

Fraud and Corruption Control Plan

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1. Purpose

The purpose of this plan is to outline the Department of Employment, Small Business and Training's (the department) fraud and corruption control strategies.

The Fraud and Corruption control plan is integral to the department's overall risk management strategy, as fraud and corruption are operational risks that can be mitigated through the application of risk management principles.

The Fraud and Corruption Control Plan is also a key part of the department's Integrity Framework (refer Table 1).

DESBT Integrity Framework – nature of key strategies	DESBT Fraud and corruption control plan – nature of key strategies
	*Note also a key part of the Fraud and Corrupt Control Framework
Setting integrity standards	PREVENTION
Implementing integrity standards	
Monitoring integrity standards	DETECTION
Managing non-conformance	RESPONSE

Table 1: Integrity Framework

2. Fraud and corruption – an overview

Fraud is defined by the Crime and Corruption Commission (CCC) as being characterised by deliberate deception to facilitate or conceal the misappropriation of assets, tangible or intangible.

Corrupt Conduct or **corruption** as it is commonly referred within our fraud control framework, is often associated with fraud however it can also be a risk in itself, particularly given our involvement in the distribution of large amounts of public funds.



Fraud and corruption may be perpetrated by:

- in internal party acting alone (e.g. an employee or a contractor)
- internal parties working together
- an external party acting alone (e.g. a supplier, a client, a tenant, a member of the public or an 'unknown party e.g. an external computer hacker)
- external parties working together
- internal and external parties working together

This plan provides guidance in identifying high risk functions and appropriate controls and responsibilities to facilitate prevention, detection and response to fraud and corruption.

3. Principles

The department will operate with the following principles:

- The Code of Conduct for the Queensland Public Service (Code of Conduct) and the [Public Sector Ethics Act 1994](#) informs the department's approach to ethical behaviour and integrity.
- All leaders, managers and staff will act ethically and with integrity.
- As part of the department's zero tolerance of fraud, all substantiated incidents will result in appropriate disciplinary action being taken (internal fraud).
- Suspected and or substantiated external fraud instances will result in appropriate action including referral to the Queensland Police Service and the Crime and Corruption Commission as required
- Fraud and corruption are discouraged, monitored, reported and appropriately dealt with
- All staff have a responsibility to manage risks and apply controls

The [DESBT Fraud and Corruption Procedure](#), specifically **Appendix B** lists examples of fraud and corruption and outlines information on identifying fraud and corruption risks.

Typically, there are three factors which combine to give rise to fraud or corruption:

Pressure or a motivation for the person to commit fraud, for example:

- financial pressure e.g. greed, an expensive lifestyle which is not sustained by financial means, an unexpected need for funds
- lifestyle choices e.g. drugs, alcohol, gambling or extramarital affairs
- work related pressure e.g. job dissatisfaction, being overlooked for promotion, feeling unrecognised or underpaid
- Involvement in organised crime syndicates

Opportunity or circumstances which allow the person (or persons) to commit or conceal fraud, including:

- inadequate internal controls
- failure to, or difficulty in being able to, assess or monitor performance or lack of access to information (e.g. system access, audit reports)
- complacency

Rationalisation or the justification the person uses to rationalise their fraudulent conduct, for example:

- "I will pay back the money (I stole from petty cash) when I get paid next week - so there's no harm done"
- "The agency is huge, so it's not going to miss \$500"
- "I'm too smart, I won't get caught"
- "I'm owed for all the work I do that nobody appreciates and isn't recognised".

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Information on 'red flags' or warning signs that fraud or corruption may be occurring are set out in the [DESBT Fraud and Corruption Control Procedure](#).

4. Statement of the department's attitude to fraud and corruption

The department has zero tolerance towards fraud and corruption. This is reflected in the department's [Risk Appetite Statement](#).

Fraud and corruption have the potential to cause significant financial, reputational and service delivery harm to the department.

The department is committed to effectively preventing, detecting and responding to incidents or threats, both internal or external, of fraud and corruption. High standards of professional conduct and honest and ethical business practices are expected and required by all departmental employees, those providing services on behalf of the department and those seeking or obtaining services from the department.

The department will take appropriate management action with respect to substantiated allegations of fraud and corruption including, but not limited to the following:

- applying a disciplinary process which may result in a disciplinary penalty up to and including termination of employment
- de-registering dishonest suppliers so they are unable to perform work for the department
- referring the matter to the Queensland Police Service
- pursuing the recovery of losses
- implementing action to prevent reoccurrence.

