



**AUSTRALIAN  
FILM TELEVISION  
AND RADIO SCHOOL**

**Australian Film, Television and Radio School**  
**Fraud Control Plan**  
Financial Years: 16/17 & 17/18

## Contents

1. Introduction	2
2. Definition of Fraud and identification of key fraud risks to AFTRS	4
3. Responsibilities	5
4. Fraud control strategies and controls	8
5. Reporting a fraud suspicion	11
6. Investigation processes	13
7. AFTRS record-keeping and reporting obligations	17
8. Review of fraud control arrangements and key performance indicators	19
Attachment 1 - Receipt of report of suspected fraud – Management form	20
Attachment 2 - Fraud Risk Assessment of AFTRS Key Risks	32
Attachment 3 - Fraud Control Management Action Plan	34

## 1. Introduction

As an Australian Government statutory authority, the Australian Film, Television and Radio School (**AFTRS**) is bound by the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and the rules made under the PGPA Act.

The PGPA Act requires AFTRS, among other things, to meet high standards of governance, performance and accountability and to use and manage public resources properly. Section 10 of the *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)* establishes a minimum standard applying to AFTRS' Council for managing the risk and incidents of fraud.

This *Fraud Control Plan (FCP)* meets AFTRS' obligations under the PGPA Act and the PGPA Rule. It is also consistent with the *Commonwealth Fraud Framework*, including the *Commonwealth Fraud Control Policy* and the *Resource Management Guide No. 201* issued by the Minister for Justice. Neither of these documents is binding on AFTRS, but both contain key principles and best practice advice for effective fraud control.

AFTRS fraud control arrangements have been developed in the context of AFTRS' overarching risk management framework, which includes AFTRS' Risk Management Policy, Guideline and Business Risk Assessment.

### 1.1 AFTRS' commitment to fraud control

AFTRS does not tolerate dishonest or fraudulent behaviour.

AFTRS is committed to minimising, detecting, investigating and reporting on fraud, with the ultimate goal of preventing it and encouraging an ethical culture.

### 1.2 The reasons for AFTRS commitment to fraud control

AFTRS is committed to fraud control because fraud against AFTRS adversely affects:

- AFTRS' resources, and therefore public resources, including information and property; and
- the integrity, public confidence and the good reputation of AFTRS and the Commonwealth.

The Australian Government's fraud control framework contemplates that fraud control strategies become an integral part of an entity's culture, processes and practices.

### 1.3 The purpose of this Fraud Control Plan

This Fraud Control Plan (**FCP**) for the period 1 July 2016 to 30 June 2018 has been prepared to:

- implement AFTRS' clear policy position on fraud, delineated in its Administrative Orders, Codes of Conduct and Fraud Control Policy;
- reflect a risk based approach, and form part of AFTRS' general risk management framework;
- reflect the key requirements of the *Resource Management Guide No. 201*;
- is consistent with *AS 8001-2008 Fraud and Corruption Control*;
- establish a coordinated approach to investigations of suspected fraud that supports the recovery of losses;
- safeguard disclosers of potential wrongdoing and the reputation of individuals;
- ensure external reporting obligations are met; and
- minimise, and ultimately prevent, the potential for fraud against AFTRS.

## 1.4 The scope of this Fraud Control Plan

The FCP primarily applies to all AFTRS' employees, including casual employees, contractors and volunteers. The FCP also applies to students and the public to the extent they are implicated in fraudulent conduct. General and academic student misconduct is dealt with separately. In addition, the FCP allows members of the public to report suspected fraud incidents.

Employees with questions about the FCP should direct the questions to their supervisor, their Divisional Director, the Head of Business Affairs or to the Chief Operations Officer.

The FCP applies where a suspected fraud is committed internally by employees, contractors, volunteers or students. The Association of Certified Fraud Examiners (ACFE) has defined internal fraud as '...the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organisations' resources or assets' (ACFE 2014: 6). The Plan also applies where a suspected fraud is committed externally by people or organisations outside AFTRS, including members of the public, or by people external to, and people who are part of AFTRS, working together.

## 2. Definition of Fraud and identification of key fraud risks to AFTRS

A simple definition of fraud is the theft or improper use of an organisation's resources.

AFTRS adopts the definition of fraud set out in the *Commonwealth Fraud Control Framework*, which is:

***Dishonestly obtaining a benefit, or causing a loss, by deception or other means.***

The definition is based on the fraudulent conduct offences under Part 7.3 of the *Criminal Code Act 1995*, in addition to other relevant offences under chapter 7 of the Criminal Code.

The benefits obtained may be tangible or intangible (such as information) and may be obtained by a third party and not the perpetrator of the fraud.

For fraud to exist there must be deception that is intended and not accidental or careless or the result of an error.

