



Aboriginal and Torres Strait  
Islander Health Practice  
Chinese Medicine  
Chiropractic  
Dental  
Medical  
Medical Radiation Practice  
Nursing and Midwifery  
Occupational Therapy  
Optometry  
Osteopathy  
Pharmacy  
Physiotherapy  
Podiatry  
Psychology

Australian Health Practitioner Regulation Agency

## Fraud and Corruption Control Framework - RM006

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April 2017

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## 1. Introduction

Fraudulent and corrupt activities undermine the credibility of an organisation and put at risk its assets, interests and reputation. AHPRA's Fraud and Corruption Control Framework is designed to ensure that it's principal responsibility to deliver services that protect the public and builds confidence in the regulation of the health professions by upholding the highest levels of probity, integrity, honesty and transparency is maintained.

The Fraud and Corruption Control Framework which is informed by both the Australian Standard AS 8001-2008: Fraud and Corruption Control and the Australian National Audit Agency's Fraud Control in Government Entities Better Practice Guide 2011 is based on:

- strong leadership and management commitment
- establishing an ethical culture within the organisation
- supporting fraud and corruption prevention efforts through a clearly defined policy and governance setting
- The development of fraud and corruption control strategies which include prevention, detection, response, monitoring, evaluation and reporting.

The AHPRA Fraud and Corruption Policy and Framework applies to all AHPRA employees, National Board and committee members, contactors and third party providers.

The framework is depicted in the model below (see figure 1).



**Figure 1 – Fraud and Corruption Control Framework Model<sup>1</sup>**

<sup>1</sup> Based on the model from Australian National Audit Agency's Fraud Control in Government Entities Better Practice Guide - 2011



## 2. Leadership

AHPRA is committed to protecting its assets, interests and reputation from fraudulent and corrupt activity and ensuring its principle responsibility to deliver services that protect the public and build their confidence in the regulation of health professions in Australia is maintained by upholding the highest levels of probity, integrity, honesty and transparency.

The ultimate success of any fraud and corruption control program is directly related to management leadership.

Leadership determines how well information is disseminated and absorbed by staff and it also establishes the overall tone of the organisational environment.

Stated simply, fraud and corruption are less likely to occur when every employee feels that management cares about unacceptable behaviour such as fraud and corruption.

AHPRA maintains a zero tolerance approach to fraudulent and corrupt behaviour.

The National Executive Committee is committed to fostering good judgement and integrity through values-based management, policies, instructions and guidance.<sup>2</sup>

AHPRA's Fraud and Corruption Control framework sets out a clear statement to employees that fraudulent or corrupt conduct is not acceptable and will not be tolerated. It also ensures that employees and management are aware of and implement their responsibilities for controls and procedures for the prevention, detection and reporting of fraud and corruption.

It provides further support for the existence of an organisational culture based on ethics and integrity by clearly defining the action to be taken in the event that suspicious fraudulent or corrupt activity is reported.

<sup>2</sup> Controlling Fraud, Waste, and Abuse in the Public Sector, Grabosky P, Australian Institute of Criminology

### 3. Culture

The establishment of an ethical culture is a key element of sound governance and plays an important role in preventing fraud and helping to detect it once it occurs. AHPRA's cultural values are defined in "our way of working" which is enunciated in the Code of Conduct. They include:

- *Integrity and public confidence - we deliver services that protect the public and build confidence in health practitioner regulation by upholding the highest levels of probity, integrity, honesty and transparency*
- *Collaboration and innovation – we create an environment that promotes a culture of collaboration, team work, innovation and continuous improvement*
- *Unity and consistency – we are united in developing a new organisation built on national consistency*
- *Respect – we are respectful in our dealings with others and are committed to equal opportunities and diversity in our workplace*
- *Health, safety and sustainability – we promote a safe, healthy workplace and sustainable practices for staff, board members and visitors*

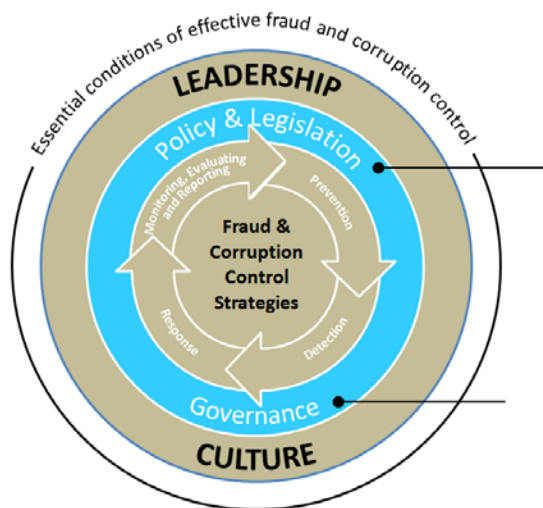
AHPRA staff is introduced to these values from their initial induction and this is reinforced by the provision of fraud and corruption awareness training.

The values and acceptable behaviour outlined in the Code of Conduct will be underpinned by a range of other integrity framework elements including observable adherence to AHPRA's values by senior management, clear allocation of responsibilities and regular and clear communication to all employees regarding the importance of "the way we work".

Over a quarter of unlawful activities within an organisation are identified and reported by employees<sup>3</sup>. This response can be substantially improved by ensuring that an ethical culture is fostered in which employees are not prepared to accept unethical behaviour in their work environment and are prepared to report fraudulent or corrupt behaviour when they become aware of it. It is also important to create an environment in which employees are confident that they will be properly supported if they do report fraudulent or corrupt behaviour.

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<sup>3</sup> KPMG Fraud and Misconduct Survey 2010



## 4. Policy / Legislation / Context

### 4.1 Definition of fraud

The Australian Standard AS8001-2008 Fraud and Corruption Control defines **fraud** 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. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered ‘fraud’ for the purposes of this Standard.”

NOTE: There is an important footnote to the definition in that the standard includes fraudulent conduct of internal or external parties targeting the entity or fraudulent conduct by the entity itself targeting external parties.

