



FRAUD and CORRUPTION PREVENTION POLICY

COR076

OVERVIEW

The Department of Treasury and Finance (the Department) is committed to the prevention, detection and control of fraud, corruption, maladministration and misconduct in connection with the Department's activities.

The Department of Treasury and Finance has a zero tolerance approach to fraud, corruption or other criminal conduct, maladministration and misconduct. The Department is committed to minimising the incidence of fraud and corruption through sound financial, legal and ethical decision-making and organisational practices and promotes the principles of honesty and integrity consistent with the Departmental Values.

OBJECTIVE

The purpose of this policy is to formalise and communicate the processes for preventing, detecting and responding to fraud, corruption and other criminal conduct, maladministration and misconduct within the Department.

The Office for the Public Sector has published a [South Australian Public Sector Fraud and Corruption Control Policy](#) document which is implemented in the Department by way of this document.

For the purposes of this policy, the terms Fraud and Corruption will be referenced to include other criminal conduct, maladministration and misconduct.

SCOPE

This Policy and the related Fraud and Corruption Control Strategy apply to all employees in the Department and compliance by employees is mandatory.

DEFINITIONS

Fraud - for the purposes of this Policy and the related Control Strategy, is defined as a dishonest activity causing actual or potential financial loss to any person or entity including the theft of moneys or other property by employees or persons external to the entity (including the deliberate falsification, concealment, destruction or use of falsified documents used or intended for normal business purposes and the improper use of information or position for personal financial benefit).

Corruption (in public administration) is as defined in section 5(1) of the *Independent Commissioner Against Corruption Act 2012* (ICAC Act) as:

- (1) **Corruption in public administration** means conduct that constitutes—
 - (a) *an offence against Part 7 Division 4 (Offences relating to public officers) of the Criminal Law Consolidation Act 1935, which includes the following offences:*
 - (i) *bribery or corruption of public officers;*
 - (ii) *threats or reprisals against public officers;*
 - (iii) *abuse of public office;*



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- (iv) *demanding or requiring benefit on basis of public office;*
- (v) *offences relating to appointment to public office; or*
- (b) *an offence against the Public Sector (Honesty and Accountability) Act 1995 or the Public Corporations Act 1993, or an attempt to commit such an offence; or*
- (c) *any other offence (including an offence against Part 5 (Offences of dishonesty) of the Criminal Law Consolidation Act 1935) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or*
- (d) *any of the following in relation to an offence referred to in a preceding paragraph:*
 - (i) *aiding, abetting, counselling or procuring the commission of the offence;*
 - (ii) *inducing, whether by threats or promises or otherwise, the commission of the offence;*
 - (iii) *being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;*
 - (iv) *conspiring with others to effect the commission of the offence.*

Misconduct is defined in the *Public Sector Act 2009* (PS Act) as:

(2) **Misconduct** means-

- (a) *a breach of a disciplinary provision of a public sector code of conduct while in employment as a public sector employee; or*
- (b) *other misconduct while in employment as a public sector employee.*

The term includes making a false statement in connection with an application for engagement as a public sector employee and being convicted, while in employment as a public sector employee, of an offence punishable by imprisonment.

Maladministration (in public administration) is defined in section 5(4) of the ICAC Act as:

(3) **Maladministration in public administration—**

(a) *means—*

- (i) *conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or*
- (ii) *conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and*



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- (b) *includes conduct resulting from impropriety, incompetence or negligence; and*
- (c) *is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.*
- (4) *Without limiting or extending the conduct that may comprise corruption, misconduct or maladministration in public administration, this Act applies to conduct that—*

 - (a) *occurred before the commencement of this Act; or*
 - (b) *occurs outside this State; or*
 - (c) *comprises a failure to act; or*
 - (d) *is conduct of a person who was a public officer at the time of its occurrence but who has since ceased to be a public officer; or*
 - (e) *is conduct of a person who was not a public officer at the time of its occurrence but who has since become a public officer.*

POLICY

All employees will demonstrate their commitment to the prevention, detection and reporting of any actual or suspected fraud and corruption by behaving in a manner consistent with the significant ethical obligations on them including under the Code of Ethics.

The Code of Ethics for the South Australian Public Sector (Code of Ethics) applies to and is binding on all public sector employees. The professional conduct standards in the Code of Ethics are the disciplinary provisions of the Code and conduct contrary to those provisions is misconduct.

The Independent Commissioner Against Corruption is established under the ICAC Act. The Commissioner has issued Directions and Guidelines under the Act that are binding on public authorities including the Department and public officers, including all public sector employees. The Department and employees will comply with the Directions and Guidelines issued by the Independent Commissioner Against Corruption.

The Department is strongly committed to an environment of sound governance, robust internal controls and a culture that will safeguard public resources. This policy reflects management's commitment to the prevention and management of fraud and corruption and the promotion of ethical and honest behaviour in the workplace and an appropriate workplace culture.

The Department has zero tolerance to fraud and corruption.



