CDPP FRAUD CONTROL PLAN

February 2020
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INTRODUCTION

Fraud against the Commonwealth is a serious matter for all Australian Government departments and agencies, and the community. It prevents taxpayer dollars from reaching intended targets and affects the government’s ability to deliver key services. Estimates of what fraud costs Australians vary, but even conservative estimates put the cost at over $1 billion a year.¹

The CDPP is committed to maintaining a culture characterised by the highest standard of ethical behaviour and a zero tolerance approach to fraud and corruption. We have a collective responsibility for the prevention of fraud and corruption² and to protect the integrity and reputation of this Office.

All allegations will be investigated. As the agency responsible for prosecution of Commonwealth fraud offences, any suspect instances of fraud within the agency have the potential to significantly damage the reputation of the CDPP. The official conduct of the staff of this Office should be not only beyond reproach but also perceived by the public as being beyond reproach.

The Fraud Rule provides a legislative basis for the Commonwealth’s Fraud Control arrangements³. Section 10 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) sets out fraud control requirements to assist accountable authorities to meet their obligations under section 21 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

Breaches of the PGPA Rule may attract a range of criminal, civil, administrative and disciplinary remedies (including under the PGPA Act, the Public Service Act 1999, the Criminal Code Act 1995 and the Crimes Act 1914).

Key principles are communicated through this plan. More detailed information is available in the Commonwealth Fraud Control Framework 2017. The three key documents in the framework are the Fraud Rule, the Commonwealth Fraud Control Policy (Fraud Policy) and The Resource Management Guide No. 201 – Preventing, detecting and dealing with fraud (Fraud Guidance).

The objectives of the Fraud Rule, Fraud Policy and Fraud Guidance are to:

- Protect public resources, including information and property; and
- Protect the integrity and good reputation of entities and the Commonwealth⁴.

This Fraud Control Plan has been developed in line with AS 8001-2008 Fraud and Corruption Control. The detailed CDPP Fraud Control Policy is available on the Governance e-hub page.

WHAT IS FRAUD?

The Commonwealth Fraud Control Framework 2017 defines fraud against the Commonwealth as ‘dishonestly obtaining a benefit, or causing a loss, by deception or other means’.

Examples of fraud against the Commonwealth may include (but are not limited to):

- Misuse of Commonwealth assets, equipment or facilities
- Wrongfully using Commonwealth information or intellectual property
- Theft
- Accounting fraud (false invoices, misappropriation etc)
- Misuse of Commonwealth credit cards

¹ https://www.ag.gov.au/Integrity/FraudControl/Pages/default.aspx
² All references to fraud in this document should be read to also include corruption unless otherwise specifically noted.
³ Resource Management Guide 201, page 4 para. 4
⁴ Resource Management Guide 201, page 5, para 9
• Unlawful use of, or obtaining property, equipment, material or services
• Causing a loss, or avoiding and/or creating a liability
• Providing false or misleading information to the Commonwealth, or failing to provide it when there is an obligation to do so
• Making or using false, forged or falsified documents, and/or
• Cartel conduct.

Fraudulent conduct can occur in a variety of circumstances, which include (but are not limited to):
• Prosecutions; inappropriate financial business relationships, bribes
• Financial; assets, accounts payable suppliers, travel allowance, credit cards, misuse of information
• Procurement; external counsel procurement, corporate procurement
• Human Resources; payroll, recruitment, falsifying entitlements
• ICT; misuse of equipment and information, falsifying records

KEY FRAUD CONTROL STRATEGIES

The CDPP Outcome is to contribute to a fair, safe and just society by delivering an effective, independent prosecution service in accordance with the *Prosecution Policy of the Commonwealth*.