Examples of fraud include:

- theft or improper disposal of assets or revenue
- accounting fraud (for example, false invoicing)
- misuse of credit cards
- taking bribes or secret commissions or improperly accepting gifts
- using resources (such as computers) for personal benefit, including by gaining unauthorised access to other systems
- using information for personal gain
- other misuse or unlawful obtaining of assets, equipment, facilities or services
- wrongfully using intellectual property
- not disclosing conflicts of interest in key decision-making or biased decision-making
- improper conduct in procurement and contract management processes, including charging an organisation for goods or services that are incomplete or not delivered
- other bribery, corruption or abuse of office
- providing false or misleading information, or failing to provide information where there is an obligation to do so
- making or using forged or falsified documents
- corrupt practices that benefit causes or interest groups, rather than an individual
- dishonestly using research funds or sponsorships
- fabrication, falsification or plagiarism of research or scholarly work
- causing a loss or creating a liability

The key fraud risk areas for AFTRS are:

- theft of AFTRS' intellectual property
- theft of other AFTRS' resources (including physical assets, information held on IT systems, and use of AFTRS equipment) or services
- misuse of other AFTRS resources (including physical assets, information held on IT systems, and use of AFTRS equipment) or services
- undisclosed conflicts of interest in key decision-making and biased decision making
- improper conduct in procurement and contract management processes
- fraud with purchasing, credit card and accounts payable processes (e.g. false invoicing)
- falsifying student records
- students / applicants submitting material or work that is not their own
- non-paying students in AFTRS Open courses

Fraud can be any or all of a criminal offence, a breach of the duties of officials under the PGPA Act, a breach of contract, or other wrong.

### 3. Responsibilities

#### 3.1 Overview

To manage the risk of fraud against AFTRS, AFTRS needs to ensure that fraud control responsibilities are documented and that all office holders, employees, contractors, volunteers and students understand their specific responsibilities.

Primary responsibility lies with the AFTRS' Council, which is responsible for:

- governing the entity in a way that promotes the proper use and management of public resources for which AFTRS is responsible, the achievement of AFTRS' purposes and AFTRS' financial sustainability; and
- establishing and maintaining an appropriate system of risk oversight and management for AFTRS and an appropriate system of internal controls for AFTRS.

In particular, AFTRS' Council is responsible for taking all reasonable measures to prevent, detect and deal with fraud relating to the entity, including by:

- conducting fraud risk assessments regularly and when there is a substantial change in the structure, functions or activities of the entity; and
- developing and implementing a fraud control plan that deals with identified risks as soon as practicable after conducting a risk assessment; and
- having an appropriate mechanism for preventing fraud, including by ensuring that:
  - officials of the entity are made aware of what constitutes fraud; and
  - the risk of fraud is taken into account in planning and conducting the activities of the entity; and
- having an appropriate mechanism for detecting incidents of fraud or suspected fraud, including a process for officials of the entity and other persons to report suspected fraud confidentially; and
- having an appropriate mechanism for investigating or otherwise dealing with incidents of fraud or suspected fraud; and
- having an appropriate mechanism for recording and reporting incidents of fraud or suspected fraud; and
- setting the ethical tone within AFTRS.

Under the PGPA Act, AFTRS' Council members, including AFTRS' CEO, and AFTRS' employees are required to:

- exercise the degree of care and diligence that a reasonable person would exercise in their position;
- act in good faith and for a proper purpose;
- not improperly use their position to gain a benefit or an advantage for themselves or any other person or cause or seek to cause detriment to the entity, the Commonwealth or any other person;
- not improperly use information obtained because of their position to gain or seek to gain a benefit or an advantage for themselves or any other person or cause or seek to cause detriment to AFTRS, the Commonwealth or any other person; and
- disclose any material personal interests they have relating to AFTRS' affairs.

However, everyone working at AFTRS is responsible for the proper management of public resources and therefore for preventing fraud against AFTRS.

The sections that follow give further details of the fraud prevention and management responsibilities that apply.

### 3.2 Finance, Audit and Risk Management Committee

The Finance, Audit and Risk Management (**FARM**) Committee, a sub-committee of Council, oversees fraud risks, as part of AFTRS' risk management activities, and the controls relating to those risks. In doing so, the FARM Committee receives, reviews and endorses the FCP and receives reports from the Chief Operations Officer on the implementation of fraud control strategies, on any non-trivial incidents of suspected fraud, and on any suspected fraud incidents referred, or not referred, to State, Territory or the Australian Federal Police (**AFP**). The FARM Committee reviews these reports to ensure that appropriate and timely action is taken.

### 3.3 The Chief Executive Officer

AFTRS' Chief Executive Officer (**CEO**) is responsible for promoting an ethical and fraud awareness culture and implementing AFTRS' fraud control measures, including AFTRS' *Fraud Control Policy* and FCP.

Reports of alleged fraudulent conduct may be made directly to the CEO, and the CEO may investigate fraud allegations. The CEO is responsible for determining the course of action following identified or reported incidents of fraud, including whether or not allegations are investigated internally or externally or referred to State, Territory or the Australian Federal Police (**AFP**). The CEO ensures that appropriate reports about fraud and fraud control are made to the responsible Minister, Council and the FARM Committee.

### 3.4 The Chief Operations Officer

The Chief Operations Officer is responsible for coordinating the implementation of fraud control measures in AFTRS.

