

For Official Use Only

Ref: EB15/258
Urgent/Low Complexity

DEPARTMENT OF THE PRIME MINISTER AND CABINET

PM&C
s 22(1)(a)(i)
Ms Lynch
Mr Rutsh
s 22(1)(a)(ii)

File:

To: s 22(1)(a)(ii)

s 22(1)(a)(ii) 2.6.15

DELEGATION FOR RECOMMENDING THE AWARD OF THE HUMANITARIAN OVERSEAS SERVICE MEDAL

Recommendation(s) - that you:

1. Sign the delegation at Attachment A delegating powers under Regulations 6 and 7 of the *Humanitarian Overseas Service Medal Regulations 2011* to Senior Executive Service officers within Government Division of the Department.

s 22(1)(a)(ii)

Michael Thawley

Date:

24 June 2015

Signed Not Signed

Key Points:

1. Under the *Humanitarian Overseas Service Medal Regulations 2011* you are responsible for recommending to the Governor-General who should receive the award of the *Humanitarian Overseas Service Medal (HOSM)*. In the past this role has been delegated to the Assistant Secretary of the Honours, Symbols and Territories Branch of Government Division.
2. Following an amalgamation of Branches in Government Division, that position no longer exists.
3. For flexibility, I recommend that the new delegation be to all Senior Executive Service officers within Government Division.
4. If you sign the delegation, the delegation will revoke all previous delegations.

Background:

5. The HOSM is a civilian service award in the Australian honours system awarded to people who, as members of specified Australian organisations, participate in overseas humanitarian operations. They are nominated by their Chief Executive Officer (eg. Secretaries of Departments or the CEO of the Australian Red Cross). Your delegate assesses individual nominations for the award in accordance with the criteria declared by the Governor-General and makes recommendations to Government House.

6. s 22(1)(a)(ii)

s 22(1)(a)(ii)

Philippa Lynch
First Assistant Secretary
Government Division

Policy Officer: s 22(1)(a)(ii)
Phone no: s 22(1)(a)(ii)

24 June 2015

Humanitarian Overseas Service Medal Regulations

DELEGATION

I, **Michael Thawley**, Secretary, Department of the Prime Minister and Cabinet, pursuant to regulation 13 of the *Humanitarian Overseas Service Medal Regulations 2011*, hereby:

DELEGATE to the persons for the time being holding or performing the duties of a Senior Executive Service position within Government Division of the Department of the Prime Minister and Cabinet the following powers:

- (i) the power under Subregulations 6(4) and (5) to treat a period of service as eligible service; and
- (ii) the power under Regulation 7 to recommend the award of the Medal.

s 22(1)(a)(ii)

MICHAEL THAWLEY

24 June 2015



Australian Government
Department of the Prime Minister and Cabinet

Fraud and Corruption Control Plan

2021-2023



Table of Contents

Secretary’s statement	2
Policy Statement	3
Definitions	3
Governance	4
Awareness and culture.....	5
Fraud and corruption risks	6
Control strategies	7
Reporting.....	9
Monitoring and review.....	10
Further Information	10

Secretary's statement



The Department of the Prime Minister and Cabinet (PM&C) provides high-quality advice and support to the Prime Minister, the Cabinet, and portfolio Ministers. PM&C is a key adviser to the Australian Government on domestic policy, national security and international matters, and leads a number of large-scale taskforce projects. The Department has a varied and broad role including a grants program that could expose the Commonwealth to fraud and corruption risk.

Fraud and corruption are threats that affect every Commonwealth entity in all areas of business. Fraud against the Commonwealth is a criminal offence that impacts all Australians. It reduces funds available for delivering public goods and services and undermines public confidence in government.

