Government of **Western Australia**
Department of **Mines, Industry Regulation and Safety**

Fraud and Corruption Control Plan

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1. Introduction

The Department of Mines, Industry Regulation and Safety (DMIRS) is committed to the highest possible standards of openness, probity and accountability in all its affairs.

The department has zero tolerance to fraud, corruption or misconduct (fraud or corruption). Suspected fraud or corruption will be reported, investigated and resolved in accordance with internal policies and procedures and the *Corruption, Crime and Misconduct Act 2003*. All legal obligations to the principles of procedural fairness will be met.

The department adheres to the Western Australian Public Sector Code of Ethics principles of:

> *Personal Integrity* – we act with care and diligence and make decisions that are honest, fair, impartial, and timely, and consider all relevant information.
>
> *Relationships with others* – we treat people with respect, courtesy and sensitivity and recognise their interests, rights, safety and welfare.
>
> *Accountability* – we use the resources of the state in a responsible and accountable manner that ensures the efficient, effective and appropriate use of human, natural, financial and physical resources, property and information.

All employees share in the collective responsibility to assess the risk of fraud and corruption in the activities undertaken in their business area, identify and report suspected fraud or corruption, and behave ethically and promote a culture of integrity in the workplace.

This Fraud and Corruption Control Plan (the Plan) details the department's intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives.

The Plan has been developed in line with Australian Standard AS8001-2008 Fraud and Corruption Control, and forms an integral part of the department's Risk Management Framework.

This plan applies to:

- all employees whether by way of appointment, secondment, contract, temporary arrangement or volunteering, work experience, trainees and interns; and
- any external party involved in providing goods and services, with or without receipt of payment, to the department, such as contractors, consultants, outsourced service providers and suppliers.

2. Definitions

2.1. Fraud

Fraud is defined by Australian Standard AS8001-2008 as:

> "Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity".

Fraud includes any practice that involves deceit or other dishonest means by which a benefit is obtained from the government. The benefits may be obtained by:

- Employees (known as 'internal' or 'workplace' fraud).
- Persons external to the department, either with or without assistance from departmental employees (known as 'external' or 'customer' or 'client' fraud).

Fraud can take many forms, including (but not limited to):

- theft or obtaining property, financial advantage or any other benefit by deception;
- providing false or misleading information, or failing to provide information where there is an obligation to do so;
- causing a loss, or avoiding or creating a liability by deception;
- making, using or possessing forged or falsified documents;
- unlawful use of computers, vehicles, telephones and other property or services; and
- manipulating expenses or salaries.

2.2. Corruption

Corruption is defined by Australian Standard AS8001-2008 as:

> "Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity".

Corruption is any conduct that is improper, immoral or fraudulent and may include (but not limited to):

- conflict of interest;
- dishonestly using influence;
- blackmail;
- failure to disclose gifts or hospitality;
- acceptance of a bribe;
- misuse of internet or email; and
- unauthorised release of confidential, private information or intellectual property.

2.3. Misconduct

Serious misconduct as defined by the *Corruption, Crime and Misconduct Act 2003* is when a public officer:

- acts corruptly or corruptly fails to act in the course of their duties; or
- corruptly takes advantage of their position for the benefit or detriment of any person; or
- commits an offence which carries a penalty of two or more year's imprisonment.

Minor misconduct as defined by section 4(d) of the *Corruption, Crime and Misconduct Act 2003* occurs if a public officer engages in conduct that:

- adversely affects, or could adversely affect, directly or indirectly, the honest or impartial performance of the functions of a public authority or public officer, whether or not the public officer was acting in their public officer capacity at the time of engaging in the conduct; or

- constitutes or involves the performance of his or her functions in a manner that is not honest or impartial; or
- constitutes or involves a breach of trust placed in the public officer by reason of his or her office or employment as a public officer; or
- involves the misuse of information or material that the public officer has acquired in connection with his or her functions as a public officer, whether the misuse is for the benefit of the public officer or the benefit or detriment of another person

and constitutes, or could constitute;

- a disciplinary offence providing reasonable grounds for termination of a person's office or employment as a public service officer under the *Public Sector Management Act 1994* (whether or not the public officer to whom the allegation relates is a public service officer or is a person whose office or employment could be terminated on the grounds of such conduct).

3. Planning and Resourcing

3.1. Program for Planning and Review

DMIRS organisational values and culture, governance and risk management framework and controls, work together to prevent, detect and respond to potential or actual fraudulent or corrupt conduct.

This Fraud and Corruption Control Plan details the department's approach to fraud and corruption prevention, detection and response.

3.2. Resources and Responsibilities

3.2.1. Director General

The Director General has responsibility for the effective and economical use of the department's resources and for determining appropriate controls in managing fraud and corruption risks in the department.

This responsibility is appropriately delegated to the Executive, senior managers and line managers as detailed in the administrative delegations.

