



Fraud and Corruption Control Guide

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1 Background

The *Fraud and Corruption Control Guide* (Guide) supports the practical application of the *Fraud and Corruption Control Policy* (Policy), in particular the development and implementation of the *Fraud and Corruption Control Plan* (Plan).

Fraud and corruption controls are a critical part of good integrity governance systems for which organisations are accountable to continuously improve and to manage risks. Good integrity governance is achieved by creating an environment of transparency in and accountability for, preventing, detecting and responding to fraud and corruption risks and integrity issues to enable a culture of integrity to develop.

To ensure alignment with good integrity governance principles, fraud and corruption control plans should contain the following key elements.

2 Fraud and corruption control plan – best practice

A fraud and corruption control plan is an integral part of an overall risk management plan to address fraud and corruption business risks that are mitigated by the application of risk management controls.

Executives within each Health Service Provider with the appropriate skills and experience are accountable for the implementation and ongoing monitoring of the Health Service Provider's Plan.

The Plan represents a comprehensive framework for addressing fraud and corruption risk aimed at reducing the Health Service Provider's exposure to fraud and corruption. The Plan considers all policy frameworks and existing Health Service Provider policies addressing fraud and corruption risk at the time of publication to avoid duplication, inconsistency and uncertainty.

2.1 Resources dedicated to the fraud and corruption control

Dedicated resources are important to controlling fraud and corruption risks.

2.2 Roles and responsibilities

2.2.1 Health Service Providers

Roles and responsibilities for Health Service Providers regarding fraud and corruption prevention controls need to be clearly articulated to all Staff Members including:

- Governing body for:
 - Confirming and monitoring the implementation and application of fraud and corruption controls within the Health Service Provider;
 - Maintaining, modelling and fostering the highest standards of ethical behaviour aligned to the WA Health System Code of Conduct;
 - Supporting Staff Members to understand and comply with the *Integrity Policy Framework*.
- Chief Executives for the effective and economical use of the Health Service Providers resources and for determining appropriate controls in managing fraud and corruption risks.
- Executives, senior managers and line managers for ensuring the Health Service Provider Plan is effectively implemented within their business units, in particular:

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- providing leadership, guidance and support of Staff Members in preventing fraud and corruption and modelling ethical behaviour;
 - setting/enforcing disciplinary standards;
 - identifying high fraud and corruption risk areas;
 - identifying specific sources of fraud or corruption risk;
 - participating in fraud and corruption risk assessment reviews;
 - implementing remedial action to address issues identified by the fraud and corruption risk assessment reviews;
 - assessing the cost/benefit of introducing anti-fraud and corruption procedures;
 - developing/modifying practices to reduce fraud and corruption risk;
 - monitoring the continued operation of controls to prevent fraud and corruption;
 - receiving reports of suspected fraud or corruption from Staff Members and taking appropriate steps to address the concerns reported; and
 - reporting suspected fraud and corruption promptly and maintaining confidentiality to ensure the protection of complainants who report fraudulent or corrupt activities.
- Staff Members for contributing to the prevention of fraud and corruption by acting ethically and with integrity; complying with policies and procedures and control measures and reporting suspected incidences of fraudulent or corrupt behaviour through their Health Service Provider's internal reporting framework or directly to the Corruption and Crime Commission (**CCC**).
 - Fraud and Corruption controls Executive sponsors for:
 - championing fraud and corruption controls within the corporate executive;
 - assisting with controls being effectively integrated into the strategic planning, corporate governance and operational systems;
 - overseeing the implementation of the Health Service Provider's Plan.
 - Public Interest Disclosure (**PID**) officers for investigating information disclosed, or cause that information to be investigated and take action following the completion of the investigation in accordance with the relevant provisions of the *Public Interest Disclosure Act 2003* (**PID Act**).
 - Integrity governance structures, systems and processes are developed and evaluated to ensure:
 - policies and systems exist to support prevention, detection and responses to integrity fraud and corruption risks and issues;
 - comprehensive investigations are undertaken with regard to fraud or corruption.
 - ongoing oversight of misconduct matters concerning fraud and corruption.
 - reporting of allegations of misconduct is managed in a timely manner.
 - the assessment of all reported allegations of fraud and corruption are undertaken to determine if matters should be considered as either serious or minor misconduct.
 - appropriate reporting is in accordance with relevant legislation (including but not limited to CCC, Public Sector Commission (**PSC**), Australian Health Practitioner Regulation Agency (**AHPRA**) and/or the WA Police (**WAPOL**));
 - sound advice and support is available to the Chief Executive, Area Executive Group Managers and Staff Members relating to integrity governance issues; and
 - promotion and education regarding integrity fraud and corruption targets prevention and management programs.