PM&C's Fraud and Corruption Control Plan (the Plan) documents the Department's approach to controlling fraud and corruption. The Plan outlines at a high level how PM&C prevents, detects and responds to fraud and corruption and ensures compliance with the requirements of section 10 of the *Public Governance, Performance and Accountability Rule 2014* (Cth) (PGPA Rule) and Commonwealth Fraud Control Framework 2017. The Plan is aligned and integrated with the PM&C Risk Management Policy and Framework (RMPF) which supports the identification and management of fraud and corruption risks at the strategic and operational levels.

All PM&C employees (SES and non-SES), individuals engaged as contractors via labour-hire firms (i.e. not PM&C employees), secondees into PM&C and third parties engaged by the Department, play a crucial role in reducing the Department's exposure to fraud and corruption. The Plan is intended as guidance to support staff in the prevention, detection and response to fraud and corruption.

Mr Philip Gaetjens

Secretary

Department of the Prime Minister and Cabinet

Policy Statement

PM&C has zero tolerance for dishonest, fraudulent or corrupt behaviour. This means PM&C will take all steps necessary to prevent, detect and respond to fraud and corruption relating to the Department and will:

- Promote awareness of fraud, corruption and ethics to employees.
- Assess and, where appropriate, investigate all allegations of fraud and corruption.
- Seek to recover losses caused by illegal activity through proceeds of crime and civil recovery processes.
- Criminally prosecute where appropriate.
- Apply appropriate civil, administrative or disciplinary penalties, including termination of employment.

Definitions

Fraud

Fraud is defined in the [Commonwealth Fraud Control Framework](#), as “dishonestly obtaining a benefit or causing a loss by deception or other means”.

Fraud can be committed by staff (internal fraud) or by persons external to the Department (external fraud). It may also be committed jointly between an employee and outside party. Offences of fraud against the Commonwealth may be prosecuted under a number of different Commonwealth laws.

Examples of the type of conduct by employees, contractors or third party providers that would fall within the Department’s definition of fraud include (but is not limited to):

- theft or misuse of Commonwealth information, intellectual property or confidential information (including funding proposals, procurement information, personal records)
- misuse of Commonwealth program funding and grants
- misuse of Commonwealth resources, including unlawful use of, or unlawful obtaining of, property, equipment, material or services
- abuse of official position in order to obtain a benefit for oneself or another
- misuse of entitlements (e.g. expenses, leave, travel allowances or attendance records, including abuse of time off in lieu)
- misuse of facilities (e.g. unauthorised use of PM&C venues, information technology, mobile devices, and telecommunication systems)
- accounting fraud (e.g. unauthorised use of credit cards, false invoices, misappropriation)
- causing a loss, or avoiding and/or creating a liability
- providing false or misleading information and/or documents to the Commonwealth, or failing to provide information (when an obligation exists)
- making, or using forged or falsified documents; and
- release or use of misleading information for the purposes of deceiving, misleading or to hide wrongdoing.

Corruption

Corruption is a form of misconduct closely related to fraud, and is defined in the [Australian Standard 8001-2008 – Fraud and Corruption Control](#), as “Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interest of the entity and abuses their position of trust in order to achieve some personal gain or advantage for themselves for another person or entity”.

Examples of corrupt conduct may include (but is not limited to):

- abuse of office - for example a PM&C employee, contractor and/or third party provider requesting, soliciting, receiving or accepting bribes (including non-monetary bribes), in order to secure a contract or influence decisions)
- engaging in serious conflicts of interest in circumstances that the employee knows to be improper or against a policy or regulation
- nepotism - for example favouritism towards friends or family members in recruitment; and
- collusion - for example failing to follow procurement processes to give preferential treatment to a third party provider, contractor or consultant to achieve an outcome or financial gain

Non-compliance

Non-compliance is a broad term for any failure to comply with legal requirements. These requirements may be in the form of legislation, regulation, funding agreements, administrative rules, licensing conditions, etc. One example of this is the requirement for all APS employees to act in accordance with the APS Code of Conduct, which is set out in section 13 of the [Public Service Act 1999](#). (PS Act).