The responsibilities include to:

- *conduct a Fraud Risk Assessment* and revise the FCP every 2 years or sooner as required, for example when aware of any structural or system changes that may affect the level of risk
- *provide reports* to the FARM Committee on the implementation of fraud control strategies contained in the FCP, and on the outcomes of investigations and the recovery of any losses
- *report* fraud data annually to the Australian Institute of Criminology (**AIC**)
- *provide* input into policies, procedures and guidelines that relate to areas of fraud risk
- *promote* awareness of fraud and fraud prevention
- *be* the principal contact on fraud and fraud related matters for employees, external investigators, the AFP, the AIC and the Attorney General's Department, including by receiving reports on alleged fraud.

The Chief Operations Officer and the Director, Technology & Infrastructure (with the Facilities Manager as Agency Security Advisor) are together responsible for:

- *ensuring* that AFTRS' premises are secure to prevent:
  - unauthorised access
  - unauthorised removal of information or assets
  - theft of assets
  - damage to assets
  - physical threat to employees, contractors, students and volunteers (e.g. by members of the public); and

### 3.5 The Director, Technology & Infrastructure

The Director, Technology & Infrastructure is responsible for information security within AFTRS including:

- *implementing* approved IT security policies
- *developing* IT security procedures and guidelines
- *monitoring* of IT security
- *providing* reports and advice on IT security matters to the CEO and other Divisional Directors
- *arranging ongoing* training and awareness in IT security matters for authorised users
- *reporting* incidents and reports of suspected fraud to the Chief Operations Officer.

### 3.6 Other Divisional directors

Other Divisional directors are responsible for:

- *taking* a leadership role in promoting ethical behaviour within AFTRS
- *identifying* and *mitigating* potential fraud risks to their Division
- *developing, implementing* and *monitoring* fraud control strategies in conjunction with the Chief Operations Officer to address fraud risks to AFTRS generally
- *providing* progress reports on the implementation of fraud control strategies to the Chief Operations Officer
- *reporting* incidents and reports of suspected fraud to the Chief Operations Officer
- *ensuring* that employees receive appropriate fraud awareness training.

### 3.7 Employees, contractors, volunteers and students

Employees, contractors and volunteers must:

- act in a professional manner
- comply with the applicable AFTRS' *Code of Conduct* and with legal requirements, policies and directives
- avoid waste or misuse of AFTRS resources, including information
- be aware of the signs of misconduct and fraud
- report any suspected fraudulent activity coming to their attention
- assist with any enquiries and investigations relating to misconduct and fraud
- attend fraud awareness training

Students must:

- comply with the applicable *Code of Conduct* and applicable AFTRS' policies and procedures
- be scrupulous in their use of Commonwealth information, money, property, goods and services
- report any corrupt or fraudulent activity coming to their attention

Information for students about their responsibilities in relation to appropriate conduct and fraud control is included in the *Student Handbook* and the *Information Guide*, available on AFTRS' website.



## 4. Fraud control strategies and controls

AFTRS adopts a number of strategies and controls to prevent, detect and respond to suspected fraudulent activity, which include, in addition to the FCP, integrity frameworks through the *Administrative Orders* and *Codes of Conduct*, pre-employment and other screenings, fraud awareness training, fraud risk assessments, robust internal controls, data analysis, management report reviews, the establishment of clear reporting channels and protection of people who disclose suspected fraud.

Information about clear reporting channels and protection of disclosers is contained in section 5 of the FCP. Further information about the other strategies is as follows:

### 4.1 Underlying integrity framework

AFTRS expresses and enforces the importance of an ethical culture in Council's *Administrative Orders* and in its *Codes of Conduct*, which require employees, contractors, volunteers and students to behave honestly and with integrity.

### 4.2 Appointment screenings

The appointment of new, non-casual staff is governed by *AFTRS Enterprise Agreement 2011* and *AFTRS' Staff Selection Policy* and Procedures. *AFTRS Enterprise Agreement 2011* and the Policy and Procedures clearly outline the expected staff engagement and authorisation processes and are retained on the intranet for reference when required.

Staff applications are assessed against pre-defined selection criteria by a Selection Committee except for appointments by nomination or invitation where an eminent person is assessed against pre-defined selection criteria by a Divisional Director and a decision is made by the CEO. The Selection Committee must consist of at least three people, including an HR representative. Conflicts of interest are to be declared before interview.

New staff appointments must be authorised in accordance with AFTRS' Human Resource delegations of authority.

All new staff are required to provide evidence of their identity. The evidence must include primary identification documents confirming the history of identity (such as their original passport, birth certificate, marriage certificate, change of name certificate, certificate of citizenship) and include a government issued photo ID. Reference checks are also completed. Because of the specialised industry in which AFTRS operates, potential applicants are often known. Their details and qualifications can be checked further by using external industry and other databases.

Casual employees who are resident in Australia are required to supply bank details, their tax file number, their superannuation membership number and their home address. They are asked to provide their telephone numbers and email address. Non-resident casuals asked to work at AFTRS' premises must show their passport and relevant work visa.