Under the *Corruption, Crime and Misconduct Act 2003*, the Director General is required to notify the Public Sector Commission of suspected minor fraud or corruption, or the Corruption and Crime Commission (CCC) if serious fraud or corruption is suspected.

3.2.2. Executive, Senior Managers and Line Managers

Executive, senior managers and line managers are responsible for ensuring that the department's Fraud and Corruption Control Plan is effectively implemented within their business units, in particular they must be:

- providing leadership, guidance and support of employees 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 employees and taking appropriate steps to address concerns reported;
- reporting suspected fraud and corruption promptly and maintaining confidentiality; and
- ensuring the protection of complainants who report fraudulent or corrupt activities.

3.2.3. Employees

All employees have a responsibility to contribute to preventing fraud and corruption by acting ethically; complying with controls, policies and procedures, and reporting suspected incidences of fraudulent or corrupt behaviour through the internal reporting framework (encouraged in first instance) or directly to the CCC.

The department will provide support and protection to any employee who reports incidences of fraud and corruption.

To be able to actively and positively contribute to fraud and corruption prevention all employees should:

- embrace an ethical work-place culture;
- recognise the value and importance of personally contributing to fraud and corruption prevention;
- develop an understanding of good work practices, systems and controls;
- keep abreast of best practices for preventing fraud and corruption;
- become aware of the different types of fraud and corruption that can occur in the workplace and how to detect them; and
- report suspected incidences of fraudulent or corrupt conduct in accordance with policies and procedures.

3.2.4. Executive Sponsor for Fraud and Corruption Control

In recognising that fraud and corruption are significant business risks, the Executive Director of Corporate Services is the department's designated Executive Sponsor for fraud and corruption control.

The role of the Executive Sponsor is to champion fraud and corruption control within the Corporate Executive and to assist with controls being effectively integrated into the department's strategic planning, corporate governance and operational systems. Additionally the Executive Sponsor oversees the implementation of the Fraud and Corruption Control Plan.

3.2.5. Public Interest Disclosure officers

Public Interest Disclosure (PID) officers will investigate 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).

Note: The PID Act facilitates the disclosure of public interest information, and provides protection for those making such disclosures and those who are the subject of disclosures. The PID Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

3.2.6. Internal Audit Investigator Role

Internal Audit employees are formally qualified in Government Investigation and Government Fraud Control and play a key role in investigating suspected fraud and corruption.

3.2.7. Human Resources Branch

Human Resources Branch plays a major role in both the management of the grievance and the discipline process. Its responsibilities also include the development of fraud and corruption awareness/education programs.

3.2.8. DMIRS Audit and Risk Committee

The DMIRS Audit and Risk Committee is responsible for ensuring regular Misconduct Resistance Health Checks are undertaken.

The Misconduct Resistance Health Check is designed to assist Executive Management to monitor and review DMIRS' misconduct resistance approach.

The purpose is to identify:

- work areas where elements of DMIRS' misconduct resistance approach may need refreshing or improving; and
- elements of the misconduct resistance approach that may need attention across the entire agency.

3.3. External Assistance

The CCC works in collaboration with government agencies to educate, prevent, assess and investigate fraud and corruption in the public sector.

4. Fraud and Corruption Prevention

4.1. Integrity Framework

4.1.1. Code of Ethics

Section 9 of the *Public Sector Management Act 1994* (WA) requires all public sector bodies and employees to comply with the provisions of public sector standards and Code of Ethics. The Act also requires public sector bodies and employees to act with integrity when performing official duties and to exercise courtesy, consideration and sensitivity in dealings with employees and members of the public.

4.1.2. Policies and procedures

The DMIRS has a range of policies and procedures in place that govern and support the department's day-to-day operations and decision making.

Fraud and corruption prevention and detection controls are embedded in various policies and procedures including (but not limited to):

- Code of Conduct
- Conflict of Interest policy and procedure
- Official Hospitality policy and guideline
- Personal Files Access policy and procedure
- Filling a Vacancy policy and procedure
- Leave Management policy and procedure
- Flexible Working Arrangements policy and procedure
- Risk Management policy and guideline
- Travel policies and guidelines
- Corporate Credit Card policy and guideline
- Procurement and Contract Management policy and guideline
- Financial Management Manual
- Confidentiality and Release of Official Information policy
- Discipline policy and procedure
- Acceptable Use of ICT

DMIRS' corporate policies and procedures are available on the department's policy Quality Management System (QMS).

4.1.3. Legislation

Relevant legislation includes (but not limited to)

- *Public Sector Management Act 1994*
  - Section 9: Principles of conduct by public sector bodies – Act with integrity in the performance of official duties and are to be scrupulous in the use of official information, equipment and facilities
- *Corruption, Crime and Misconduct Act 2003*
  - Section 4: Misconduct
- *Criminal Code Act Compilation Act 1913*
  - Section 409: Fraud
- *Public Interest Disclosure Act 2003*
- *State Records Act 2000*

4.2. Internal Control Systems

All business processes, especially those identified as having higher risk of fraud and corruption (as defined under section 2 in this document), are subject to a rigorous system of internal controls that are documented, reviewed and updated regularly, and understood by relevant employees.