In support of the CDPP Outcome, this Plan has four key strategies:

| Prevent | prevent fraud from occurring in the first instance |
| Detect and notify | discover fraud and notify appropriate officers as soon as possible after it has occurred |
| Manage | systems and processes for responding appropriately to an alleged fraud once detected |
| Monitor, report and evaluate | to promote accountability and provide assurance by demonstrating compliance with legislative responsibilities and fraud control strategies |
CDPP Fraud Control Plan
Last Updated: February 2020

FRAUD CONTROL FLOWCHART

This flowchart is designed to help you understand the process of detecting and reporting fraud at the CDPP. Contractors, consultants and others engaged by the CDPP are bound by the CDPP Fraud Control Policy including this procedure.

**STEP 1**

*DETECT*

If you suspect fraud, don’t investigate it yourself and don’t talk to others.

**STEP 2**

*NOTIFY*

Notify IMMEDIATELY in person, by email, phone or letter to:
- Branch Head or Supervisor
- Deputy Director
- Fraud Control Officer (Chief Corporate Officer)

**STEP 3**

*MANAGE*

Fraud Control Officer forms an investigation team.

- Is there potential fraud? [Yes/No]
  - No: No further action
  - Yes: Is this a potentially serious or complex fraud? [Yes/No]
    - No: Investigation by internal Investigation Team
    - Yes: Fraud Control Officer refers matter to AFP for investigation

Section 10 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) sets out fraud control requirements to assist accountable authorities to meet their obligations under Section 21 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).
PREVENT

Fraud prevention strategies are the first line of defence and provide the most cost-effective method of controlling fraud. To be effective, fraud prevention requires a number of contributory elements, including an ethical organisational culture, a strong awareness of fraud among employees, suppliers and clients, and an effective internal control framework, including effective accounting and operational controls.

Implementing and Maintaining an Integrity Framework

The **CDPP Values and Behaviours Statement** outlines the CDPP’s expectations for staff and is based on the **APS Code of Conduct**.

All employees and those who work with the CDPP must disclose material personal interests that relate to their position at the CDPP under s29 of the PGPA Act and in the case of the Director, under s13 of the PGPA Rule. It is the individual’s responsibility to disclose any possible conflicts of interest to the CDPP, in writing and to their manager, as soon as they become evident in accordance with the CDPP Conflicts Disclosure Process, Form and Flow chart.

In addition, all Senior Executive Service staff and staff who are in sensitive positions due to the nature of their work, are required to complete an annual declaration of personal interests. The purpose of the declaration is to ensure that the Director is aware of any private interests or relationships which could, or could be seen to, influence the decisions that officers make or the advice they give.

Senior Management Commitment

A high level of risk consciousness for fraud is observed by all staff in senior positions. Awareness training will cover new types of technology that may be used for the commission of fraud. The performance management process for all senior managers incorporates promoting the APS Values, employment principles and compliance with the Guidelines on Official Conduct for all Staff and the PGPA framework.

Internal Control Systems

The CDPP maintains strong internal control systems, promoting and monitoring a robust internal control culture. Managers lead by example and there is regular communication of the importance of internal controls. These internal controls are integrated into the performance management framework through the APS Values.

Risk Assessment

The Chief Corporate Officer is responsible for monitoring the management of fraud risk through both the Strategic and Fraud Risk Registers and reporting to the Audit Committee. Fraud risk assessment at the CDPP is consistent with AS/NZS ISO 31000:2018 **Risk Management – Guidelines** and with the **CDPP Risk Management Policy, Framework and Process Guideline** and is conducted on a biennial basis.

Sources of the risk of fraud identified for the CDPP are:

- Prosecutions; inappropriate financial, business and / or personal relationships, bribes
- Financial; assets, accounts payable suppliers, travel allowance, credit cards, misuse of information
- Procurement; external counsel procurement, corporate procurement
- Human Resources; payroll, recruitment, falsifying entitlements
- ICT; misuse of equipment and information, falsifying records
Communication, Training and Awareness

Internal fraud can be detected by observation, investigation and reporting. A significant proportion of fraud in most organisations remains undetected because of the inability to recognise the early warning signs of fraudulent activity, or because staff are unsure how, when and to whom they should report their suspicions.