All Executives, senior teaching staff identified by the Executive, and other Heads of Department with governance responsibilities are required to be assessed as a Fit and Proper Person by the CEO. They meet this criterion by executing a Fit and Proper Person declaration and undergoing a National Police check, both of which must be satisfactory to the CEO. Employees engaged to fill other Identified Positions who have access to extensive personal information or have across-School financial expenditure or processing authority are also required to undergo a National Police Check. Any person who is intended to have direct, unsupervised, contact with children must have a clearance to work with children according to applicable law.

### 4.3 Fraud awareness training

All staff have access to applicable legislation, and the *Administrative Orders, Code of Conduct* and other policies and procedures, through AFTRS' website and intranet. New staff are informed about the *Code of Conduct* at induction.

All potential staff are made aware of their fraud control responsibilities by receiving a copy of AFTRS' then current *Fraud Strategy Statement* with their employment contract and are required to acknowledge receipt of this and other documents. Employees who will exercise financial delegations as part of their role have additional fraud control awareness training at induction with the Head of Financial Services.

Existing staff have access to a number of Information Sheets on Fraud Control through the Intranet, which include information on their responsibilities and how to report suspected fraudulent activity.

New and existing staff are required to complete the Fraud Awareness e-learning module every two years. Staff are also required to attend any additional, compulsory face-to-face training conducted by Business Affairs. The Head of Business Affairs tracks e-learning training completion status in the e-learning system (Moodle), and face-to-face training with attendance sheets, and follows up with employees who have not adequately completed all compulsory training.

AFTRS' *Fraud Control Policy* and modified FCP are accessible to everyone, including the public, on AFTRS' website (the complete FCP is available to staff on AFTRS' intranet), and are updated or replaced where necessary because of external or internal changes, such as new or amended legislation or new AFTRS' structures or systems. All AFTRS' staff are notified by email of updates to, or replacements of, the Policy or FCP (or both) as soon as practical after these changes are made.

### 4.4 Internal and external fraud risk assessments

Fraud risk management is treated as part of AFTRS' general risk management framework.

AFTRS conducts its specific, periodic, fraud risk assessment process across the School in accordance with the relevant, key principles of the *Risk Management – Guidelines and Principles* (AS/NZS ISO 31000:2009). The approach meets the requirements of the Guidelines and is augmented by AFTRS applying the principles contained in the *Fraud Control in Australian Government Entities – Better Practice Guide (March 2011)*.

The approach qualitatively assesses controls, and measures the likelihood, consequence, and the residual risk of each potential fraud risk. The residual risk is the level of risk that remains after considering all existing controls. The residual risk rating, in combination with the controls assessment, provides information about areas where management attention or action is required.

Residual risks are rated as follows:

Rating	Residual Risk Definition
High	Risk must be assessed and reduced as soon as possible. If it cannot be reduced from high, Management must demonstrate that due diligence systems are in place and appropriate corporate governance can be demonstrated.
Significant	Ensure system and technical controls are such that the FARM Committee agrees that the risk is as low as is reasonably practicable and due diligence systems are in place and appropriate corporate governance can be demonstrated.
Moderate	Ensure management system controls risk, managerial responsibility is defined and key controls subject to regular reviews.

<b>Low</b>	Acceptable Risk – Review consequence and likelihood, Manage through routine procedures and key controls subject to regular reviews.
------------	---

Internal fraud risk assessments were conducted in 2012, 2014 and 2016.

From time to time, the Chief Operations Officer engages an external service provider to conduct whole-of-School general business risk assessments and fraud risk assessments, and to provide recommendations for further action.

In addition, from time to time, the Chief Operations Officer arranges for external service providers to conduct data analysis of specific aspects of the finance and payroll systems.

AFTRS recognises that auditors also have a role to play in the detection and reporting of fraud.

The Chief Operations Officer produces or endorses any necessary action plans, and implementation timetables resulting from these assessments, analyses and reports, and reports to the FARM Committee on the progress of the action plans.

#### 4.5 Internal controls

AFTRS has developed and maintains strong internal controls against fraud in all areas of its operations.

These controls are established by the *Administrative Orders* and by the implementation of policies and procedures covering a range of issues, including:

- guarding against employee identity fraud, and nepotism and corruption;
- protecting AFTRS' assets and infrastructure and establishing and maintaining security;
- preventing or mitigating conflicts of interest and potential bribery and corruption;
- safeguarding AFTRS' finances; and
- ensuring all students are dealt with fairly and equitably, and ensuring students behave with academic integrity.

If, however, any fraud is detected, or any unacceptable fraud risk, AFTRS will re-assess the relevant internal controls to determine whether they need to be adjusted or replaced and make any necessary changes as soon as practical.

AFTRS has also developed a number of other, informal, mechanisms.

## 5 Reporting a fraud suspicion

Everyone is encouraged to report or disclose information that shows or tends to show fraudulent behaviour.

### 5.1 Who can a suspected fraud be reported to?

A suspected fraud may be reported to:

- CEO
- Chief Operations Officer
- Director, Technology & Infrastructure
- Any other member of the Executive
- Head of Human Resources
- Head of Financial Services
- Head of Business Affairs
- Head of Corporate Policy & Governance
- Head of Student Services
- A supervisor.

Law enforcement agencies may also be approached if a person has evidence that a crime has been committed.