Strong internal controls are important in protecting against fraud and corruption. In many cases where fraud and corruption are detected, it is possible to identify a fundamental control weakness or failure that either allowed the incident to occur or failed to detect it quickly after it occurred.

Line managers are responsible for ensuring appropriate work systems, including internal controls, are established and maintained.

Line managers are to request regular audit reviews which include compliance testing.

4.3. Risk Assessment

Each business area must systematically identify, assess and review fraud and corruption risks in line with the department's Risk Management Policy and Framework.

The most important outcome of the fraud and corruption risk assessment process is the development of a treatment plan that specifically addresses the risks identified. These measures should be monitored for effectiveness over time.

4.4. Training and Awareness

Mandatory training through the department's induction program and the Accountable and Ethical Decision Making (AEDM) program provides every employee with a general awareness of fraud and corruption and how to respond if this type of activity is detected or suspected.

Other mandatory training is also conducted in high risk areas such as Conflict of Interest.

4.5. Employment Screening

A National Police Clearance is conducted for all advertised positions, as part of the recruitment process. Some identified positions also require certified evidence of permanent residency in Australia, evidence of qualifications, medical clearance and or psychological testing.

Additionally, all departmental employees with an actual, perceived or potential conflict of interest must, in conjunction with their line manager, develop an action plan for the management of the conflict of interest.

4.6. Supplier and Customer Integrity

While fraud and corruption is often instigated by persons internal to an organisation, it is important to consider that the department may be susceptible to externally instigated fraud or corruption. The risk of fraud and corruption is reduced when the department knows who it is dealing with in all significant commercial transactions so the credentials, financial health and integrity of new suppliers or customers is investigated as far as practical.

When procuring goods and/or services, employees are required to seek competitive quotes from potential suppliers. In addition to ensuring that the submitted offers meet the required specifications and represent value for money, the evaluation process is to include an assessment of the supplier and their disclosure requirements. This includes the identity of the supplier and verification of the company's ABN or ACN.

The rigour of these checks and assessments are to be commensurate with the value and/or risk presented by the procurement. When ordering from a Common Use Arrangement (CUA), suppliers on the panel have already completed a stringent assessment process undertaken by the Department of Finance.

Concerns regarding a supplier's identity or its representation are to be raised with the Manager Procurement and Business Services.

5. Fraud and Corruption Detection

5.1. Fraud and Corruption Detection Program

DMIRS relies on a variety of strategies to minimise the opportunity for fraud and corruption or its non-detection, including (but not limited to):

- Vigilance and awareness of all employees
- Internal control systems
- Operational risk management processes
- Procedures for reporting fraud and corruption
- Internal and external audit activities

5.2. Internal Audit

Internal Audit's audit activities play an important role in identifying weaknesses in the fraud and corruption control environment.

Where it applies to fraud and corruption control, the Professional Practices Framework of the Institute of Internal Auditors is also taken into consideration for individual audit engagements.

5.3. Role of External Auditors

Australian auditing standards provide for auditing procedures so that the audit will be more likely to detect a material misstatement in financial statements due to fraud or corruption (or error).

The department's Financial Management Manual is an internal control standard that is used by auditors for monitoring compliance with procedures.

6. Mechanisms for Reporting

Employees of the department are required to report suspected fraud and corruption, including possible breaches or suspected breaches of the Code of Conduct and Discipline policy, or the Public Sector Code of Ethics.

Employees may report any suspected fraud and corruption internally via:

- their Supervisory;
- Human Resources;
- Internal Audit;
- Contact Officers;
- PID Officers; or
- the Director General.

If the matter is serious and depending on the nature of the suspected fraud or corruption, the department is required to report to an appropriate external agency such as the CCC or the Police. Reporting is generally done through or by the Director General.

Employees may also report directly to the above external agencies however, they are encouraged in the first instance to contact an internal officer, as listed above.

7. Responding to Fraud and Corruption Incidents

7.1. Investigation and Disciplinary Procedures

All reports of suspected fraud or corruption will be investigated and dealt with in line with the department's Disciplinary Policy and Procedure.

Appropriate action will be taken which may include disciplinary action or referral to an external agency such as the CCC or the WA Police.

7.2. Confidentiality

Confidentiality will be maintained throughout any investigative process.

7.3. Internal Control Review

In each instance where fraud or corruption is detected, the Executive Sponsor for Fraud and Corruption Control will require line management to reassess the adequacy of internal control systems, particularly those directly relating to the fraud or corruption incident, and recommend improvements if required.

7.4. Internal Reporting

The department will record and report to appropriate oversight bodies all incidences of fraud and corruption.

Authority

Primary Contact:
Executive Director,
Corporate Services

Policy Owner:
Director General,
Department of Mines, Industry Regulation and Safety

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