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The Fraud and Corruption Control Framework

The Department's control framework complies with the Australian Standard AS 8001-2008 *Fraud and Corruption Control* and consists of 5 key elements:

1. *Governance and Ethics*
2. *Awareness and Training*
3. *Fraud Prevention*
4. *Detection and Investigation*
5. *Monitoring and Reporting*

Prevention of fraud and corruption

All employees should have a high level of awareness relating to the risk of fraud and corruption.

The Department's key strategy for managing the risk of fraud and corruption is the proactive prevention of such conduct through the facilitation of a sound ethical culture.

Training of employees in relation to ethics, incorporating awareness of fraud and corruption will be conducted once every 3 years (in addition to the training provided as part of the Department's induction program).

All Branch Heads will complete an *Annual Fraud and Corruption Compliance Statement* to confirm in writing that the area for which they are responsible has, over the previous twelve months, had adequate controls in place to ensure compliance with the Code of Ethics and this Policy and the related Procedure and that they commit to ensuring compliance over the ensuing twelve months.

If the level of risk consciousness for fraud and corruption is found to be lacking at any level of the Department, additional awareness training will be provided.

Detection and Response to fraud and corruption

The risk of fraud and corruption within the Department will be systematically identified, analysed and evaluated on a regular basis in accordance with the Department's Risk Management Framework.

The Department has a robust internal control environment encompassing:

- appropriate segregation of duties;
- post transactional review;
- management reporting;

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- relevant financial policies and procedures;
- comprehensive internal audit program which includes data mining designed to detect fraud; and
- the financial management compliance program,

to detect fraud, corruption and other criminal conduct, maladministration and misconduct.

Fraud and Corruption Control Strategy

The Fraud and Corruption Control Strategy (COR077) outlines the process for reporting incidences of suspected or alleged fraud and corruption and details the processes for prevention, detection and response to fraud, corruption, misconduct and maladministration activities.

Once every three years the Department will conduct a comprehensive assessment of the risk of fraud and corruption within the Department's business operations in accordance with section 3.6.3 of *AS 8001-2008 Fraud and Corruption Control*. In accordance with section 2.4.1 of *AS 8001-2008 Fraud and Corruption Control*, the Department will consider the recruitment of specialist resources to undertake this assessment. The findings from this assessment will form the basis of the Department's Fraud and Corruption Control Plan for the ensuing three years, action items will be documented in the Financial Management Compliance Program and reported to the Department's Audit and Risk Committee.

A listing of policies and procedures which specifically address fraud and corruption and form part of the Department's Fraud and Corruption Control Strategy are set out in Attachment 1. The policies and procedures specify acceptable actions, behaviours and the reporting of exceptions.

RESPONSIBILITIES AND ACCOUNTABILITY

The following section outlines in detail the roles of key individuals and groups in relation to the prevention and control of fraud and corruption within the Department:

Under Treasurer (Chief Executive) and Chief Operating Officer

The Under Treasurer and Chief Operating Officer will:

- seek to ensure employees are aware of their ethical obligations as public sector employees, including those pursuant to the PS Act, the Code of Ethics and the Directions and Guidelines issued by the ICAC;
- facilitate the creation of clear policies and procedures that encourage the minimisation and deterrence of fraud and corruption;



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- seek to ensure appropriate action is taken in response to investigations of suspected or alleged fraud and corruption;
- approve this Policy, which includes the Fraud and Corruption Control Framework and the Fraud and Corruption Control Plan;
- foster a culture that makes active control of fraud and corruption the responsibility of all employees;
- certify to the Auditor General that fraud and corruption risk assessments and fraud and corruption control plans are appropriate; and
- seek to ensure that the Directions and Guidelines issued by the ICAC are complied with by the Department and employees including that matters are properly reported to the Office for Public Integrity.

Executive Employees and Other Managers (including Branch Heads)

Executive employees and other managers are responsible to the Under Treasurer for the operation and management of the Fraud and Corruption Control Framework, including:

- seeking to ensure compliance by employees with this Policy and the related Control Strategy and promoting an ethical culture within the Department;
- the identification of fraud and corruption by employees and other public officers within the Department;
- assisting to implement the Fraud and Corruption Control Strategy;
- overseeing the development and delivery of training to employees to ethical conduct and an ethical culture;
- assessing the risk of fraud and corruption in their area of responsibility and identifying and implementing appropriate risk management strategies;
- monitoring the control systems in place, through informal information gathering, active supervision or formal information systems to minimise the risk of fraud and corruption;
- ensuring appropriate security measures and clearances such as criminal and other background history checks and appropriate delegations are in place with regard to prevention of fraud and corruption;
- completing an *Annual Fraud and Corruption Compliance Statement* where appropriate; and
- ensuring audit recommendations for their area of responsibility are implemented within acceptable timeframes.