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- Internal audit functions for:
 - considering potential fraud and corruption risks, evaluating the risk of fraud and corruption knowledge and the management of risk;
 - playing a key role in the investigation of suspected fraud and corruption.
- Audit and Risk Committees for ensuring regular fraud and corruption risk assessments and resistance health checks are undertaken.
- Human Resources and Industrial Relations areas for supporting discipline processes and fraud and corruption awareness/education programs.

2.2.2 External service providers

When specialised skills or advice are required, it may be appropriate and necessary for Health Service Providers to seek support from external service providers to assist in undertaking fraud and corruption preliminary assessments or investigations, and/or fraud risk assessments and/or audits. Examples of these services may include: forensic accounting, computer forensic analysis, data analytics, fraud risk assessments, preliminary interviews, or comprehensive investigations.

2.3 Fraud and corruption prevention

2.3.1 Leadership

The Plan specifies the role of Health Service Providers as leaders in the prevention of fraud and corruption.

The Plan also details how all Health Service Providers need to ensure that line managers are aware of their accountabilities for the prevention and detection of fraud and corruption.

2.3.2 Integrity governance structure / framework

As a strategy in managing the risk of fraud and corruption, Health Service Providers need to ensure their service has a strong and sustainable culture of integrity, through the implementation of an integrity governance structure or framework which includes a process of benchmarking and continuous improvement. Elements of an effective integrity governance structure or framework may include:

- An established Code of Conduct, for example the WA Health Code of Conduct.
- A senior management group which recognises the need and promotion for a culture of integrity.
- Using a participatory approach to build commitment which is subject to ongoing monitoring and maintenance.
- Example setting by senior management of adherence to the Health Service Provider's integrity structure or framework.
- The allocation and/or delegation of responsibilities for the integrity governance structure, processes and systems such as adequate dedicated resources/staffing to ensure the Health Service Provider's integrity governance structure processes, systems and initiatives are implemented and monitored.
- Appropriate oversight which includes reporting to a relevant senior management committee with overall responsibility for promoting and evaluating a culture of integrity.

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- A relevant Committee for overseeing the operation and maintenance of the Health Service Provider's integrity governance structure or framework and integrity related matters.
- Established communication practices to promote and to educate Staff Members about the importance of integrity standards, on a regular basis.
- Provision of specific ongoing training regarding the WA Health Code of Conduct, ADEM and tools for accountable and ethical decision making.
- Incorporating an integrity standard into performance management/development.
- A program for continuous benchmarking of integrity standards aimed at continual improvement.
- Mechanisms for the reporting of integrity concerns through informal and formal channels of communication.
- Compliance monitoring with integrity policies and reporting.

2.3.3 Culture

Culture, as the set of values, beliefs and assumptions which lead to the shared ways of thinking and implicitly or explicitly driving behaviours is critical to an organisation's success. A Health Service Provider's culture shapes attitudes and behaviour of Staff Members. A cornerstone of managing the risk of fraud and corruption within a Health Service Provider is the development of a strong and sustainable culture which values accountable and ethical decision making and the conduct of staff.

2.3.4 Raising awareness of fraud and corruption

Statements made regularly and consistently by Health Service Providers which clearly articulate a zero tolerance for fraudulent or corrupt practices is critical to promoting awareness and communicating the expected integrity standards to Staff Members. Awareness, promotion and training may include information regarding:

- fraud and corruption related risks;
- the identification of warnings pertaining to fraudulent and corrupt activity;
- information regarding how a Staff Member can report fraud and corruption; and
- periodic reinforcement of fraud and corruption controls.

It is the responsibility of all Health Service Provider executives to promote a culture of integrity and to encourage staff to identify and speak out against fraudulent and corrupt acts within their Health Service Provider, whether committed by Staff Members or others.