### 5.2 How are reports to be made?

A report may be given verbally or in writing, on the phone, in person or electronically. The report should include as much information as possible to explain and justify the allegation and enable (at least the start of) an investigation.

An employee, contractor, volunteer or student who suspects that fraudulent activity is occurring must:

- **Note observations**
  - not jump to conclusions
  - not conduct their own investigations
- **Report Concerns**
  - report concerns and provide written allegations to the appropriate person
  - refer any relevant documents (which must not be altered) as possible evidence to the appropriate person, and ensure they are stored securely.
- **Inform only those who need to know**
  - to prevent possible destruction of evidence
  - as protection against any pressure from those involved
  - to avoid compromising future proceedings
  - to protect the rights of people suspected of fraudulent activity who may, in fact, be innocent.

Managers who receive a report must document the report in the AFTRS' *Fraud Incident Report Form* current at the time they receive the report. A copy of the current version is contained in Attachment 1.

### 5.3 Additional information

A person who is or was an AFTRS' Council member, an employee or an individual employed by a contractor to AFTRS may make a report about suspected fraudulent conduct under the *Public Interest Disclosure Act 2013 (PID Act)*. Details about reports made under the PID Act, and how they are to be dealt with, are set out in the *PID Procedures* available on AFTRS' website and in Information Sheets available to staff on AFTRS' Intranet.

AFTRS is committed to supporting and protecting people (and the careers of employees) who report suspected fraud from victimisation and discrimination, so long as they are not involved in the fraud.

For example:

- A person making a report under the PID Act is supported and protected under the PID Act from reprisals being taken against them because of the report;
- AFTRS' *Code of Conduct* recognises that 'whistleblowing' is not misconduct, unless the whistleblower was aware at the time that the allegations were not grounded in fact. The AFTRS' 2011 *Enterprise Agreement* requires AFTRS to protect employees who allege breaches of the *Code of Conduct* from victimisation and discrimination in their employment.

AFTRS acknowledges its obligations under the *Privacy Act 1988* in relation to a discloser's identity. However, as the subject of a report will be advised of its content, even if AFTRS maintains a discloser's confidentiality, it may be possible for the report's subject to determine who made it. It may also not be possible to prevent the disclosure of a discloser's identity in the event of criminal prosecutions or civil proceedings. If a discloser is also involved in improper conduct, while AFTRS will take their disclosure into account in any internal disciplinary proceedings, AFTRS will have no power to provide immunity from criminal prosecution.

## 6 Investigation processes

### 6.1 Rights of individuals

People suspected of fraud against AFTRS are considered innocent until proven guilty. A person suspected of fraud has the right not to have details of the allegation disclosed to and discussed by people not concerned with the matter and no-one should tolerate or promote speculative gossip.

A person who suspects that fraudulent activity may be taking place at AFTRS should, in the first instance, report the activity as indicated in section 5 of the FCP. People working in an area in which fraud is suspected may be interviewed by fraud investigators or by the police.

People have a common law duty to assist police with their investigations. However, a person who believes that the answer to a question during a fraud investigation may implicate them in the fraud has a right not to answer the question. Before an interview, fraud investigators and police are legally bound to advise people of their legal rights, including their right to legal representation during the course of the interview.

### 6.2 Overview of investigative processes

#### 6.2.1 Types of and criteria for investigations

Investigations of public interest disclosures made under the PID Act will be undertaken according to the PID Act and the *PID Procedures*.

Except in the case of a public interest disclosure under the PID Act, some of the matters to be considered when making decisions on whether or not a fraud suspicion should be investigated and, if it should, the type of investigation that is appropriate, include:

- the cost or value of the alleged fraud;
- the security implications of the alleged fraud;
- the likely cost of investigation or prosecution;
- the possible benefit, including recovery of losses and deterrent value, and non-monetary considerations such as the public interest or damage to the integrity of the entity or Government if the matter is not investigated;
- the identity of the person or people suspected of fraud;
- the nature of the alleged fraud;
- the prospect of compiling sufficient evidence for a brief to the Commonwealth Director of Public Prosecutions (**CDPP**);
- the possibility that the fraud is systemic or targeted (rather than an isolated or opportunistic incident);
- the likelihood that the fraud was perpetrated by an external party with internal assistance; and
- the possible ongoing risks caused by or evident in the fraud.

If evidence cannot establish the degree of intention, recklessness or negligence required for a criminal offence, or if the matter is trivial, administrative or civil sanctions may be appropriate.

#### 6.2.2 Internal investigations

Investigations are only to be carried out by appropriately qualified and experienced personnel, with the appropriate level of managerial oversight. Any external investigators must also be appropriately qualified and supervised.

### 6.2.3 Preliminary, minor or routine investigations not undertaken by the AFP

Subject to paragraph 6.2.2 and the PID Act, AFTRS, or an external investigator appointed by AFTRS, may undertake a preliminary investigation, a minor or routine investigation not referred to the AFP, an investigation unlikely to be accepted by the AFP where they do not involve conflicts of interest or politically sensitive matters, and investigations not accepted by the AFP or state or territory police.