#### Examples

The standard provides the following examples of fraud which occur in Australian business and therefore fall within the intended scope of this Standard:

- Theft of plant and equipment by employees.
- Theft of inventory by employees.
- False invoicing (involving a staff member of the entity or a person external to the entity creating a fictitious invoice claiming payment for goods or services not delivered or exaggerating the value of goods delivered or services provided).
- Theft of funds other than by way of false invoicing.
- Theft of cash (particularly in retail or other cash businesses) usually involving some form of concealment.
- Accounts receivable fraud (misappropriation or misdirection of remittances received from a debtor).
- Credit card fraud involving the unauthorised use of a credit card or credit card number issued to another person (the most common fraud against the banking sector) or the use of stolen or fraudulently generated credit card numbers by merchants.
- Theft of intellectual property or other confidential information (including cyber fraud).
- Financial reporting fraud (falsification of the entity’s financial statements with a view to obtaining some form of improper benefit).

- Release or use of misleading or inaccurate information for the purposes of deceiving, misleading or to hide wrongdoing.
- Misuse of delegated authority in order to gain some form of financial advantage or to cause the entity to act to its disadvantage.

#### 4.2 Fraudulent conduct by agents of Australian entities

As mentioned in the note attached to the definition of Fraud above, entities themselves (through their directors or managers as their agents) sometimes become involved as perpetrators of fraudulent conduct in a number of ways including:

- Material and deliberate misstatement of accounting information for an improper purpose (for example to underpin reporting forecasts or other performance indicators).
- Overcharging for goods and services in invoices rendered to customers and clients.
- Taking-up as revenue remittances received in error rather than allowing a credit to the payer.
- Tax evasion.
- Theft of intellectual property.

#### 4.3 Definition of corruption

AS8001-2008 defines corruption as “dishonest activity in which any 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. The concept of ‘corruption’ within this standard can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly.”

The standard provides the following examples of corrupt activities which fall within the intended scope of this Standard:

##### Examples

- Payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver (e.g. building projects completed at an employee's private residence) and may relate to a specific decision or action or omission by the receiver or generally.
- Release of confidential information for other than a proper business purpose in exchange for some form of non-financial benefit or advantage accruing to the employee releasing the information.
- Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
- Payment or solicitation of donations for an improper purpose.
- Serious conflict of interest involving a director or senior executive of an entity or other entity acting in his or her own self-interest rather than the interests of the entity to which he or she has been appointed (e.g. failing to declare to a board an interest in a transaction the entity is about to enter into or excessive payment of remuneration to directors and senior executives).
- Serious nepotism and cronyism where the appointee is inadequately qualified to perform the role to which he or she has been appointed.
- Manipulation of the procurement process by favouring one tenderer over others or selectively providing information to some tenderers. This frequently involves allowing tenderers to resubmit ‘non-complying’ tenders after being provided with the details of other bids.
- Gifts or entertainment intended to achieve a specific or generic commercial outcome in the short- or long-term—an essential element rendering conduct of this type corrupt would be that it is in breach of the entity's values, behavioural code or gifts policy (or that of any relevant external party's values or behavioural code) or that it was done without the appropriate transparency within one or more of the entities affected.
- Bribing officials in order to secure contracts for the supply of goods or services.



#### 4.4 Relationship with other Policies, Plans, Procedures

AHPRA's Fraud and Corruption Control Framework is a component of a broader integrated governance framework. Its co-dependency with a number of other AHPRA policies, plans and procedures is outlined in the schedule below.

##### Internal

Ref	Policy / Plan / Procedure	Dependency
HR 040	Code of Conduct	Outlines the behavioural expectations of AHPRA employees and sets standards / values for achieving an ethical culture
Appendix 2 Board Member Manual	Conflict of Interest – National Boards	Guidelines for behaviour in situations where there is a conflict between a person's public duties and private interest. This version relates to the Agency Management Committee, Board, Committee and Panel Member.
RM007	Conflict of Interest Procedures - AHPRA employees	Procedures for behaviour in situations where there is a conflict between a person's public duties and private interest. This version relates to any AHPRA employee who has a delegation authority whether it is financial or other e.g. regulatory operations
RM001	Corporate Assurance Framework	Establishes the framework for all risk management activity within AHPRA to ensure an integrated approach to managing risk and providing assurance that agreed mitigation actions are being delivered effectively.
AManC03	Gifts, Benefits and Hospitality Policy	Outlines when it is appropriate to accept or decline gifts, benefits or hospitality. Also outlines process of formally declaring offers.
RM002	Critical Incident Management Plan (Serious Incident Reporting)	Defines the organisation structures, accountabilities and reporting to oversee: <ul style="list-style-type: none"> <li>• implementation of stabilising or response activities associated with serious or critical incidents</li> <li>• disaster recovery plans, and</li> <li>• business continuity plans.</li> </ul> <p>Also defines "serious incident" and the associated reporting process.</p>

Ref	Policy / Plan / Procedure	Dependency
To be developed by Legal	Public Interest Disclosure Framework	<p>The main purposes of the framework are;</p> <ol style="list-style-type: none"> <li>1. To encourage and assist people to make a disclosure of improper conduct and detrimental action by public officers and public bodies</li> <li>2. To provide certain protections for people who make a disclosure, or those who may suffer detrimental action in reprisal for a disclosure</li> <li>3. To ensure that certain information about a disclosure is kept confidential – the identity of the person making the disclosure, and the content of that disclosure.</li> </ol>
HR004	AHPRA Recruitment and Selection Policy – in particular “Pre-employment verification”	To describe the core principles of the organisation's approach to recruitment and selection for all vacant positions, including pre employment screening.
	Internal Audit Plan	The Internal Audit plan aims to articulate a program of internal audit activity for the next three years, with particular focus on the upcoming year. The reviews proposed are selected strategically by adopting a risk based approach to the identification of key reviews that focus on the risk profile.
	Information Security Policy	<p>This policy provides the organisational direction, management intent and compliance requirements for the security of AHPRA's Information.</p> <p>The policy identifies the information security fundamentals and assigns responsibilities essential to the control of risk when handling information. Included are the detailed policies and standards to help ensure that AHPRA meets its legal and regulatory requirements, satisfies its obligations to customers, boards and employees with cost-efficient safeguards.</p>