An effective integrity promotions strategy supports awareness and communication with consumers, vendors and other third parties regarding options to report concerns in relation to possible corrupt conduct by Staff Members, trainees, students, researchers participants in work experiences, contractors for services (including all visiting health professionals and agency staff), persons delivering training or education, or persons associated with the Health Service Provider.

2.3.5 Internal control

It is important that all business processes, particularly those assessed as having higher predisposition to the risks of fraud and corruption are subject to a rigorous system of internal controls that are documented, reviewed and updated regularly and understood by all Staff Members.

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When developing the Health Service Provider's internal controls, the following is important to consider:

Financial management

Health Service Providers must comply with the [Financial Management Policy Framework](#) which specifies the financial management requirements to ensure effective and consistent financial management cross the WA health system. The policy framework ensures (but is not limited to):

- effective and efficient control over, and use of, financial resources;
- effective management of financial risks; and
- accountability and transparency in financial management.

Procurement management

Health Service Providers must comply with the [Procurement Policy Framework](#) which specifies the governance and process requirements to ensure effective and consistent procurement activity across the WA health system.

The purpose of the policy framework is to ensure probity, accountability and value for money in procurement operations across the WA health system and is binding on each Health Service Provider.

Information security management

Health Service Providers must comply with the [Information and Communications Technology \(ICT\) Policy Framework](#) which specifies the ICT governance and policy requirements in order to ensure effective and consistent ICT governance, decision-making and use of ICT systems across the WA health system.

The [Acceptable Use of Information and Communications Technology Policy](#) sets out the acceptable behaviour required by Staff Members, including contract and third party providers across the WA health system when using WA health system resources. It also details general obligations and responsibilities, outlines reasonable personal use limits and strategies to minimise risk.

Employment screening

Health Service Provider recruitment processes and employment screenings must be undertaken in accordance with the [Pre-Employment Integrity Check Policy](#), [Recruitment Selection and Appointment Policy](#), [Criminal Records Screening Policy and Guidelines](#), [Working with Children Check Policy](#), and [Aged Care Criminal Record Screening](#).

Transparent and accountable recruitment records are important to evidence that referee and appropriate pre-employment screening checks have been conducted to identify potential eligibility for appointment issues.

Ensuring that Criminal Record Screening checks apply to all individuals who work in or provide services within their Health Service Provider is an important aspect of integrity checking.

Supplier integrity screening

The WA health system has a duty to engage with reputable providers and comply with relevant legislation as it relates to procurement practices. It is incumbent on Health Services Providers to ensure the probity and integrity of suppliers.

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Ensuring that Staff Members engaged in contracting with external suppliers/vendors take steps to ensure the bona fides of new suppliers and periodically confirm the bona fides of continuing suppliers, is an important fraud and corruption prevention strategy.

Checking the bona fides of a supplier should include the following:

- searching open source locations such as the Internet for any adverse reports on the supplier/vendors and the supplier's/vendor's key controllers such as the company's owner/s, the CEO and/or senior manager/s;
- consulting with other public departments or private companies who use the supplier/vendor to identify any concerns; and
- evaluating any suspicious activity observed by the contracting department during the life of the relationship, such as presentation of incomplete, incorrect or inflated invoices.

Consideration of ongoing, commercial relationships with other parties identified in information available which indicates a heightened risk of fraud or corruption in continuing to deal with that party, is an important consideration for the Health Service Provider.

Consideration should also be given to whether new suppliers/vendors may have a conflict of interest in their engagement with the contracting department.

Acceptance of gifts and benefits

In accordance with [Gifts, Benefits and Hospitality Policy](#), Health Service Providers must maintain a gift register to ensure gifts or benefits offered or accepted are appropriately reported, approved, recorded and the integrity and responsibilities of Staff Members are not compromised or perceived to be compromised.

Analysis of gift registers to identify risks and trends is important information for consideration by the appropriate oversight governance committee and governing body.

Conflict of interest

In accordance with [Managing Conflicts of Interest Policy](#), Health Service Providers must maintain a Conflict of Interest (COI) register to ensure COIs that are identified, disclosed and managed are recorded and the integrity and responsibilities of Staff Members are not compromised or perceived to be compromised by self-interest or a relationship with a third party.

Analysis of COI registers to identify risks and trends is important information for consideration by the appropriate oversight governance committee and governing body.