A preliminary investigation will decide whether the allegation:

- is not substantiated and no further action will be taken other than to debrief the informant(s)
- is substantiated and warrants further investigation, disciplinary processes or civil action or any of them. If necessary, advice will be sought from the Head of Business Affairs or the Australian Government Solicitor or other legal advisers to AFTRS on the appropriate course of action
- is likely to be accepted by the AFP under its Case Categorisation and Prioritisation Model (CCPM)
- is to be subject to an investigation carried out by an accredited service provider.

AFTRS, or the appointed external investigator, who must be supervised by AFTRS, will conduct an investigation taking into account the Australian Government Investigation Standards (AGIS) and provide:

- a report on the alleged fraud, recommending action to be taken
- if necessary and appropriate taking into account the *Prosecution Policy of the Commonwealth*, a prosecution brief for the CDPP in accordance with the *Guidelines for dealings between Commonwealth investigators and the Commonwealth Director of Public Prosecutions*
- a recommendation on whether or not administrative/disciplinary action be taken against the offender.

The Chief Operations Officer will be responsible for monitoring investigation contracts and will ensure that:

- external investigators have the appropriate qualifications, experience and security clearances; and
- investigation contracts include monitoring provisions and performance indicators.

### 6.2.4 Referral of cases to State or Territory police

Where an incident involves a suspected offence under State or Territory law, the Chief Operations Officer and the CEO must consider whether or not to refer the incident for investigation by the relevant State or Territory Police force. If the matter may involve cartel conduct, it should be referred to the Australian Competition and Consumer Commission (ACCC). If a decision is made to refer the incident, either the Chief Operations Officer or the CEO may do so. The decision must be reported to the FARM Committee.

### 6.2.5 Referral of cases to the AFP

All alleged incidents of serious or complex crime against Commonwealth laws, its revenue, expenditure and policy, must be referred by the Chief Operations Officer, in consultation with the CEO, to the AFP for investigation. Subject to applicable legislation, the referral is to be made according to the AGIS and the referral process published on the AFP website.

Alleged incidents of fraud, which may warrant referral to the AFP, are those involving:

- a significant monetary or property loss

- organised or conspiratorial criminal activity
- bribery, corruption or attempted bribery or corruption of a Commonwealth employee or contractors
- the security, standing or integrity of the Commonwealth or AFTRS, or harm to their resources and interests
- harm to the economy, national interest or well-being of Australia
- a serious breach of trust by an AFTRS' official or contractor
- the use of sophisticated techniques or technology to avoid detection
- elements of a criminal conspiracy
- a matter which is known or suspected to involve criminal activity committed on more than one agency of the Commonwealth
- activities that could affect wide aspects of Commonwealth law enforcement
- politically sensitive matters

Any cases of criminal conduct or suspected criminal conduct by a member of the FARM Committee, or other personnel engaged in fraud control or fraud prevention duties, may be referred to the AFP for investigation or advice.

If any incidents are referred to the AFP, the following information should, wherever possible, be provided:

- details of the offence/s; and
- details of the suspected offender/s where known, for example:
  - name
  - address
  - date of birth
  - place of birth
  - whether or not an AFTRS or Commonwealth employee.

The AFP decides whether it will accept an investigation according to its Case Categorisation and Prioritisation Model (**CCPM**).

In circumstances where possible criminal activity is likely to have politically sensitive implications and the assistance of the AFP is to be sought, for information purposes only, the matter must be brought to the attention of the Minister for Justice through the responsible Minister, unless bringing the matter to the attention of the Minister would compromise the investigation.

### **6.3 Approach to disciplinary action, court proceedings and recovery**

For employees, contractors and volunteers, fraudulent behaviour is a breach of AFTRS' *Code of Conduct*, which may result in suspension, either with or without pay, dismissal or termination of the engagement. AFTRS' Council members, CEO, Divisional Directors and employees may also face disciplinary action if they do not act with honesty, care and due diligence in the discharge of their duties, including their duties under the PGPA Act.

Disciplinary action will generally not be finalised until an investigation is complete. The laying of criminal charges does not prevent disciplinary action.

Apart from taking disciplinary action, in appropriate cases, AFTRS may either bring civil proceedings against an alleged offender, or, where criminal offences are potentially involved, refer the matter to the CDPP (with a brief of evidence). The CDPP then decides whether or not to prosecute.



Employees who commit fraudulent acts are subject to prosecution under the *Criminal Code* (see chapter 7), the *Crimes Act 1914* and the *Proceeds of Crime Act 2002*.

They may also lose superannuation entitlements under the *Crimes (Superannuation Benefits) Act 1989*.

### **6.3.1 Compliance with applicable law**

In conducting investigations, part 1C of the *Crimes Act 1914*, the *Freedom of information Act 1982*, the *Privacy Act 1988*, the *Archives Act 1983* and all other applicable law must be complied with.

### **6.3.2 Recovery action**

It is Commonwealth policy that those involved in a crime should not benefit from their criminal activity. AFTRS enforces this policy and will take all reasonable measures to pursue the recovery of lost money or property (generally where the likely benefit, including to reputation and the public interest, and deterrent value, will exceed recovery costs) through:

- *Proceeds of Crime Act 2002*; and
- Civil recovery processes or administrative remedies.