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Audit and Risk Committee

The Audit and Risk Committee will:

- review this Policy and the related Control Strategy; and make recommendations for amendment as appropriate to the Under Treasurer;
- review the approach by Executive employees and other Managers to maintaining an effective internal control framework to seek to ensure it is sound and internal controls are being consistently applied;
- review steps taken by Executive employees and other Managers to embed a workplace culture which is committed to ethical and lawful behaviour;
- review the process of developing and implementing control arrangements in respect of fraud and corruption; and
- oversee and evaluate associated controls in relation to the risks of fraud and corruption as part of the risk management process within the Department.

Manager, Risk and Audit Services

The Manager, Risk and Audit Services, will assist the Audit and Risk Committee in implementing and overseeing Fraud and Corruption control activities within the Department, and will:

- coordinate risk management activities in relation to fraud and corruption across the Department including monitoring, reviewing and receiving reports on such matters;
- coordinate risk assessments in relation to fraud and corruption to ensure the delivery of a Fraud and Corruption Control Plan every three years;
- coordinate the follow up of risk assessments in relation to fraud and corruption by ensuring that all timetabled strategies are implemented in accordance with the Fraud and Corruption Control Strategy;
- establish and maintain a Fraud and Corruption Control Compliance Program (documented in the Financial Management Compliance Program) for annual reporting to the Audit and Risk Committee and the Under Treasurer;
- provide a central referral and investigation point for all allegations and preliminary consideration of suspected or alleged fraud and corruption in the Department by employees or other public officers;



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- upon the outcome of preliminary reviews and investigation, the Manager, Risk and Audit Services will report the matter to either the relevant Branch Head, the Chair, Audit and Risk Committee, the Under Treasurer and/or the Office for Public Integrity or the South Australia Police;
- review risk assessments in relation to fraud and corruption and consider high risk areas for inclusion in the Internal Audit Plan;
- develop and maintain the Department's Fraud and Corruption Control Framework for review and approval by the Audit and Risk Committee and Under Treasurer;
- provide advice to the Under Treasurer, Executive employees or other Managers in dealing with incidences of suspected or alleged fraud and corruption;
- report the outcome of reviews in respect of fraud and corruption to the Audit and Risk Committee; and
- coordinate training of employees in relation to awareness and reporting of fraud and corruption.

All employees

All employees will:

- at all times act in an ethical manner in the performance of their duties or in association with their role as a public sector employee;
- report all instances of conduct alleged or reasonably suspected to be fraud or corruption, misconduct or maladministration, in accordance with the Code of Ethics for the South Australian Public Sector and the Directions and Guidelines, issued by ICAC. Failure to report will breach the Code of Ethics and/or the ICAC legislation, and will result in disciplinary action;
- where relevant, comply with the *Whistleblowers Protection Act 1993*. Refer to the Department's Whistleblowers Protection Act Policy (COR095); and
- implement risk management strategies in relation to fraud and corruption and otherwise participate fully in management activities relating to control of such matters.



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RELATED DOCUMENTS

Fraud and Corruption Control Strategy (COR077)

Australian Standard – AS 8001:2008 Fraud and Corruption Control

Public Sector Act 2009

Public Sector (Honesty and Accountability) Act 1995

Code of Ethics for the South Australian Public Sector

Independent Commissioner Against Corruption Act 2012

Directions and Guidelines issued by the Independent Commissioner Against Corruption

Treasurer's Instruction 2.6 - Risk Management

Whistleblowers Protection Act 1993

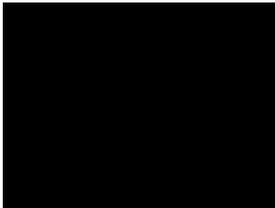
Whistleblowers Protection Policy (COR095)

Whistleblowers Protection Procedure (COR094)



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CHIEF OPERATING OFFICER

6 / 12 / 2016

Attachment 1

List of related policies and procedures (this list is not exhaustive)

COR009	Reporting Stolen or Damaged Assets
COR030	Integrated Security Policy (under review)
COR032	Fair Treatment in the Workplace Procedure
COR075	Appropriate Departmental Expenditure Policy
COR077	Fraud and Corruption Control Strategy
COR078	Risk Management Policy
COR079	Risk Management Procedure
COR088	Corporate Governance Framework
COR094	Whistleblowers Protection Procedure
COR095	Whistleblowers Protection Policy
COR097	Gifts and Benefits Procedure
COR099	Grievance Resolution Procedure
COR156	Pre-employment screening (criminal history / record check) Policy



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Other related operational policies and procedures

COR010	Accounts Payable Policy
COR012	Purchase Card Policy
COR025	Accounts Receivable Policy – Debt Management
COR033	Mobile Phone Policy
COR070	Internet Usage Policy
COR071	Intranet Management Policy
COR080	Internet Usage Guidelines
COR091	Anti Virus Guidelines
COR098	Purchase Card Procedure
COR101	Asset Purchase, Disposal and Reporting Policy
COR104	Purchasing and Transfer of Assets Procedure
COR132	Contractor/Consultant Induction Policy
COR138	Corporate Online Banking System Procedure