may make a final decision without your input. This may result in *[[you] or [the company]]* having to repay the subsidy.

This information is to be provided in accordance with the obligations and declarations accepted by *[[you] or [the company]]* when *[[you] or [the company]]* applied for the subsidy. In our earlier email we provided a link to the declaration *[[you] or [the company]]* made at the time the wage subsidy was applied for.

However, if *[[you consider] or [the company considers]]* that any of the above information would be likely to incriminate *[[you] or [the company]]*, you are not required to answer this request for that information. We recommend seeking legal advice.

We'll be in contact when we finish our review and please feel free to contact me at any stage if you would like to discuss or if you have any questions

Non-Contact

41. Lastly, in some situations you may not be able to make contact with the applicant. We follow the existing standard Ministry procedure of three attempts at different days and times (and methods). Please use following email:

Template Three: Non-Contact

[Include company name in email subject]

Kia ora

MSD is currently reviewing *[[your entitlement] or [company name's (the company) entitlement]]* to the wage subsidy which *[[you] or [the company]]* received.

MSD intends to make a decision about whether *[[you were] or [the company was]]* entitled to the subsidy when *[[you applied] or [the company applied]]*, and whether *[[you remain] or [the company remains]]* entitled to it.

In order for MSD to make its decision, it needs some further information from you.

We have tried three times, on different days and at different times to make contact with you.

When *[[you] or [the company]]* applied for the wage subsidy *[[you] or [the company's representative]]* signed a declaration agreeing to provide MSD with information about you, your business, or employees (with their consent) to the extent necessary for MSD to audit and review the payment received.

We need to see the following documents to confirm *[[your] or [the company's]]* entitlement to the wage subsidy:

- *[List documents]*
- You may also provide any other information you wish MSD to consider.

Please provide this information by *[date]* by sending it to *[insert]*. If you are unable to provide the information for some reason (for example, because it is held by a third party), please contact us to discuss at *[insert]*.

If you do not provide the information by *[date]*, we may decide to get some or all of it from other sources, such as Inland Revenue. In addition, if you do not respond by *[date]* we may make a final decision without your input. This may result in *[[you] or [the company]]* having to repay the subsidy.

This information is to be provided in accordance with the obligations and declarations accepted by *[[you] or [the company]]* when *[[you] or [the company]]* applied for the subsidy. The wage subsidy declaration that was made by *[[you] or [the company]]* is available online. If *[[you] or [the company]]* applied before 4pm on 27 March 2021 it is available *[here]*. If *[[you] or [the company]]* applied after 4pm on 27 March 2021 it is available *[here]*.

However, if *[[you consider] or [the company considers]]* that any of the above information would be likely to incriminate *[[you] or [the company]]*, you are not required to answer this request for that information. We recommend seeking legal advice.

Please feel free to contact me if you have any questions or need to clarify anything

42. If you get no response to the above email, please follow up with the following template email:

Template Four: Follow Up No Contact or Documents Provided

[Include company name in email subject]

Kia ora

Further to my email on [date], MSD is currently reviewing [[your entitlement] or [company name's **(the company)** entitlement]] to the wage subsidy which [[you] or [the company]] received.

MSD intends to make a decision about whether [[you were] or [the company was]] entitled to it when [[you applied] or [the company applied]], and whether [[you remain] or [the company remains]] entitled to it.

As we haven't had any response from you, we may now decide to get some or all of this information from another source, such as Inland Revenue. Alternatively, we may proceed to make a decision about [[your] or [the company's]] entitlement to the wage subsidy based on the information we already have.

If you are unable to provide the information for some reason (for example, because it is held by a third party), please contact us to discuss at [insert].

Please note that this is likely to be the last communication you will receive from us before MSD completes its review and makes a decision about [[your] or [the company's]] entitlement to the wage subsidy. This means we may proceed to make a final decision without hearing from you. Accordingly, if you wish to provide any further information, please ensure you do so within [the next three working days].

However, if [[you consider] or [the company considers]] that any of the above information would be likely to incriminate [[you] or [the company]], you are not required to answer this request for that information. We recommend seeking legal advice.

We'll be in contact once we have finished our review. Please feel free to contact me at any stage if you would like to discuss or any have questions.

If you have not made contact and your decision based on all alternative sources of information is to request a refund, refer for investigation via the Program Manager (Out of scope).

Step 3 - Verify and assess the information gathered

43. This part of the integrity check allows you to make sure you have all the information you need to decide on the outcome of this application.
44. Consider the following:

- a. Have you completed the relevant desk-based review checks?
- b. Do you have a thorough understanding of the applicant's business?
- c. Do you understand how the business has met the revenue decline test and do you have direct source information to evidence this?
- d. Did the applicant meet the eligibility criteria to receive the Wage Subsidy?
- e. Is the applicant aware of and meeting their obligations, and is there documented evidence to show the applicant is meeting those obligations?

Discrepancy and/or insufficient verification to make a determination

45. Where you have conflicting information or insufficient information to finalise the review you should, in the first instance, discuss with the applicant to seek clarification and/or verification to confirm the true circumstances.
46. If there is still a discrepancy and/or insufficient information to make a determination, you may need to look for alternative sources for clarification. This may include sources such as Inland Revenue or employees of the applicant. Guidance about gathering information from both of these sources is covered below.

Inland Revenue Information

47. Please refer to Appendix Four for more information on what types of information we can and cannot get from Inland Revenue.
48. Email your information request to Out of scope using the template provided (attached as Appendix Five). In the subject line, use 'Integrity Assessment' which will ensure priority is given to the request. If you have not received a response within a 24-hour period, please talk with your Manager.