Ref	Policy / Plan / Procedure	Dependency
	IT - Acceptable use policy	<p>Primary objectives of this policy are:</p> <ul style="list-style-type: none"> <li>• AHPRA IT facilities are meant for business purposes and must only be used to deliver the business objectives of the NRAS.</li> <li>• Everyone has the responsibility to protect AHPRA IT facilities and information assets.</li> <li>• IT facilities must be used in compliance with AHPRA code of conduct, board policies and guidelines and all organisational policies and legislation.</li> <li>• Everyone should abide by the common sense approach when using corporate shared resources.</li> </ul>
	AHPRA Procurement Policy and AHPRA Procurement and Contracting Manual	<p>AHPRA's procurement principles include:</p> <ul style="list-style-type: none"> <li>• value for money</li> <li>• accountability</li> <li>• fairness</li> <li>• risk management</li> <li>• probity and transparency</li> </ul>

The framework draws on a number of external references and authorities including:

External

Ref	Document	Dependency
AS 8001-2008	Australian Standard Fraud and Corruption Control	This Standard provides an outline for an approach to controlling fraud and corruption and is intended to apply to all entities including government sector agencies, publicly listed corporations, private corporations, other business entities and not-for-profit organisations engaged in business or business-like activities.
F2011L00511	Commonwealth Government Fraud Control Guidelines 2011	A set of principles-based guidelines to enable Commonwealth Government entities to establish a fraud control policy framework within which they determine their own specific practices, plans and procedures to manage the prevention and detection of fraudulent activities.
	Australian National Audit Agency's Fraud Control in Government Entities Better Practice Guide 2011	<p>The Better Practice Guide is intended to complement the Fraud Control Guidelines, and to augment the key fraud control strategies referred to in the Guidelines.</p> <p>The Guide takes account of the fact that fraud control arrangements need to be tailored to the individual entity's circumstances.</p>
	Australian Government Investigation Guidelines	The Australian Government Investigations Standards (AGIS) establish the minimum standards for Australian Government agencies conducting investigations.

## 5. Governance Structure

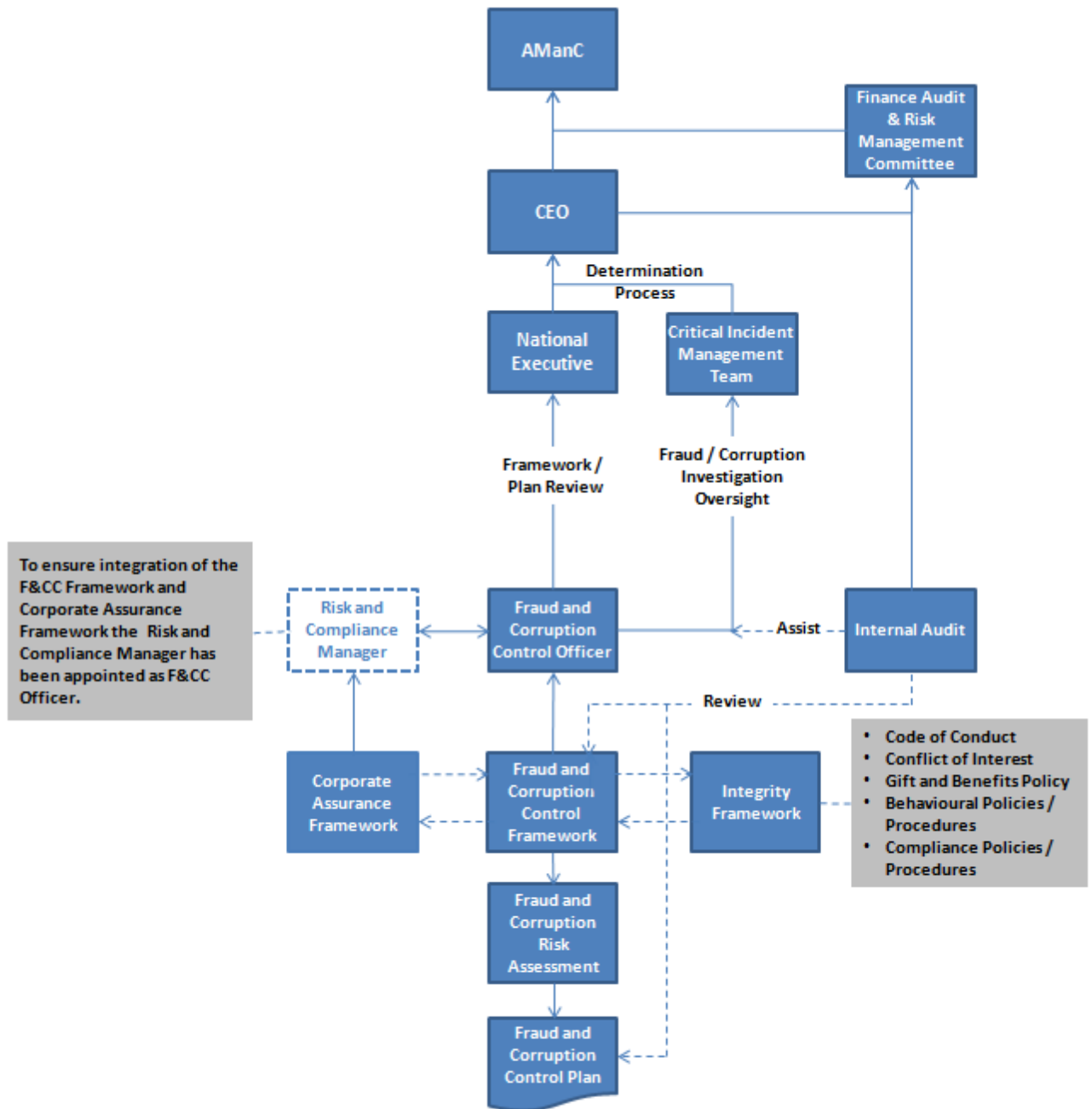


Figure 2 – Fraud and Corruption Control Governance Model

## 5.1 Roles and Responsibilities

Addressing fraudulent and corrupt practices within AHPRA is the responsibility of every AHPRA employee. To understand how every level within the organisation can contribute to fraud and corruption control, it is important to clearly define roles and responsibilities. Figure 2 above illustrates AHPRA's fraud and corruption control governance structure. The individual roles and responsibilities of each stakeholder are described below.