This includes where parties *try* to comply but make mistakes (accidental non-compliance), or where parties exploit ambiguities or opportunities that are non-compliant (opportunistic non-compliance).

Unethical Behaviour

The [APS Values and Code of Conduct](#) describe a work ethic expected of the public service that includes honesty, diligence, avoidance of conflict of interest, and proper use of information. Breaches of this code of conduct may involve unethical behaviour, and PM&C's professional standards team has formal procedures for examining any potential breach.

Governance

Key responsibilities

All PM&C employees should understand what constitutes fraud and what to do if they suspect fraudulent activity. All PM&C employees are expected to comply with legislative requirements and internal policies, behave in accordance with the APS Values and Code of Conduct, and identify and report fraud and corruption risks. SES employees also have an additional responsibility to demonstrate strong leadership by fostering and supporting a culture of integrity, awareness and reporting. Fraud awareness and prevention training is included as part of the induction package for all new employees, with annual refresher training available for existing staff

Certain positions and committees have additional responsibilities, including:

- **The Secretary:** is the accountable authority responsible, under the *Public Governance, Performance and Accountability Act 2013 (PGPA)*, for governing the organisation in a way that promotes the proper use of public resources. This includes taking all reasonable measures to prevent, detect and respond to fraud and corruption relating to PM&C employees, services or third parties who interact with the Department. The Secretary may delegate some authority to other accountable officers and committees.
- **The Chief Operating Officer (COO):** has the corporate responsibility for overseeing the implementation of fraud prevention and control for PM&C, in line with section 10 of the PGPA Rule.
- **The Chief Risk Officer (CRO):** the COO as the CRO champions and facilitates objectivity in risk identification and management and drives best practice and innovation to improve the risk culture.

- **The Chief Financial Officer (CFO):** has accountability for setting PM&C's financial framework and ensuring that risks associated with the Department's appropriations and expenditure are addressed.
- **The Chief People Officer (CPO):** facilitates training to assist employees comply with their risk management and fraud awareness obligations, and assists with HR-related fraud and corruption investigations.
- **The Chief Information Officer (CIO) / Chief Security Officer:** facilitates the protection of PM&C information security and access control.
- **The Fraud Control Officer (FCO):** Assistant Secretary Governance and Strategy Branch as the FCO has operational responsibility for the delivery and implementation of a fit for purpose fraud and corruption control plan including maintaining reporting procedures and driving awareness.
- **The Audit and Risk Committee (ARC):** oversees PM&C's systems of risk management, including fraud and corruption risk, and provides independent advice to the Secretary on the appropriateness of these.
- **The Executive Board:** considers current and emerging risks, which may include fraud and corruption, in the context of the Department's strategic objectives.
- **The Fraud Control Team:** is responsible for designing, implementing and evaluating fraud strategies and countermeasures.
- **Division Heads:** are responsible for ensuring their teams understand and comply with relevant legislation, regulations, procedures and policies.

Reporting

Regular reporting is an important part of effective governance and provides assurance over the appropriateness of PM&C's control arrangements to prevent, detect and respond to fraud and corruption.

PM&C conducts the following internal and external reporting:

- Quarterly reporting to the Executive Board within the context of the Department's current and emerging strategic risks.
- Quarterly to the Audit and Risk Committee who provides oversight and advice to the Accountable Authority in accordance with section 45 of the *PGPA Act*.
- Annually to the Australian Institute of Criminology (AIC). All non-corporate Commonwealth entities are required to collect information on fraud and complete an annual fraud questionnaire to the AIC in accordance with the Commonwealth Fraud Control Policy.
- Annually to the Commonwealth Ombudsman in relation to public interest disclosures.
- Annually, in accordance with section 17AG PGPA Rule, PM&C must certify in the Annual Report that the Department has prepared fraud risk assessments and a Fraud and Corruption Control Plan, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection processes.