Step 4 – Reach a decision on whether the applicant is eligible for the wage subsidy based on the information gathered

49. You will now be in a position to make a decision on the outcome of the integrity check of the application.
50. There are three available outcomes:
 - a. **No Further Action (NFA)** – you are satisfied with the outcome of the integrity check and based on the information available the applicant was entitled to receive the wage subsidy, and complied with their obligations under the terms of the relevant Wage Subsidy Scheme;
 - b. **Require a Refund** - you are not satisfied that the applicant was entitled to receive the wage subsidy, and/or you are not satisfied they have complied with some or all of the obligations under the terms of the relevant Wage Subsidy Scheme. A part or full repayment of the subsidy will be required.
 - c. **Refer for Investigation** – There are specific concerns/circumstances where it appears there is dishonest or fraudulent conduct by the applicant. There are lots of ways this can be evidenced. For example, the use of false names; using the names of employees who had not been employed; setting up companies for the purpose of claiming the wage subsidy only, etc.
51. The processes to be followed for all three outcomes are outlined below.

52. Once you are at a stage where you have made a decision you will need to discuss this with the applicant before finalising your integrity check to ensure they have the opportunity to respond and provide any further information.
53. Where the potential outcome is a referral for investigation you will need to caution the applicant before entering any discussion (see "Contact applicant to discuss application" in the Conversation Guide for the caution) and ensure any communication is by email from this point or letter if required.
54. It is important to record full notes in your integrity check form as to how you have arrived at your decision.

Step 5 – Communicate your decision to the applicant

55. Once you have reached a decision, the next step is to communicate that to the applicant.

No Further Action (NFA)

56. Contact applicant and confirm you are satisfied with the outcome of the integrity check and based on the information available the applicant was entitled to receive the wage subsidy, and complied with their obligations under the terms of the relevant Wage Subsidy Scheme.

Repayment

57. You may have concluded some or all of the wage subsidy needs to be repaid.
58. If this is the case, gather and record all of your discussions and decisions that relate to the refund and advise the applicant that they need to refund the amount and why. Confirm that they will receive correspondence by email describing how they can make this repayment.
59. To commence the repayment process, please go to S2P, click on Add Processing and scroll down to COVID-19 Repayments. You will see the link for the Audit of Wage Subsidy Repayment Request, as shown below. (The other link is for voluntary repayment requests.)

COVID Repayments	Audit of Wage Subsidy Repayment Request
	Wage Subsidy Repayment Request

60. Select Integrity Audit check then fill in the following details:
 - a. Business name used on application
 - b. Business IR number (no dashes)
 - c. NZBN if held
 - d. Contact first name
 - e. Contact surname
 - f. Contact email address (which will be used to email the letter to them)
 - g. Postal address

61. There may be several reasons for the repayment, so select as many as appropriate but ensure that you also select one of the following:
 - a. Fails to meet obligations about how to use the subsidy
 - b. Was not entitled to or stopped being eligible for the subsidy (or part of)
 - c. Provided false or misleading information
 - d. Received insurance for any cost covered by the subsidy.
62. When you complete the Integrity Check template you will need to clearly identify the reason a repayment is required. This is needed for reporting purposes.
63. Then enter the amount to be repaid.
64. There is also an 'Additional Notes' box that you should add additional notes for the repayments team, including the IMS number, and that you have sent the refund letter giving review rights. Add a final comment in capitals 'LETTER HAS BEEN SENT BY FIS WITH REVIEW RIGHTS'.
65. Note in the comments field in EES that you have requested a repayment and the reason you are requesting a repayment. Your comments should include the repayment amount, the reason and your name. On some occasions the employer/sole trader may challenge your decision. It is therefore important that you fully record the reasons for your decision. Add a final comment in capitals 'LETTER HAS BEEN SENT BY FIS WITH REVIEW RIGHTS'.
66. A letter will be generated within S2P and sent to the applicant (via email) providing information about how they can refund the subsidy. It is important that you complete the applicant's name and address details accurately as these will be used in generating the letter.
67. When requesting a repayment as a result of your Integrity check you must select "Integrity Audit"

<p>Audit Type</p> <p><input checked="" type="radio"/> Integrity Audit</p> <p><input type="radio"/> Allegation Audit</p> <p><input type="radio"/> Investigation</p>

Referral for investigation

68. Where you have identified criminal intent you will be required to refer this for investigation. Fraud means dishonesty in statements made in the application, or how the funds were applied. Some examples of this includes applications where the business does not exist, employees did not exist, or the applicant has used the funds for their own purposes rather than paying staff.
69. To make a referral for investigation, you must clearly indicate this on the appropriate section of the Integrity Check sheet and send the completed form to Out of scope.

Step 6 – Document and close the Integrity Check

70. A typed Integrity Check template needs to be completed for each integrity check that you complete. You should complete one integrity check sheet per applicant and record all IR numbers linked to this application.
71. Save the integrity check forms in a folder marked 'Wage Subsidy'. For an integrity check save your integrity check form using the date/applicant- *Employer*/IRD number / WSIC (e.g. 17042020 McDonalds 12345678 WSIC).
72. If there has been a discrepancy with the employees named in the application or number of employees claimed for, this must be clearly documented in the integrity check form.
73. Collate your completed integrity check forms and email them to Out of scope by 9:00am each morning.
74. After each integrity check has been finalised, the results of the integrity check must be submitted via the portal. Please click on this [link](#) to access the portal. Although you only need to complete one integrity check sheet you must add an entry in the portal for each application and link them.

Review of Decision

75. An applicant may dispute your decision. If an applicant disagrees with any decision that is made you will need to communicate this by email this immediately to: Out of scope. Please include any correspondence you have received from the applicant.