### 5.1.1 Agency Management Committee

The Agency Management Committee has primary accountability for fraud control, ensuring that appropriate governance mechanisms and fraud control frameworks are in place and operating as designed.

### 5.1.2 Finance Audit and Risk Management Committee

The Finance Audit and Risk Management Committee play a crucial role in providing independent assurance and advice to the CEO and Agency Management Committee on AHPRA's operations, its control regime and its adherence to statutory requirements.

The Finance Audit and Risk Management Committee's responsibilities in relation to fraud control include:

- reviewing the risk management framework and associated procedures for the effective identification and management of the entity's financial and business risks, including fraud risks;
- reviewing the fraud and corruption control framework to ensure that it provides an effective and efficient foundation for the development of fraud and corruption control strategies and appropriate responses to identified incidents of suspected fraud and corruption;
- review the fraud and corruption control framework and the fraud and corruption control plan to provide assurance that the entity has appropriate processes and systems in place to prevent, detect and effectively respond to fraud and / or corruption related information.

### 5.1.3 Chief Executive Officer

The CEO is accountable for fraud control within the Agency and is responsible for ensuring that adequate system of fraud and corruption controls are in place. This includes the need to ensure that a sound control framework and governance mechanisms exist and are effective in supporting fraud control activities.

Together with the National Executive Committee, the CEO is also responsible for providing the environment which fosters and protects a culture of ethical behaviour.

### 5.1.4 National Executive

Strong executive leadership from management is integral to effective fraud control within AHPRA. Members of the National Executive will demonstrate a high level of commitment to fraud control and the management of fraud, in addition to ensuring that business processes and internal and external controls are planned and undertaken following the due consideration of fraud risk exposures. Together with the CEO, the National Executive is responsible for providing the environment which fosters and protects a culture of ethical behaviour.

### 5.1.5 Critical Incident Management Team

The Critical Incident Management Team is responsible for the direction of activities associated with the management of critical incidents and for providing oversight of the management of serious incidents.

In relation to incidents involving suspected fraud or corruption, the Critical Incident Management Team will provide oversight of the investigation and will determine the response plan once the final investigation brief is submitted.

### 5.1.6 Fraud and Corruption Control Officer

The Fraud and Corruption Control Officer is the individual with delegated responsibility from the CEO and Agency Management Committee for fraud and corruption control within AHPRA. The Fraud and Corruption Control Officer's responsibilities include:

- Develop, implement and maintain the Fraud and Corruption Control Policy and Framework
- Facilitate a fraud and corruption risk assessment which will include the development of a Fraud and Corruption Control Plan.
- Monitor, review and report on the implementation of the fraud and corruption control activities identified through the risk assessment and included in the Fraud and Corruption Control Plan.
- Coordinate investigations in relation to incidents of suspected fraud and/or corruption.
- Develop and deliver fraud and corruption awareness training for all levels of AHPRA staff.

The CEO has delegated the authority for the role of the Fraud and Corruption Control Officer to the Manager Corporate Risk and Compliance.

### 5.1.7 Internal Audit

Internal audit provides an independent and objective review and advisory service to:

- provide assurance to the CEO and Agency Management Committee that the controls designed to manage AHPRA's risks and achieve AHPRA's objectives are operating in an efficient, effective and ethical manner; and
- Assist management in improving the entity's business performance.

Internal audit can specifically assist with fraud control by providing advice on the risk of fraud and corruption, advising on the design or adequacy of internal controls to minimise the risk of fraud and corruption occurring, and by assisting management to develop fraud and corruption prevention and monitoring strategies.

Internal audit can also act as a resource to support the investigation of suspected risk or corruption activities.

### 5.1.8 Corporate Counsel

Corporate Counsel will be responsible for the development, implementation and maintenance of AHPRA's Protected Disclosure Policy and Framework.

In addition, in the role as a member of the Critical Incident Management Team, Corporate Counsel will provide oversight of the investigation process and the determination of AHPRA's response plan to the brief of evidence provided through the investigation.

### 5.1.9 Public Interest Disclosure Officers

To be provided through the development of the Public Interest Disclosure Framework.

#### 5.1.10 Managers / Supervisors

Line managers' and supervisors' responsibilities in relation to fraud and corruption control include:

- ensure that all fraud and corruption controls applicable to their areas are effectively implemented
- immediately report any suspicion of fraudulent or corrupt activity
- provide all assistance possible to the investigation process associated with suspected fraudulent or corrupt activity.
- Promote an environment of ethical behaviour within their areas of control.

#### 5.1.11 All Employees

All AHPRA employees including National Board and committee members are required to undertake their duties in accordance with AHPRA's Code of Conduct and all relative legislative obligations. If they become aware of any suspicious activity which may be fraudulent or corrupt in nature, employees are to use any of the available reporting channels to report the matter to the Fraud and Corruption Control Officer.

#### 5.1.12 Contractors, Suppliers and Third Party Providers

Contractors, suppliers or other third party providers of services to AHPRA are encouraged to report any activities associated with AHPRA which they suspect to be fraudulent or corrupt.





## 6 Prevention - Fraud and Corruption Risk Management

AHPRA adopts a risk-based approach to the identification of exposures to fraudulent or corrupt activity and the development of its Fraud and Corruption Control Plan.

A fraud and corruption risk assessment will be undertaken at least every two years and will be based on the principles, criteria and models outlined in AHPRA's Corporate Assurance Framework ([link](#)).

The objectives of the risk assessment will be to identify risk events related to fraudulent or corrupt activities which are likely to impact on AHPRA's and the National Boards' objectives.

Identified risks will be assessed using the consequence and likelihood criteria outlined in the ERM framework.

Risk treatments will be identified for all risks which are rated as unacceptable. Those treatments will form the basis of AHPRA's Fraud and Corruption Control Plan. Implementation status and effectiveness of the risk treatments contained in the plan will be monitored and reported quarterly to the National Executive and the Finance Audit and Risk Management Committee.

The criteria for control status assessment contained in the ERM framework will be used for the control effectiveness review.