5. Roles and accountabilities for fraud control

The Head of Corporate as the Fraud Control Officer (FCO) is responsible for the department's Fraud and Corruption Control Framework.

Specific responsibilities for fraud control are set out in the [DESBT Fraud and Corruption Control Procedure](#).

6. The department's fraud and corruption control framework

PREVENTION CONTROL		
Fraud and corruption control element	Summary	Key reference document
A robust Integrity Framework	<p>Maintenance of a strong ethical culture is a key strategy in managing the risk of fraud and corruption.</p> <p>The department's Integrity Framework shows how organisational structures, systems, processes and people function together to maintain professional standards and public confidence in the department.</p> <p>The department implements a range of departmental wide anti-fraud and anti -corruption policies e.g. public interest disclosures policy and procedure and the Fraud and corruption control policy and procedure.</p>	<p>Fraud and Corruption Control policy</p> <p>Fraud and Corruption Control Procedure</p>
Senior management commitment to reducing the risk of fraud and corruption	<p>The department's senior managers have a strong commitment to reducing the risk of fraud and corruption.</p> <p>Senior management responsibilities are set out in the Fraud and Corruption Control Policy.</p> <p>The Executive Leadership Team (ELT) recognises and treats fraud and corruption risk as a serious and present threat to the department and allocates resources to mitigate this risk.</p> <p>The ELT receives reports on:</p> <ul style="list-style-type: none"> complaints (including complaints of suspected corrupt conduct including fraud and corruption every four months. information on fraud risks with a current risk rating outside of tolerance, and non-fraud operational risks with a current risk rating of either very high or high. <p>ELT members receive quarterly reports on their divisions' fraud and non-fraud operational risks as well as at the BOM and ARC meetings.</p>	
Business Unit management responsibility	<p>Business Unit manager's responsibilities are set out in the Fraud and Corruption Control Procedure</p> <p>In summary, business unit managers are responsible for preventing, detecting and responding to fraud and corruption in their areas.</p>	<p>Fraud and Corruption Control Procedure (Appendix D)</p> <p>Fraud and Corruption Control policy</p>

PREVENTION CONTROL		
Fraud and corruption control element	Summary	Key reference document
	Costs of external investigations and any loss due to fraud or corruption will be allocated against the business area's cost centre, unless otherwise determined by a divisional head.	
Fraud Compliance Officers	Fraud compliance officers assist in the coordination of fraud control strategies and ensure strategies are acted upon.	
Internal Audit function	<p>The Internal Audit services provided by PWC assists with the deterrence of fraud by routinely assessing the adequacy of internal controls.</p> <p>The <u>Internal Audit Charter</u> sets out the scope for internal audit activities which encompasses the review of selected financial and non-financial policies and operations.</p> <p>All reviews consider fraud risk, general risk management practices, legislative compliance, performance reporting and the use of data analytics.</p>	
Effective internal controls Risk	<p>Internal controls are a critical defence against fraud and corruption.</p> <p>The department is continuously assessing its processes and functions to ensure that those assessed as having a higher risk of fraud and corruption are subject to robust internal controls that are documented, regularly reviewed, communicated to the relevant employees and subject to audit.</p>	<p>Financial Management Practice Manual</p> <p>Internal Audit Charter</p>
Fraud and corruption risk assessment	<p>Business areas must consider the potential for fraud and corruption when undertaking their risk assessment.</p> <p>Fraud risks are recorded in the divisional/business area risk registers, reviewed quarterly and reported to the DESBT Board of Management and the Audit and Risk Committee (ARC)</p>	<p>Artefacts that make up the Risk management framework:</p> <ul style="list-style-type: none"> • DESBT Risk Management Policy • DESBT Risk Management Procedure • DESBT Risk Appetite Statement