## 7 AFTRS record-keeping and reporting obligations

### 7.1 Record keeping responsibilities

Documents created in relation to a PID disclosure will be kept according to the PID Procedure.

Otherwise, the Chief Operations Officer is responsible for maintaining records of identified or reported incidents of suspected fraud, their investigation and outcome, including decisions to take action, whether civil, administrative or disciplinary, decisions that no action will be taken, and the reasons for a decision.

Unless inconsistent with the PID Act or the *PID Procedures*, records will comply with the AGIS' storage of information requirements, and include details sufficient to enable AFTRS to complete the Australian Institute of Criminology's (AIC's) annual questionnaire. Records will also be kept according to the *Archives Act 1983* and *AFTRS' Disposal Authority*. In cases of theft, the Chief Operations Officer will keep a list of the items stolen and the depreciated value of each item.

### 7.2 Reporting to the FARM Committee

The Chief Operations Officer must report to the FARM Committee on:

- all non-trivial identified or reported alleged incidents of fraud against AFTRS;
- all investigations of suspected fraud, whether internal or by external investigators;
- all cases of suspected fraud referred to State or Territory police and all decisions made not to refer cases to State or Territory police;
- all cases of suspected fraud referred to the AFP or the CDPP and all cases of suspected fraud not referred to the AFP;
- the progress and outcome of all identified or reported cases of fraud and all fraud investigations.

### 7.3 Annual reporting questionnaire to the Australian Institute of Criminology (AIC)

Where required by the Australian Government, by 30 September each year, the Chief Operations Officer with the assistance of the Head of Financial Services will complete a survey concerning fraud against AFTRS relating to the previous financial year, which may include the following information:

- identified or reported incidents of fraud, whether internal or external or both, and their focus, for example, on equipment or information or entitlements or financial benefits;
- the methods of the alleged incidents of fraud, for example, the misuse of ICT, or corruption due to bribery and how the fraud was detected;
- statements of internal and external fraud losses and recoveries and information about the most costly internal fraud incident;
- information on the following areas:
  - the number of alleged fraud incidents, how they were investigated, and whether fraud was proved;
  - the number of cases referred for investigation or prosecution by the AFP, State or territory police or the CDPP;
  - the level of staffing dedicated to fraud control and their qualifications;
  - the number of cases handled using administrative remedies, for example, disciplinary procedures;

- when AFTRS' most recent fraud risk assessments and fraud control plans were developed;
- suggestions for improved staff training; and
- what made a difference to the prevention and detection of fraud.

#### **7.4 Reports to the Minister**

Council will report annually to the responsible Minister on fraud risk and fraud control measures, including:

- fraud initiatives undertaken by the entity in the reporting period and an evaluation of their effectiveness;
- planned fraud initiatives not yet in place;
- information about significant fraud risks for the entity; and
- significant fraud incidents that occurred during the reporting period.

#### **7.5 Copies of the FCP to the Cth Attorney-General's Department (AGD) and the AFP**

To assist in the analysis of fraud trends and in development of guidance material, AFTRS will provide a copy of its then current FCP to the AGD or the AFP (or both) on request.

#### **7.6 Reports to another Commonwealth entity**

AFTRS will report criminal activity involving another Commonwealth entity to the Commonwealth entity, subject to applicable law regulating the disclosure of information such as the *Privacy Act 1988*.

#### **7.7 Reports to the ACCC**

AFTRS may report fraudulent activity that is a scam to the ACCC.

#### **7.8 Reports to the Australian Charities and Not-for-profits Commission (ACNC)**

AFTRS has been granted charitable status. Consequently, AFTRS may be required, or may choose, to report fraudulent activity to the ACNC.

## 8 Review of fraud control arrangements and key performance indicators

### 8.1 Review of fraud control arrangements

AFTRS reviews its fraud control arrangements at least once every 2 years, to:

- determine whether the risk assessment methodology is still valid;
- determine if another risk assessment should be conducted;
- monitor changes in AFTRS' operations and environment since the last FCP;
- address recommendations in the last FCP that have not been implemented, and
- amend the FCP and determine strategies to be implemented to manage residual risks identified in the fraud risk assessment.

Divisional Directors will ensure that all fraud risks relevant to their Division are identified in the fraud risk assessment and that the fraud risk assessment is updated should any major structural or system change occur.

In addition, the FCP will be reviewed when the Australian Government modifies or reissues the *Commonwealth Fraud Framework* and when there are any changes to relevant legislation, such as the PGPA Act and the PGPA Rule.

### 8.2 Key Performance indicators

AFTRS has the following key performance indicators for monitoring and reviewing fraud control:

- fraud risk assessment and review of the FCP every two years
- continuation of fraud awareness training
- monitoring by the FARM Committee and the Chief Operations Officer of the implementation of the fraud risk management action plan through internal reporting processes
- dealing with all fraud incidents according to the FCP.