Staff travel

Health Service Providers must ensure all Staff Member's travel is in compliance with the [WA Health Staff Travel Policy](#) to ensure Staff Member's travel and travel related expenses data is recorded and the integrity and responsibilities of Staff Members are not compromised or perceived to be compromised by self-interest or a relationship with a commercial or non-commercial sponsor.

Analysis of the travel database to identify risks and trends is important information for consideration by the appropriate oversight governance committee and governing body.

Accrued leave

Excess leave is managed in accordance with the [Management of Accrued Leave Policy](#) and relevant WA health system industrial instruments. Staff Members holding excess leave may be an indicator of fraudulent or corrupt activity.

Secondary employment

Section 102 of the *Public Sector Management Act 1994* informs the management of Secondary Employment. Staff Members must seek written permission of their Health Service Provider prior to undertaking any work in addition to their contract of employment. Managing secondary employment recognises and manages the risks relating to misuse of resources, conflicts of interest and employee performance, while maintaining integrity.

2.3.6 Fraud and corruption risks

Health Service Providers must comply with the [WA Health Risk Management Policy MP0006/16](#). Mechanisms which ensure fraud and corruption risks are assessed as part of their business risk management process and documented (including the outcomes from the risk assessment process) are critical to a Fraud and Corruption plan.

Fraud and corruption risk assessments are designed to assist executives to systematically identify, analyse, monitor and review fraud and corruption risks including:

- business areas where elements of fraud and corruption resistance may need renewing or improving; and
- elements of fraud and corruption resistance that may need attention across the Health Service Provider.

Fraud and corruption risk assessments establish the level, nature, form and likelihood of fraud and corruption related risk exposures. Like any risk assessment process, assessments of fraud and corruption related risks must be conducted as an ongoing, iterative process. This will maximise the opportunity to identify and treat all fraud and corruption related risks. Consideration of risk factors includes both internal and external environments and addresses all business processes.

Risk assessment is a process of continuous improvement. When the risk assessment process begins, gaining an understanding of the various fraud and corruption scenarios which may occur, ensures the comprehensiveness of the assessment.

Core business areas, for which fraud and corruption risks are important considerations include the following:

- information technology and information security;
- electronic commerce, electronic service delivery and the internet;
- outsourced functions and funded service delivery programs;
- grants, funding agreements and other payments or benefits programs;
- tendering processes, purchasing and contract management;
- services provided to the community;
- revenue collection;
- use of Government purchasing cards;
- travel allowance and other common allowances;
- salaries, redundancies, fringe benefits and remuneration structuring; and
- property (including intellectual property) and other physical assets including physical security.

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The outcome of the risk assessment process is developed into action items designed to mitigate and manage identified fraud and corruption related risks. Controls are then subject to regular, rigorous review and scrutiny through the risk management process.

2.3.7 Position rotation

The possibility of rotating Staff Members in positions with a high risk of fraud and corruption within their health service is an important consideration for a Health Service Provider. Alternatively, a temporary rotation to perform a short term project or a similar role on a short term basis in another Health Service Provider or public agency may be suitable as a risk mitigation strategy particularly when a position requires an occupant with mandatory qualifications or practice requirements. Business requirements will determine if this is feasible, however this measure is also an important consideration when performing risk assessments.

Ensuring positions are backfilled during periods of leave is also a useful tool for minimising the risk of fraud and corruption in roles with a high risk of fraud and corruption.

2.4 Fraud and corruption detection

2.4.1 Detection program

The following strategies are considered effective aspects of the Plan:

- vigilance and awareness of all Staff Members;
- procedures for reporting alleged fraud and corruption;
- audit activities;
- internal control systems; and
- operational risk management processes.

2.4.2 Staff Member vigilance and awareness

Ensuring Staff Members receive training to identify and detect suspected fraud and corruption, including how to report suspicions or improper conduct is an important consideration for Health Service Providers.

In addition to accountable and ethical decision making programs and code of conduct training, awareness strategies may include information delivered via:

- intranet articles;
- email alerts;
- print media;
- leadership driven information sessions; and
- targeted training to high risk groups/services.

2.4.3 Procedures for reporting alleged fraud and corruption

Establishment of effective internal reporting systems and procedures for the reporting of improper situations, events or suspected fraudulent or corrupt activity, which have well developed procedures for dealing with managing the notification and assessment processes is critical to a fraud and corruption plan. Reporting pathways and procedures should be publicised to all potential disclosers including Staff Members, consumers, suppliers/vendors and other third parties.