The outcome of the Fraud and Corruption Risk Assessment will be recorded in AHPRA's general risk register, but with the capability to analyse and report on fraud and corruption related risks separately.

The Fraud and Corruption Risk Register and Control Plan will inform the preparation of the Internal Audit Plan.

An example of the register and plan are contained in appendix A attached.

## 7 Staff Education and Awareness

As outlined in the Roles and Responsibilities section above, there is a high dependency on within AHPRA for the fraud and corruption control framework to be effective.

It is therefore important that all employees, National Board and committee members, contractors and third party providers are aware of and understand what constitutes fraud and corruption and the way in which they can contribute to eliminating these unacceptable activities from AHPRA.

A fraud and corruption awareness program will be developed and will form a part of the framework. The training schedule which is the foundation of that program is outlined in the table below.

Training Position	Induction	Fraud and Corruption Information Sheet	Fraud and Corruption Awareness Training (General)	Fraud and Corruption Awareness Training (Specific)	Certificate IV in Government (Investigation), or its equivalent. *	Diploma of Government (Investigation), or equivalent.**
Agency Management Committee	✓			✓		
CEO / NE	✓			✓		
CIMT				✓		
Fraud and Corruption Control Officer	✓					✓
Investigators	✓			✓	✓	
Managers / Supervisors	✓	✓	✓			
All employees	✓	✓				
Contractors / third party providers		✓				

\* This qualification should be obtained before an officer is primarily engaged as an investigator; otherwise the officer should be under the supervision of a qualified investigator. Two years experience with a law enforcement agency in the role of investigator or completion of AHPRA's Investigation Officer training together with three years investigation experience will be considered equivalent.

\*\* For staff primarily engaged in the coordination and supervision of investigations. Five years' experience with a law enforcement agency in the role of an investigator or a law degree with experience in administrative law will be considered equivalent.



## 8 Detecting Fraud

Almost half of identified fraudulent activities are reported by staff or external third parties.<sup>4</sup> This increases with the provision of appropriate and accessible reporting channels. To ensure the best opportunity to leverage the informal knowledge of fraudulent or corrupt activities within employee / supplier groups, AHPRA has provided a number of reporting channels, including the opportunity to provide anonymous information.

### 8.1 Reporting Channels

Those channels are illustrated in figure 3 - Fraud / Corruption Control Reporting Channels.

Generally, any AHPRA employee becoming aware of suspected fraudulent or corrupt behaviour should report the matter immediately to his/her line manager. Any delay in reporting may impact on the successful execution of the investigation process. In the event that an employee is not comfortable reporting the matter to their line manager, the matter may be reported:

- directly to the Fraud and Corruption Control Officer (Risk and Compliance Manager);
- using the Serious Incident reporting telephone number (03 8708 9331 or email address ([RiskManagement@ahpra.gov.au](mailto:RiskManagement@ahpra.gov.au)))
- to the local HR specialist

Where a line manager or HR specialist receives a report of suspected fraudulent or corrupt activity they must immediately notify the Fraud and Corruption Control Officer.

While information will be made available to external contractors and third party service providers in relation to the reporting channels listed above, from time to time, external parties will use AHPRA's Customer Service Team to report suspicious activities. Under those circumstances, CST will immediately notify the Fraud and Corruption Control Officer.

### 8.2 Public Interest Disclosure Procedures

The person reporting a suspicious activity may chose to report the matter to a Public Interest Disclosure Officer or in some jurisdictions directly to an external Public Interest Disclosure agency. This is particularly relevant where the person reporting a suspicious activity is concerned that he or she might be subjected to victimisation, reprisals or dismissal as a consequence of reporting suspected fraud or corrupt conduct.

<sup>4</sup> KPMG's Fraud and Misconduct Survey 2010.

Where the Public Interest Disclosure Officer determines that the circumstances meet the criteria for the report to be considered under the protected disclosure framework, all ongoing investigations and management of the information will be in accordance with AHPRA's Public Interest Disclosure Framework. (*reference*)