An awareness of the risks and fraud control across the CDPP are fostered by:

- including notification of the Fraud Control Plan at induction
- ensuring updates and changes to related policies and procedures and other ethical pronouncements are communicated to all staff
- ensuring staff are aware of the mechanism to report allegations or concerns
- encouraging staff to report any suspicious activities.

The table below outlines the CDPP Fraud Control Training and Awareness Program.

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<th>Topic</th>
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<th>Scope</th>
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External communication

The Fraud Control Plan is made available for suppliers and the general public on the [CDPP website](#).

Employment Screening

Employment screening is undertaken to gain a national baseline security clearance for all new staff accessing the CDPP network to gain assurance about the integrity, identity and credentials of potential employees.

Controlling the Risk of Corruption

The CDPP acknowledges that approaches to staff may at times be made by external parties in order to derive an improper benefit. Staff must report all approaches to their supervisor or the Fraud Control Officer.

Staff are made aware of their obligations concerning the use of social media sites and are encouraged to consider their online presence where interested parties may obtain personal information which could be used to coerce staff into behaving corruptly.
All suppliers and third parties should come forward if there is an indication of corrupt conduct involving staff of the CDPP or any person associated with the CDPP. All supplier contract information will include a link to the Fraud Control Plan on the CDPP website.

**DETECT AND NOTIFY**

Fraud detection, investigation and response are key elements of the overall fraud control framework. Section 10, Paragraphs (d) and (e) of the Fraud Rule require entities to have appropriate mechanisms for detecting and investigating fraud.  

Identifying and acting on early warning signs of fraudulent activity is an important part of fraud detection. The key to achieving an early warning capability is awareness. Fraud awareness is provided to all staff. All staff, and managers in particular, should remain vigilant and report any suspect activity.  

The Chief Financial Officer regularly reviews controls in place to identify suspect invoice and payroll payments.  

**External Auditor’s Role**  

Changes to the *Australian Auditing Standards* (ASA 240) have raised accountability for the detection of fraud as part of the audit process. As a result, annual audits are more likely to detect a material misstatement in the financial statements due to fraud.  

**Notify**  

Located on the Employee Conduct e-Hub page, the CDPP Suspected Misconduct Guidelines state the obligation of staff under s13 of the Public Service Act to behave honestly and with integrity and to act with care and diligence in connection with APS employment. If staff suspect improper or fraudulent activity they should notify their Branch Head, Deputy Director or Fraud Control Officer.  

Matters involving serious and complex fraud must be referred by the Fraud Control Officer to the AFP.  

In the event of an allegation involving the Fraud Control Officer, a Deputy Director, Assistant Director, or SES Band 1 in the Corporate Services Group, the report must be made to the Director.  

An allegation against the Director should be referred to the AFP.  

**Public Interest Disclosure**  

The *Public Interest Disclosure Act 2013* (PID) and the CDPP Public Interest Disclosure Procedures are available on the CDPP website. These guidelines outline the rights and responsibilities of staff to report suspect activity.
MANAGE

Investigation
All instances of alleged fraud must be reported to the Fraud Control Officer whether by the person making the allegation or by the Branch Head or Deputy Director receiving the initial notification. The Fraud Control Officer will arrange to investigate the matter based on the principles of independence, objectivity and the rules of natural justice. The Fraud Control Officer will ensure that the Incident Register is maintained.

Internal Reporting and Escalation
The Fraud Control Officer will make a determination based on the allegations, or the initial assessment whether the investigation should be conducted in-house or the matter referred to the AFP for a comprehensive investigation. All incidents of fraud will be reported to the Audit Committee and through it to the Director.

External Referral
The AFP has the primary law enforcement responsibility for investigating serious or complex fraud against the Commonwealth. If a decision is made to refer allegations to the AFP for investigation and/or prosecution, the CDPP will do all that is reasonable to assist the AFP to conduct a full and proper investigation.