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Reporting pathways and procedures include:

- a formal fraud and corruption reporting system;
- documented reporting procedures to which all Staff Members have easy access;
- education programs for Staff Members regarding reporting mechanisms and alternative options including the CCC, PSC and PID officers;
- reporting pathways for contracted health entities, external parties, consumers or the community;
- records of complaints that demonstrate the complaint has been adequately reviewed and monitored, and processed in a timely manner;
- records that reports of fraud or corruption have been considered by a decision maker with an appropriate delegation level; and
- records that complainants were notified of an outcome of their report.

2.4.4 Public Interest Disclosure

Health Service Providers are required to have mechanisms in place that provide compliance with the PID Act which includes maintaining sufficiently trained, designated and registered PID officers.

Communicating to Staff Members that the option of disclosing under PID is available is an important consideration for the Health Service Provider.

2.4.5 Internal Audit

Health Service Providers must comply with [Mandatory Policy 0008/16 Internal Audit Policy](#) which governs the provision of audits within Health Service Providers.

An effective internal audit activity can be useful in addressing fraud. While management and the governing body are ultimately responsible for fraud deterrence, internal auditors can assist management by determining whether the organisation has adequate internal controls and foster an adequate control environment.

2.5 Responding to incidents of fraud and corruption

2.5.1 Response

It is critical that Staff Members, trainees, students, researchers participants in work experiences, contractors for services (including all visiting health professionals and agency staff), persons delivering training or education, and contracted entities, who suspect that fraud or corruption has or may have occurred, report the matter to the relevant area (most likely the Integrity Unit or similar) within their Health Service Provider at the earliest possible opportunity.

2.5.2 Internal and external reporting

In accordance with the *Corruption, Crime and Misconduct Act 2003* and [Notifiable and Reportable Conduct Policy](#) the Health Service Provider's Chief Executive is required to notify the PSC of suspected minor misconduct or the CCC of suspected fraud, corruption or serious misconduct. The Health Service Provider must assess suspected fraud or corruption and where necessary, report to the CCC, PSC, AHPRA and/or WAPOL.

It is important that reports to the CCC, PSC, AHPRA and/or WAPOL contain a description of the suspected breach, full details of the Staff Member(s) involved and any relevant information.

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In accordance with section 220(1)(g) of the *Health Services Act 2016* Chief Executives must ensure that evidence of suspected fraud or corruption is disclosed by the employing authority to WAPOL for the purpose of the investigation of a suspected offence.

The development and implementation of an internal reporting process for capturing, reporting, analysis and escalation of all detected fraud and corruption incidents is important information for consideration by the appropriate oversight governance committee and governing body.

2.5.3 Investigation

Health Service Providers must ensure reports of suspected fraud and corruption are addressed in accordance with [Discipline Policy](#).

Investigations into apparent or suspected fraud and corruption should be conducted by appropriately skilled and experienced Staff Members and are independent of the business unit in which the alleged fraudulent or corrupt conduct occurred.

Depending on the seriousness of a suspected fraud or corruption matter or the existence of any potential or perceived conflicts of interest, consideration should be given to the use of an external specialist investigation service.

2.5.4 Review of internal controls

In each instance where fraud and/or corruption is detected, the reassessment of the adequacy of the internal control environment (particularly those controls directly impacting on the incident of fraud or corruption) and consideration whether improvements are required, is critical.

2.5.5 Civil action for the recovery of losses

A policy or processes relating to recovery action to be undertaken where there is clear evidence of fraud and/or corruption, where the likely benefits of such recovery will exceed the funds and resources invested in the recovery action is an important consideration for Health Service Providers.

2.5.6 Insurance

Compliance with Treasurer's Instruction 812 – Insurance, in the context of the Fraud and Corruption Plan is an important consideration for Health Service Providers.

2.5.7 Record Keeping

Records must be maintained in accordance with the relevant Health Service Provider / [WA Health Record Keeping Plan](#) and retained for the periods outlined within approved [Retention and Disposal Schedules](#).

Where a specific retention does not exist that covers the records, the records must be retained until such time as a retention year is created and approved that would authorise disposal.

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