Awareness and culture

All new PM&C officials, including contractors, consultants and secondees must complete a fraud awareness training as part of the employee induction program and annually thereafter. PM&C also maintains regular communications targeted at promoting fraud awareness and an aware and ethical organisational culture that supports reporting.

Fraud and corruption risks

Risk identification

The Department's Risk Management Framework guides the management of fraud and corruption related risk. PM&C regularly conducts risk assessments at the Department, Division and project level to ensure that appropriate systems of control are maintained. This includes the consideration and assessment of fraud and corruption risks. Targeted fraud and corruption risk assessments are also conducted as required. Fraud risk assessments are reviewed on an annual basis or more frequently as triggered by changes to the Department's functions.

A summary of the key fraud and corruption risks for the Department are listed below. A comprehensive Fraud Control Risk Assessment is reviewed and updated annually.

Internal and external risks

The Department assesses internal and external factors when identifying exposure to fraud risk. PM&C's fraud risk assessments evaluates fraud at the operational level focusing on areas such as:

Administrative fraud	Occurs when PM&C staff use resources for purposes other than for which they were provided. This can involve stealing property for personal use, manipulating salaries, fraudulent overtime claims or failing to record leave taken.
Information Management	Risks relating to staff inappropriately using IT system access to dishonestly create, delete and modify PM&C data and records; and theft or unauthorised copying of intangible assets.
Credit Cards	Risks relating to staff using Credit Cards dishonestly to receive cash or purchase personal goods and services.
Procurement and Contracting	Risks relating to liability issues, contractual obligations, probity, legislative and regulatory obligations, conflict of interest, and service level agreements. Also any time staff or external parties deceitfully obtain benefits to which they are not entitled, such as where purchase orders fraudulently raised for goods and services. This also includes failing to appropriately declare potential conflicts of interest.
Recruitment	Risks relating to an applicant making a false claim or providing false documentation or submitting false referee reports. Other risks may include conflict of interest or favouritism in the recruitment process by a delegate.
Grants	Risks relating to inappropriate provision, administration, use and acquittal of Program funding.
Internal controls	Risks associated with lack of an adequate internal control framework including delegations, accountability and segregation of duties.

Conflicts of interest

A conflict of interest is a circumstance which places an employee in a position where their personal interests could conflict with their public duties. Apparent (or perceived) conflicts of interest are as important to manage and mitigate as actual conflicts. The APS Code of Conduct requires APS employees to disclose and take reasonable steps to avoid any conflict of interest in connection with APS employment. Conflicts of interest, real or apparent, cannot always be avoided. Where this is the case, the Code of Conduct requires employees to disclose details of any material personal interest of the employee in

connection with their employment. PM&C's Conflict of Interest policy provides a framework for reporting and managing potential conflicts of interests. Undisclosed real or apparent conflicts of interest may constitute a breach of the APS Code of Conduct.

Insider threat

Trusted insiders can intentionally or unknowingly assist external parties in conducting activities against the organisation or can commit malicious acts for self-interest. They are employees or contractors who are either self-motivated or may be targeted by external parties (e.g. organised crime) to take advantage of legitimate access to information, methodologies, technology assets and premises. This conduct can enable fraudulent behaviour. Section 13(10) of the PS Act provides that an APS employee must not improperly use inside information or the employee's duties, status, power or authority to gain, or seek to gain, a benefit or an advantage for the employee or any other person; or to cause, or seek to cause, detriment to the employee's agency, the Commonwealth or any other person. Our control measures include pre-employment screening, requirements to declare conflicts of interest (real and apparent), security clearances, and segregation of duties, system controls and the sharing of intelligence information.

Control strategies

PM&C's approach to fraud control is consistent with Commonwealth legislative requirements and uses three main strategies to combat fraud and corruption: prevention, detection and response.

Prevention

Fraud prevention strategies include proactive measures designed to reduce the risk of fraud and corruption occurring by increasing fraud prevention awareness, encourage reporting of suspected incidents and ensuring the right mitigation controls are in place. To be effective, fraud prevention requires a number of interdependent control strategies including an effective fraud risk management approach, a robust ethical organisational culture that does not tolerate fraud and a strong awareness of fraud among staff, suppliers and an effective internal control framework.