### Fraud / Corruption Control Reporting Channels

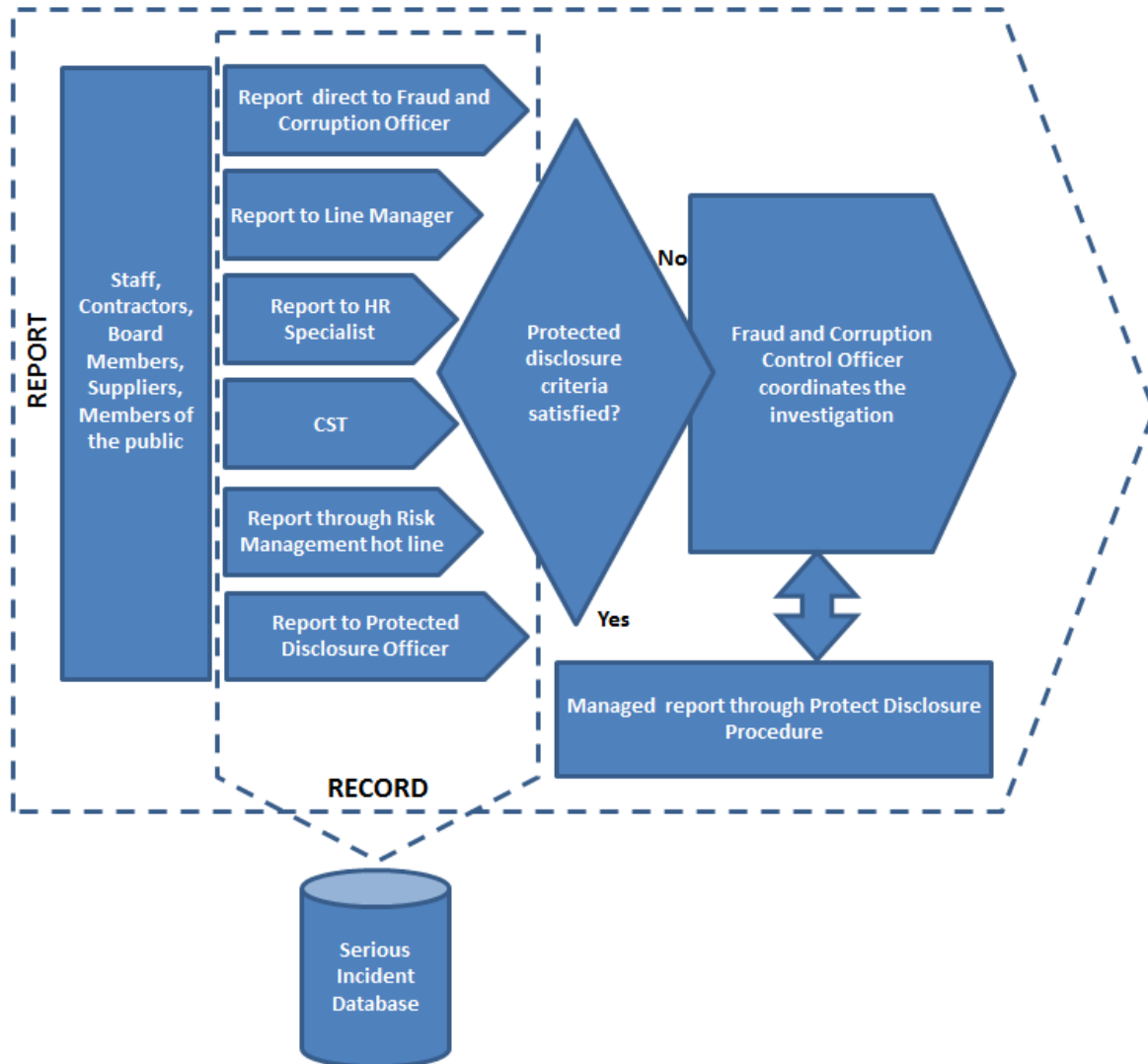


Figure 3 – Fraud and Corruption Control Reporting Channels

### 8.3 Recording Incidents of Fraudulent or Corrupt Activity

Suspected fraudulent or corrupt activity which is not being managed through the Public Interest Disclosure framework is considered a “serious incident” under AHPRA’s Critical Incident Management Plan.

Any report of suspected fraudulent or corrupt activity must be reported using a serious incident report and recorded in the serious incident data base. A copy of the serious incident report forms (Part A and B) can be located at ([link](#))

### 8.4 Other Fraud and Corruption Detection Controls

In addition to staff and third party reporting, a number of other controls will be considered when developing the Fraud and Corruption Control Plan. Consideration will be given to controls that are both passive and active and those which address both prevention and detection of fraudulent or corrupt activities.

Passive controls include controls or activities that do not require the active and ongoing involvement of management, but exist as a means by which fraud is detectable within an organisation. They include controls which encourage ethical behaviour and influence the cultural development of the organisation.

Active controls include controls that require the assertive involvement of management and by their nature are designed to detect or assist in detecting fraud within an organisation. Examples include data mining, targeted audits, exception reporting, internal audit and quality assurance.

The nature, type and complexity of controls will be individually determined in response to the significance of the risks identified in the risk assessment and which they are intended to mitigate. When developing internal controls intended to protect against the risk of fraud and corruption, consideration should be given to the following:

- controls are risk focused, aimed at mitigating those risks identified through the fraud and corruption risk assessment
- controls are appropriately documented.
- controls are regularly reviewed and improved to remain relevant
- controls are communicated effectively and accessible to all personnel appropriate to their level of responsibility and position description.



## 9 Investigation

An investigation is a process of seeking information relevant to an alleged, apparent or potential breach of the law, involving possible judicial proceedings. The primary purpose of an investigation is to gather admissible evidence for any subsequent action, whether under criminal, civil penalty, civil, disciplinary or administrative sanctions. Investigations can also result in prevention and/or disruption action.

The term 'investigation' can also include intelligence processes which directly support the gathering of admissible evidence.<sup>5</sup>

All investigations into allegations of fraudulent or corrupt activities will be coordinated by the Fraud and Compliance Control Officer.

All investigations will be conducted in accordance with the Australian Government Investigations Standards - 2011. In particular, all investigations will be conducted on the principles of independence, objectivity and the rules of natural justice.

Quality assurance of the investigation will be undertaken by the Critical Incident Management Team.

The process associated with conducting investigations is outlined in figure 4 below.

In the first instant, the Fraud and Corruption Control Officer should complete a preliminary case assessment and make recommendations to the Critical Incident Management Team (CIMT) in relation to reporting the matter to an appropriate law enforcement agency for criminal investigation.

The CIMT may choose to:

- continue with the internal investigation
- refer the matter to the appropriate local law enforcement agency for them to conduct the investigation
- in conjunction with the local law enforcement agency, agree to undertake a joint investigation.
- NOTE: During the coordination of the investigation, consideration should be given to the skills and experience required to effectively carry out the investigation and where necessary, external specialist investigation resources may be engaged.