Disciplinary Procedures
The CDPP’s Suspected Misconduct Guidelines outline the process for conducting disciplinary proceedings.

Review of Internal Controls
Following detection of fraud the CDPP will reassess the adequacy of the internal control environment and actively plan and implement improved controls.

Recovery of the Proceeds of Fraud
The CDPP will request the prosecutor to seek a reparation order on conviction, or actively pursue the recovery of any money or property where there is clear evidence of fraud and where the likely benefits of such recovery will exceed the funds and resources to be invested, or it is in the public interest to do so.

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6 Resource Management Guide 201, page 17, para 72
MONITOR, REPORT AND EVALUATE

To achieve the highest commitment to fraud control, CDPP:

- encourages and promotes professional and ethical business practices
- identifies fraud risks, and reviews and updates the Fraud Control Plan regularly
- incorporates fraud control into induction programs
- provides regular fraud control awareness to all staff
- incorporates fraud control awareness in contract documents
- aims to identify fraud through regular reviews of business operations
- clearly communicates how suspected instances of fraud may be reported
- takes appropriate action to deal with instances of actual, suspected or alleged fraud
- uses all avenues available to recover money or property lost through fraudulent activity

To maintain better practice in fraud risk management practices, CDPP:

- ensures a consistent approach is taken across all offices
- ensures a strong commitment from senior management which is communicated to staff
- ensures the Fraud Control Plan is accessible to all staff and that it is regularly reviewed

Reporting

The Fraud Rule requires entities to have systems in place to manage information gathered about fraud against the entities.7

A reporting system which records all allegations of fraud, any subsequent investigation actions and their outcomes, provides an overview of the nature, extent and location of fraud. It also develops intelligence capability and risk profiles of potential fraud suspects. The CDPP Fraud Control Officer must maintain a compliant reporting system.

The CDPP must provide a report annually to its Minister covering:

- fraud initiatives undertaken in the reporting period, including an evaluation of the impact on fraud prevention, detection and response
- planned fraud initiatives yet to be implemented
- information regarding significant fraud risks, and
- significant fraud incidents which occurred during the reporting period.

The CDPP also provides information on all fraud incidents annually to the Australian Institute of Criminology (AIC). The AIC provides an annual report on fraud against the Commonwealth and fraud control arrangements to the Attorney General’s Department (AGD) by 30 September each year.

The CDPP Audit Committee receives a Fraud exceptions report from the Chief Corporate Officer at each meeting.

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7 Resource Management Guide 201, page 21, para 91
RESOURCING

The Chief Corporate Officer is the Fraud Control Officer. The Fraud Control Officer must refer allegations relating to complex/serious/sensitive fraud to the AFP. All roles and responsibilities relating to fraud control are detailed in the CDPP Fraud Control Policy.

RELATED DOCUMENTS

CDPP

- CDPP’s Suspected Misconduct Guidelines
- CDPP Strategic Directions
- Director’s Finance Instructions
- Outside Employment Policy
- Financial Guideline 2.3 – Official Hospitality
- Public Interest Disclosure Procedures
- Employee Conduct e-Hub page

Australian Government

- Australian Government Investigation Standards
- Australian Government Protective Security Policy Framework
- Commonwealth Fraud Control Framework
- Commonwealth Fraud Control Policy
- The Resource Management Guide No. 201 – Preventing, detecting and dealing with fraud (Fraud Guidance)
- Crimes Act 1914
- Crimes (Superannuation Benefits) Act 1989
- Proceeds of Crime Act 2002
- Public Governance, Performance and Accountability Act 2013
- Public Governance, Performance and Accountability Rule 2014
- Public Interest Disclosure Act 2013

Other

- Australian Standard AS8001-2008 – Fraud and Corruption Control

DEFINITIONS

A list of definitions is available in the CDPP Fraud Control Policy.
## DOCUMENT CONTROL

**Document Reference No.** 1000009  
**Approval for Release/Document Owner**

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