Key components of PM&C's fraud and corruption prevention strategy are:

- **Compliance** with relevant policies and procedures including:
 - Development and implementation of the Fraud Control Plan.
 - Promotion and adherence to APS Code of Conduct.
 - Conflict of interest and probity requirements for all relevant personnel.
- **Risk management** including:
 - Maintaining a current Departmental Fraud Risk Assessment.
 - A robust system of controls including:
 - recruitment and vetting processes to ensure the eligibility and suitability of personnel who have access to Australian Government resources
 - contract and service level provisions with service providers that administer grants on behalf of the Department to ensure that fraud risk is managed appropriately throughout the process
 - ICT security and physical security
 - procurement and contract management processes; and
 - sound financial processes, appropriate segregation of duties and financial system controls.
- **Communications and training:**
 - Staff are required to undertake mandatory fraud awareness induction training. Staff assigned with key responsibilities under the Fraud and Corruption Control Plan eg the Fraud Control Officer are required to undertake additional Fraud Awareness and prevention training.

- An annual communication plan to promote awareness of fraud prevention measures via internal channels and encourage reporting of instances of suspected fraudulent or corrupt behaviour.
- **Testing:**
 - Regular testing of fraud prevention and detection policies, procedures and controls to ensure they remain robust and fit for purpose including internal audit, management initiated reviews, health checks and pressure checks.
 - External audit review of internal controls as part of the annual financial statements auditing process.

Detection

PM&C supplements the preventative strategies with fraud and corruption detection measures with the objective of early discovery and limiting exposure if an event does occur.

The Department has implemented a number of detection strategies including:

- **Fraud reporting** mechanisms that allow for both internal and external reports in a confidential manner. This includes the promotion of the Department's fraud reporting online form and the Public Information Disclosure reporting procedure. Staff are also required to report conflicts of interest and any gifts and benefits they receive.
- **Assurance processes** including the Department's Internal Audit program, management assurance surveys, external audit and management initiated reviews to test the effectiveness of controls, policies and procedures. Claims processes for Commonwealth-funded programs administered by PM&C will seek to detect fraudulent claims.
- **Monitoring changes in circumstance:** PM&C staff are required to disclose changes in circumstances and external interests to Australian Government Security Vetting Agency (AGSVA).
- **Monthly checks** to ensure segregation of duties, and internal financial system controls are operating as they should and no issues have arisen.
- **Credit card compliance** through monthly checks as well as in-built system controls to flag inappropriate or personal transactions with a day or two of the transaction.

Response

Any alleged fraudulent or corrupt behaviour that is reported to or detected by PM&C will be handled appropriately.

PM&C's fraud and corruption response strategy includes:

- review and assessment of all reports and allegations to determine an appropriate response
- undertaking investigations in accordance with Australian Government Investigations Standards
- application of agreed standards for compliance and consequences for detected fraud, in programs administered by PM&C
- referral to the Australian Federal Police (AFP) or other law enforcement agency as appropriate
- pursuing disciplinary, administrative, civil or criminal actions as appropriate
- pursuing the recovery of fraudulently or criminally obtained benefits where appropriate.

Investigations

An investigation may be pursued when appropriate, as a response to the detection of potential fraud. The FCO is responsible for conducting investigations of suspected internal and external fraud¹ in accordance with the Commonwealth Fraud Control

¹ Through an outsourced third party if necessary.

Framework and the Australian Government Investigation Standards (AGIS). During an investigation, the FCO may collaborate with other government departments (both state and federal), and with regulatory and enforcement agencies.

Where the initial investigation discloses a complex situation beyond the Department's investigative capability, external expertise will be sought to carry out the investigation. All investigators used by the department are required to attain minimum competency qualifications prescribed in the Framework. The decision to obtain such external expertise will be at the discretion of the FCO. The Department has a panel of investigation providers that can be utilised as appropriate.