## Attachment 1 - Receipt of report of suspected fraud – Management form

### Receipt of report of suspected fraud – Management form

**1. Details of suspected fraud**

**Please include the names, positions, and details of all individuals or organisations suspected of fraud, and state whether internal or external to AFTRS:**

**2. Describe the suspected fraud, for example, what does it involve? When did it occur? Where did it occur? How did it occur?**

**3. Details about evidence, for example, what evidence exists? Where is it? Who holds it?**

4. Details about the person making the report, unless anonymous, for example, name, position, relationship to AFTRS, contact details:

--

5. How was fraud detected?

No	Fraud detection	Tick, if YES
1.	Internal controls/audit/investigation	
2.	Staff member/colleague discovered	
3.	Internal anonymous whistleblower/informant	
4.	External audit/investigation	
5.	Notification by police or other law enforcement agencies/investigation	
6.	External whistleblower/informant	
7.	Credit card issuer	
8.	Media	
9.	Offender self-reported	
10.	Not recorded/unknown	
11.	Other – please specify	

6. Focus of fraud

No	Focus	Tick, if YES
1.	<b>Equipment</b>	
	Theft of telecommunications or computer equipment (including mobile devices)	
	Theft of other government equipment	
	Theft of consumable stock (office related)	
	Theft of consumable stock (other)	
	Misuse of government equipment	
	Unable to be determined	
	Other equipment – please specify	

No	Focus	Tick, if YES
<b>2.</b>	<b>Entitlements</b>	
	Expenses (other than travel)	
	Travel claims	
	Payroll fraud	
	Leave and related entitlements	
	Unable to be determined	
	Other entitlements – please specify	
<b>3.</b>	<b>Information</b>	
	Obtaining or using information without authorisation (excluding personal information)	
	Obtaining or using personal information without authorisation	
	Providing false or misleading information, or failing to provide information when required to do so	
	Use of agency logo or name without authorisation	
	Misuse of agency intellectual property	
	Unable to be determined	
	Other information – please specify	
<b>4.</b>	<b>Financial benefits</b>	
	Obtaining cash/currency without permission (including theft of petty cash)	
	Misuse or theft of government credit cards, travel cards or other cash cards	
	Misuse or theft of cabcharge	
	Theft of property other than cash	
	Procurement offences	
	Bankruptcy offences (hiding or disposing of assets)	
	Falsification of documents in order to gain financial benefits	
	Unable to be determined	
	Other financial benefits – please specify	
	Other – please specify	

## 7. Method of fraud

No	Method	Tick, if YES
<b>1.</b>	<b>Misuse of ICT</b>	
	Accessing information or programs via a computer without authorisation	
	Copying or altering data or programs without authorisation	
	Misuse of email	
	Manipulation of a computerised accounting system	
	Insertion of malicious code	
	Interference with computer networks	
	Unable to be determined	
	Other misuse of IT – please specify	
<b>2.</b>	<b>Misuse of identity</b>	
	Creating and/or using a fictitious identity	
	Use of another employee's or contractor's identity without their knowledge	
	Fraudulently using another person's identity with their permission	
	Unauthorised use of another person's password, PIN or access pass	
	Unauthorised use of another person's Tax File Number or Australian Business Number	
	Unable to be determined	
	Other misuse of ID - please specify	
<b>3.</b>	<b>Misuse of information</b>	
	Creating and/or using a false or altered agency document	
	Creating and or using a false or altered document (not belonging to the agency)	
	Dishonestly concealing documents	
	Failing to provide documents when required to do so	
	Deliberately disclosing of sensitive information (in any form) for benefit	
	Unable to be determined	
	Other misuse of documents– please specify	
<b>4.</b>	<b>Corruption</b>	
	Accepting bribes	
	Accepting kickbacks or gratuities	
	Nepotism	
	Failure to disclose/abuse of a conflict of interest	
	Collusion or conspiracy between internal and external parties	



No	Method	Tick, if YES
	Abuse of power	
	Unable to be determined	
	Other corruption– please specify	
<b>5.</b>	<b>Other methods</b>	
	Please specify type	

**8. Investigation type/referral**

No	Type	Tick, if YES
1.	Internal entity Investigation – no external investigation	
2.	External investigator	
3.	Australian Federal Police	
4.	State or territory police	
5.	Credit card issuer	
6.	Media	
7.	Another entity	
8.	Other – please specify	

**9. Losses/recoveries**

Fraud Focus	\$ value	Other losses eg productivity	Recovered (state how eg civil or administrative remedy or criminal prosecution)
Equipment			
Entitlements			
Information			
Financial benefits			
Collusion			
Other			
<b>Total</b>			

**10. Motivation**

No	Motivation	Tick, if YES
1.	Greed and desire for financial gain	
2.	Professional financial problems	
3.	Personal and family financial problems	
4.	Gambling-related	
5.	Pleasing others or due to the influence of others	
6.	Addiction to alcohol or drugs	
7.	Psychiatric illness or mental disorders	
8.	Professional development	
9.	Dissatisfaction with entity, desire for revenge against entity	
10.	Unknown	
11.	Other (Specify)	

**11. Relevant dates**

Date of report	Date of preliminary investigation	Date of substantial investigation	Date investigation concluded	Date outcome notified to relevant people

**Name/position of person completing report:**