<sup>5</sup> Australian Government Investigation Standards - 2011

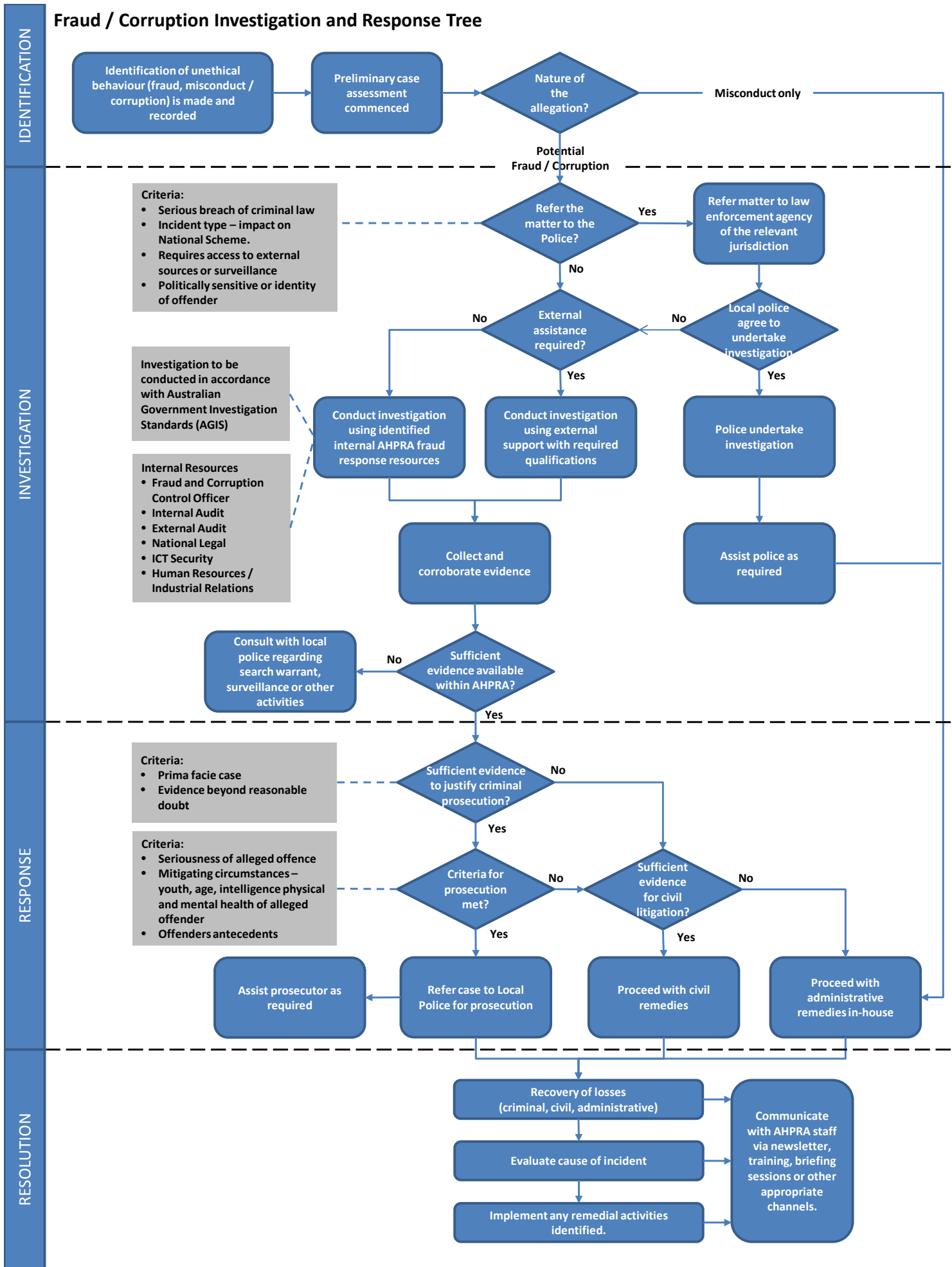


Figure 4 – Fraud and Corruption Investigation and Response Tree

## 10 Determination Process

The investigation process and the determination process (i.e. determination of actions to be taken arising out of an investigation into (fraudulent and / or corrupt activities) will be separated.

As outlined above, while the Critical Incident Management Team will oversee the quality of the investigation, the investigation process will be managed by the Fraud and Corruption Control Officer using whatever resources are necessary having consideration to the nature, size and impact of the incident.

The determination of action arising from the brief of evidence provided by the investigation will be undertaken by the Critical Incident Management Team. The CIMT may also draw on whatever specialist advice necessary in determining the appropriate course of action (e.g. HR or IR specialists – internal or external).

In accordance with the process chart shown in figure 4 above, the CIMT will determine whether the matter will be escalated to the appropriate law enforcement agency for criminal action.

The following criteria will be considered when determining if criminal action is appropriate:

- there is a *prima facie* case that a criminal charge has been committed and prosecution would be successful.
- the impact on the National Scheme
- access is required to external sources or surveillance
- politically sensitive or identity of offender
- whether the offence has been determined to be serious or trivial in nature
- any mitigating or aggravating circumstances;
- the age, intelligence, health or any special infirmity of the offender, any witness or victim;
- the age of the offence;
- the degree of culpability of the offender;
- the availability and efficacy of any alternatives to prosecution;
- the likely outcome in the event of a finding of guilt; and
- the need for deterrence.

In addition to or instead of criminal prosecution, the CIMT may consider civil or administrative action against the offender.

In the event that the fraudulent or corrupt activity has resulted in losses or damages to AHPRA, consideration should also be given to available recovery remedies.

## 11 Fidelity Guarantee Insurance

Having consideration to the fraud and corruption risk profile, AHPRA's insurance portfolio should include appropriate insurance coverage relative to the risks of dealing with fraudulent or improper conduct.

As required by the Critical Incident Management Plan, the Critical Incident Management Coordinator will ensure that AHPRA's insurance underwriter is notified immediately a serious incident involving fraudulent or corrupt behaviour is identified. The underwriter must continue to be informed of the status of the investigation as it progresses.





## 12 Monitoring and Review

To satisfy the governance requirements of the framework, the framework and all activities associated with it will be required to be regularly monitored and reviewed.

The following schedule outlines the monitoring and review activities associated with the framework and its component elements.

Element	Review	Approve	Frequency
Fraud and Corruption Control Policy	Fraud and Corruption Control Officer	Agency Management Committee	2 years
Fraud and Corruption Control Framework	Fraud and Corruption Control Officer	National Executive Committee	2 years
Fraud and Corruption Control Risk Profile	Fraud and Corruption Control Officer	National Executive Committee	Annual
Fraud and Corruption Control Plan	Fraud and Corruption Control Officer	National Executive Committee	Annual
Fraud and Corruption Controls – status	Fraud and Corruption Control Officer Internal Audit	National Executive Committee	Half-yearly According to Internal Audit Plan

## 13 Post Investigation Review

While the main focus of the investigation process is to stabilise the incident and its consequences, the cause of the incident and associated control failures must also be identified.

The Fraud and Corruption Control Officer will coordinate activities in conjunction with the line manager responsible for the area, process or function in which the incident occurred, to identify control deficiencies and recommend remediation where appropriate.

The mitigation plan developed through this process will be include in the Fraud and Corruption Control Plan and implementation and status will be reported quarterly.