If required, the FCO will refer any allegations of suspected breaches of the APS Code of Conduct to People Branch.

Serious and complex fraud cases may be referred to the AFP. The AFP evaluates all referred fraud matters in accordance with the Case Categorisation and Prioritisation Mode (CCPM). PM&C will seek guidance from the AFP about both the CCPM and possible referrals (where there is any doubt). More information about reporting a crime to the AFP is available through the AFP website.

Reporting

PM&C takes all allegations seriously, and encourages reports of suspected fraud from internal and external parties. All staff are expected to assist in identifying and reporting instances or events of suspected fraud. Reports can be made directly to the Department, or submitted as a Public Interest Disclosure.

Reporting process

Suspected fraud related to PM&C employees, contractors and consultants contracted by the Department can be reported to one of the following ways:

Online: Anonymous fraud reporting form on the [PM&C website](#)

Mail to: Fraud Control Officer - PO Box 6500 Canberra ACT 2600

When making a report of suspected fraud, you are encouraged to include the following information:

- Information about the PM&C employee, contractor and/or contractor or relevant area that you suspect is involved in fraud. Include as much detail as you can.
- Details of the alleged fraud including how, when and where it occurred.
- Your contact details (this is optional).

Public Interest Disclosure (PID)

Suspected wrongdoing, such as fraud or corruption, can also be reported to the Department as a Public Interest Disclosure.

The [Public Interest Disclosure Act 2013 \(PID Act\)](#) seeks to promote integrity and accountability of the Commonwealth public sector by encouraging the disclosure of information about suspected wrongdoing, ensuring public officials who make a disclosure are protected from adverse consequences, and ensuring that disclosures are properly investigated.

PIDs can be made orally or in writing:

- by an employee to their supervisor
- to an Authorised Officer; and
- to publicinterestdisclosure@pmc.gov.au.

For further information, please refer to [PM&C's Public Interest Disclosure Procedures](#).

Management of reports

The FCO maintains appropriate systems to securely store, record, report and analyse allegations of fraud to ensure appropriate response and satisfactory resolution. All reported allegations are recorded and documented in accordance with Commonwealth requirements.

Privacy

The Department ensures the confidentiality of the information received from any party wishing to report a suspected case of fraud. All reports are managed in accordance with PM&C's Privacy Policy and the *Privacy Act 1988 (Cth)*. Any personal (and other) information provided to the Department when reporting suspected fraud is collected and used only for the purpose of investigating, and responding to, reported fraud allegations.

Where the report may be more appropriately considered by another agency or organisation, in Australia or overseas, we may disclose this information (including your personal information) to that agency or organisation. This includes but is not limited to a Federal, state/territory agency, Department or authority, and Federal or state/territory Minister as relevant.

The Department's [Privacy Policy](#) provides more information about how we protect your personal information, and who to contact if you have a privacy enquiry or complaint.

Monitoring and review

The Fraud and Corruption Control Plan is a strategic document which is reviewed and updated every two years. The Fraud Control Risk Assessment is reviewed and updated annually, or more frequently in response to operational requirements.

The effectiveness of the controls described in this Plan is monitored through the Department's assurance programs including internal audit and reporting to senior executive (including the Executive Board) and advisory committees (including the PM&C Audit and Risk Committee).

Further Information

[Commonwealth Fraud Control Framework 2017](#)

[The Fraud Rule](#)

[Australian Government Investigations Standards](#)

[APS Values and Code of Conduct](#)

Legislation

[Public Governance, Performance and Accountability Act 2013 \(PGPA Act\)](#)

[Public Interest Disclosure Act 2013](#)

[Proceeds of Crime Act 2002](#)

[Public Service Act 1999](#)

[Criminal Code Act 1995 \(Commonwealth\)](#)