<p>Awareness and communications</p>	<p>Effective awareness raising and communication with employees and relevant third parties (e.g. suppliers, clients and members of the public) is critical to mitigating and detecting fraud and corruption risk.</p> <p>The department is committed to implementing the following initiatives:</p> <p><u>Awareness initiatives</u></p> <ul style="list-style-type: none"> • fraud alerts to employees (to raise awareness about proven fraud) • fraud and corruption briefings for employees • integrity information on the departmental Intranet • fraud prevention information on the department's website <p><u>Education initiatives:</u></p> <ul style="list-style-type: none"> • induction for new employees, which incorporates information on identifying and reporting suspected corrupt conduct, including fraud and corruption • Public Sector Ethics training (including Code of Conduct) • risk management capability development forms part of the risk management strategy and includes a component on fraud and corruption risk. • Development and implementation of fraud awareness training program with additional awareness campaigns using departmental case studies for relevance 	<p>Employee Induction Intranet page</p> <p>Code of Conduct Training for contractors, subcontractors, students and volunteers</p> <p>DESBT Fraud and Corruption Policy and Procedure</p> <p>DESBT Information Privacy Policy</p> <p>DESBT Information Security Policy</p> <p>Code of Conduct for the Queensland Public Service</p> <p>Mandatory training module on Code of Conduct</p>
<p>Employment screening</p>	<p>Criminal history screening is to be conducted on all persons prior to being engaged to perform relevant duties when the period of engagement will exceed three (3) months. The Director-General has determined that all roles within the department contain relevant duties.</p> <p>Other verification undertaken by the department upon commencement include:</p> <ul style="list-style-type: none"> • verification of identity • verification of right to work in Australia • reference check/s • verification of formal qualifications • serious discipline history declaration 	
<p>Supplier vetting</p>	<p>The department checks the bona fides of its potential business partners by undertaking checks during the creation of vendors on business systems.</p> <p>Each business area must follow the written instructions that clearly set out procedures and</p>	<p>Financial Management Practice Manual</p>

	related controls for vendor maintenance. These procedures are maintained by Corporate Finance and made available to all relevant personnel in the department. The instructions must be reviewed annually.	
Gifts and benefits	It is not appropriate for employees to be offered, to accept or to give gifts and benefits that affect or may be likely to affect or could reasonably be perceived to affect the performance of their official duties.	Gifts and benefits policy and procedure
Managing conflicts of interest	<p>A conflict of interest involves a conflict between our duty, as public service employees to serve the public interest, and our personal interests.</p> <p>The conflict may arise from a range of factors including our personal relationships, our employment outside the public service, our membership of special interest groups, or our ownership of shares, companies or property.</p> <p>Having a conflict of interest is not unusual and it is not wrongdoing in itself. However, failing to disclose and manage the conflict appropriately is likely to be wrongdoing.</p> <p>In line with obligations in Section 186 of the Public Service Act 2008 (Qld), we are committed to demonstrating impartiality and integrity and as such we will:</p> <ul style="list-style-type: none"> • Always disclose a personal interest that could, now or in the future, be seen as influencing the performance of our duties • Actively participate in developing and implementing resolution strategies for any conflict of interest • Ensure that any conflict of interest is resolved in the public interest • Not take action or further action relating to the issue that is the subject of the disclosure, that is or may be affected by the conflict unless authorised by the Director-General (or delegate) 	Conflict of Interest Policy
Employee Support Programs	Given various pressures may be a motivation to committing fraud, employee assistance services may be an effective prevention strategy. The department has an employee assistance service in place which provides access to free, professional counselling to resolve work-related or personal concerns.	Website resources – Safety and Wellbeing

DETECTION		
Fraud control element	Summary	Key reference document
Detection systems	<p>The department seeks to proactively detect fraud and corruption through:</p> <ul style="list-style-type: none"> encouraging the reporting of suspected correct conduct (including fraud and corruption) conducting unannounced audits and inspections, as required conducting data analytics over business activities and corporate support functions scrutiny of management reports e.g. corporate card expenditure 	Data Analytics and Continuous Controls
Reporting suspected fraud or corruption	<p>The department requires all persons working for and with it to report suspicions of fraud or corruption.</p> <p>All persons working for and with the department means employees (whether permanent, temporary, full-time, part time or casual) and any contractor, consultant, volunteer, student or anyone else who works in any other capacity for the department.</p> <p>Concerns can be reported to:</p> <ul style="list-style-type: none"> the Director-General; or the Head of Corporate, Corporate Services; or the Ethics and Integrity Unit; or a departmental supervisor/manager; or the Crime and Corruption Commission. 	Fraud and Corruption Control Policy Public Interest Disclosure Policy and Public Interest Disclosure Procedure
RESPONSE		
Fraud control element	Summary	Key reference document
Investigation	<p>The investigation of suspected fraud and corruption by departmental employees is dealt with through the Head of Corporate, Corporate Services and the Ethics and Integrity Unit. The Ethics and Integrity Unit is a sub-unit of Corporate HR, reporting directly to the Chief Human Resources Officer.</p> <p>Incidents of fraud and corruption which constitute suspected corrupt conduct (either internal or external to the department) are investigated or otherwise dealt with pursuant to the <i>Crime and Corruption Act 2001</i> (Qld) and protocols between the department and the Crime and Corruption Commission.</p> <p>The Ethics and Integrity Unit deals with complaints of fraud and corruption against employees in accordance with the Crime and Corruption Commission's publication Corruption in focus: A guide to dealing with corrupt conduct in the Queensland public sector. (which amongst other things sets out investigation methodologies) as well as the department's fraud related policies, procedures and guidelines.</p> <p>This includes referral of complaints, both internal and external (which concern potential criminal conduct) to the Queensland Police Service.</p>	Public Interest Disclosure Policy Public Interest Disclosure Procedure Crime and Corruption Commission's publication Corruption in focus: A guide to dealing with corrupt conduct in the Queensland public sector