## 14 Glossary

Term	Description and Source
Bribe	<p>The act of paying a secret commission to another individual. It is also used to describe the secret commission itself.</p> <p>AS 8001—2008</p>
Code of Conduct	<p>Provides a framework for ethical decision-making and articulates the standards of behaviour and actions expected of individuals who work within the organisation. The Code explains the principles covering appropriate conduct in a variety of contexts and assist individuals to recognise and avoid behaviours that could potentially be corrupt or involve maladministration or waste, and it provides guidance with respect to the reporting of such matters.</p> <p>Fraud and Corruption Control Strategy NSW Govt - 2006</p>
Conflict of interest	<p>The term 'conflict of interests' refers to situations where a conflict arises between the public duty and private interests of an official, which could improperly influence the performance of official duties and responsibilities.</p> <p>The types of conflicts that can occur include - actual, perceived/apparent or potential:</p> <ul style="list-style-type: none"> <li>• An actual conflict of interest involves a direct conflict between an official's current duties and responsibilities and existing private interests.</li> <li>• A perceived or apparent conflict of interest can exist where it could be perceived, or appears, that an official's private interests could improperly influence the performance of his/her duties – whether or not this is in fact the case.</li> <li>• A potential conflict of interest arises where an official has private interests that could conflict with his/her official duties in the future.</li> </ul> <p>Fraud and Corruption Control Strategy NSW Govt - 2006</p>
Control (also internal control)	<p>An existing process, policy, device, practice or other action that acts to minimise negative risks or enhance positive opportunities</p> <p>AS 8001—2008</p>
Corruption	<p>Dishonest activity in which any 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. The concept of 'corruption' within this standard can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly</p> <p>AS 8001—2008</p>
Evidence	<p>Oral testimony either given in legal proceedings or which a witness indicates he or she is prepared to give under oath or affirmation in legal proceedings and documents of any description that can legally be admitted as evidence in a Court of Law.</p> <p>AS 8001—2008</p>

Term	Description and Source
Fraud	<p>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. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.</p> <p>The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered 'fraud' for the purposes of this Standard.</p> <p>NOTE: The concept of fraud within the meaning of this Standard can involve fraudulent or corrupt conduct by internal or external parties targeting the entity or fraudulent or corrupt conduct by the entity itself targeting external parties.</p> <p>AS 8001—2008</p>
Fraud and Corruption Control Officer	<p>Officer appointed by the organisation to be responsible for ensuring that all of the entity's fraud and corruption control resources are coordinated through the Fraud and Corruption Control framework to achieve the organization's fraud and corruption control objectives.</p> <p>AS 8001—2008</p>
Fraud and Corruption Control Plan	<p>A document summarising an entity's anti-fraud and anti-corruption strategies.</p> <p>AS 8001—2008</p>
Fraud and Corruption Control Framework	<p>Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving fraud and corruption control throughout the organisation.</p> <p>Derived from ASA ISO 31000-2009</p>
Investigation	<p>An investigation is a process of seeking information relevant to an alleged, apparent or potential breach of the law, involving possible judicial proceedings. The primary purpose of an investigation is to gather admissible evidence for any subsequent action, whether under criminal, civil penalty, civil, disciplinary or administrative sanctions. Investigations can also result in prevention and/or disruption action.</p> <p>The term investigation can also include intelligence processes which directly support the gathering of admissible evidence.</p> <p>Australian Government Investigation Standards - 2011</p>
Public Interest Disclosure	<p>Is the disclosure in the public interest of corrupt conduct, maladministration and serious and substantial waste in the public sector made in accordance with the provisions of the <i>Public Interest Disclosures legislation</i>.</p> <p>Employees who wish to make disclosures under the legislation receive protection from reprisals and an assurance that the matter raised in the disclosures are properly investigated.</p> <p>Public Interest Disclosure Act(s) (various according to jurisdiction)</p>

Term	Description and Source
Secret Commission	<p>A payment in money or in kind which will or is intended to cause a person to act in a way that is contrary to the interests of his or her principal or employer, is contrary to the principal's or employer's policy on a given issue or is against the public interest. Secret commissions, by definition, will typically be paid without the knowledge or express or implicit agreement of the principal or employer and include payments intended to influence the outcome of a specific action or event as well as the actions generally over a period of time.</p> <p>AS 8001—2008</p>
Serious Incident	<p>Relates to any event which has or could have a significant impact on the operations of the business and may require central oversight, if not intervention or allocation of additional or specialist resources and includes any one or more of the following:</p> <ul style="list-style-type: none"> <li>• Regulatory failure, error or omission</li> <li>• Substantial impact on ability to continue business as usual</li> <li>• Likely to draw media or political attention or to impact negatively on AHPRA's or the National Boards' reputation</li> <li>• Legal / statutory breaches and/or decisions.</li> <li>• Significant negative financial impact or threat of impact</li> <li>• Emergency</li> <li>• Unlawful activity</li> <li>• Fatality / serious injury (notifiable incident) to any AHPRA or National Board personnel, through any action or omission by AHPRA or National Board personnel or on any property owned or operated by AHPRA.</li> </ul> <p>AHPRA's Critical Incident Management Plan (refer to plan for further information on the categories listed).</p>

## 15. Document Control

Name of document	<b>RM006 Fraud and Corruption Control Framework</b>
Document sponsor	Fraud and Corruption Control Officer (Director People Programs, Risk and Compliance)
Version number and history	2.0
Created / modified date and reason	Created April 2017
Approval date	April 2017
Date of next review	April 2018
Document Owner	Executive Director, Business Services
Authorised by	National Executive

Structure of Fraud and Corruption Risk Register and Control Status Evaluation

Line #	Risk ID # Register	Source of risk	Risk Owner	Risk Type	Risk Title	Risk Description	INHERENT RISK RATING	RISK TREATMENTS	Treatment Owner	Project Status	Current Control Effectiveness				Comment	CURRENT STATUS		
											Design	Docs & Comms	Implem.	Execution and consistene		Likelihood	Consequenc e	RISK RATING
							EXTREME (9)			1						Possible	Catastrophic	HIGH (8)
						1												
						1												
						2												
							EXTREME (9)			3						Unlikely	Major	MEDIUM (6)
						1												
						2												
						1												
						1												