	<p>If an investigation identifies organisational weaknesses, management recommendation will be made. The Ethics and Integrity Unit monitors the implementation of agreed recommendations until it receives evidence that implementation is completed. In addition, these management actions may then become internal controls that may be added to the relevant fraud risk in the divisional risk registers and tracked and reported as per the Quarterly risk review processes.</p> <p>Where a matter of suspected fraud or corruption involves an external party, the FCO in consultation with the EIU will decide on the appropriate body to manage the investigation of the allegations.</p>	
Reporting	<p>The Ethics and Integrity Unit maintains a register of all complaints of suspected corrupt conduct including fraud and corruption.</p> <p>The Ethics and Integrity Unit reports:</p> <ul style="list-style-type: none"> monthly to the Head of Corporate, Corporate Services (through to the Director-General) on the status of suspected corrupt conduct complaints every four months to the ELT on employee complaints (including complaints of suspected corrupt conduct) To CCC as required for all section 38 matters and on a monthly basis for all section 40 matters required to be reported through the department's monthly scheduled report. <p>In addition to the above, a register of any contact with lobbyist groups is maintained and managed by the Ethics and Integrity Unit. All divisions are sent an email every quarter, requesting notification of any contact staff within their division may have with any such groups during that period to update this register.</p> <p>On a quarterly basis, the Ethic and Integrity Unit provides the ELT and the Audit and Risk Committee with an analysis of suspected corrupt conduct complaints over the year.</p> <p>In circumstances where the Ethics and Integrity Unit identifies significant systemic issues, it will provide ad-hoc briefings to relevant departmental personnel.</p>	<p>Fraud Reporting Guidelines</p> <p>Individual Employee Grievances Policy</p> <p>Individual Employee Grievances Procedure</p> <p>Customer Complaints Management Framework</p>
	<p>The department reports on:</p> <ul style="list-style-type: none"> complaints of fraud and corruption (which constitute suspected corrupt conduct) to the Crime and Corruption Commission pursuant to directions issued under section 40 of the <i>Crime and Corruption Act 2001 (Qld)</i>, and material losses to the Minister, the Crime and Corruption Commission (for losses caused by an employee), the Queensland Audit Office and Queensland Police Service pursuant to section 21 of Financial and Performance Management Standard 2009 (Qld). <p>Refer to the Reporting Corrupt Conduct workflow diagram in the DESBT Fraud and Corruption Procedure (to hyperlink page once Procedure approved)</p>	<p>Fraud Reporting Guidelines</p>

Disciplinary policy	<p>The department will implement a disciplinary policy.</p> <p>The department's general approach is that employees and former employees may be subject to disciplinary proceedings in relation to allegations of fraud and corruption.</p> <p>Allegations of fraud and corruption involving employees are regarded as a serious disciplinary matter which may result in a disciplinary penalty up to and including termination of employment.</p>	<u>Employee Performance Policy</u>
Civil action for recovery of losses	<p>The department is committed to pursuing the recovery of losses arising from fraud and corruption.</p> <p>Where determined by the Director-General or the Head of Corporate, Corporate Services, the department will take civil action to recover losses arising from fraud and corruption.</p>	
Insurance	The department is a member of the Queensland Government Insurance Fund.	

7. Review arrangements

The department will review this plan at least annually.

8. Approval

Approval of this plan is by Fraud Control Officer (HOC), Corporate Services.