



OFFICE OF THE OFFICIAL SECRETARY TO THE
GOVERNOR-GENERAL

FRAUD CONTROL PLAN

May 2024



Official Secretary's Statement on Fraud Control

The Office of the Official Secretary to the Governor-General (the Office) holds itself to the highest standard of honesty, professionalism and fairness in every facet of our operations. This standard reflects our commitment to preventing fraud and corruption. Through the processes outlined in this plan, we are proactively vigilant against the risk of fraud. The Office's [National Anti-Corruption Commission \(NACC\) Interim Policy](#) details the Office's activities in being vigilant against the risk of corruption.

The Office prioritises compliance with the Commonwealth Fraud Control Framework both because it is required and, as importantly, because it is core to who we are as an agency.

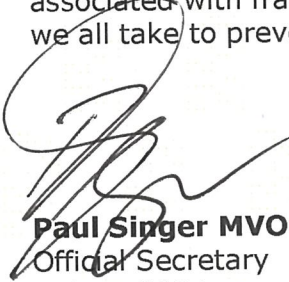
We constantly and rigorously seek to prevent, detect and eliminate fraud against the Office. We do this by having in place, and regularly reviewing, a range of strategies and processes which are detailed in this plan. These are underpinned by our continuous emphasis on working and managing to ensure honesty, professionalism and fairness in all our dealings.

Fraud control is everyone's responsibility. As a first, non-negotiable step, we all have a responsibility to manage our potential exposure to fraudulent activity by ensuring that we behave in an ethical way consistent with the Office's Code of Conduct, and reporting any incidents of suspected fraud.

Any person who reports a suspected incident of fraud can be assured that any information they provide will be treated appropriately and followed up diligently. All instances of suspected fraud should be reported to the Chief Financial Officer or the Deputy Official Secretary without delay.

Any act of fraud affecting the Office is a very serious matter. Such acts will be dealt with to the maximum extent possible within existing legislative arrangements. This includes reporting cases of fraud to the Australian Federal Police for investigation and prosecution under Commonwealth and State legislation as appropriate.

This plan outlines the activities the Office is undertaking to manage the potential risks associated with fraudulent activity. It is underpinned by the individual commitments that we all take to preventing fraud.



Paul Singer MVO
Official Secretary
8 May 2024

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1. EXECUTIVE SUMMARY

1.1 Introduction

Accountable Authorities are required under section 10 of the [Public Governance, Performance and Accountability Rule 2014](#) (PGPA) and the [Commonwealth Fraud Control Framework](#) to assess the risk of fraud, develop and implement fraud control strategies and review the effectiveness of these strategies for their agency.

Specifically, section 10 of the PGPA rule states that *'The accountable authority of a Commonwealth entity must take all reasonable measures to prevent, detect and deal with fraud relating to the entity including by... developing and implementing a fraud control plan that deals with identified risks as soon as practicable after conducting a risk assessment'*. This Fraud Control Plan has been designed to meet a number of aims, including:

- to comply with statutory obligations
- to provide user friendly policy and guidance on fraud prevention, detection and investigation, and
- to contribute to the governance structures within the Office, in particular maintaining the Office's ongoing commitment to continually improve control structures and governance.

This document analyses the exposure of the Office to fraud and the resultant fraud risk after considering existing controls. It should be read in the context of the Corporate Plan, Annual Report, Risk Management Framework and the [Commonwealth Fraud Control Framework](#) issued by the Attorney General's Department to assist accountable authorities in meeting their obligations under the PGPA Act and PGPA Rule.

1.2 Overall assessment of fraud environment

A detailed assessment of all fraud risks in the context of the operating environment of the Office found that there is low fraud risk exposure. This assessment identified 8 separate fraud risks. It was considered that these risks were being adequately treated by existing controls.

Despite an overall low fraud risk, in analysing the fraud environment the following trends and factors should be considered in fraud management going forward:

1. Ongoing work pressures in a fast-paced, complex operating environment with constrained resources;

2. The management and maintenance of the properties and administration of the honours system with administered funds;
3. A reduced capacity for or priority on delegate review and separation of duties controls; and
4. Increase in confidential information being stored digitally and the associated security of cloud-based solutions.

Given the potential for these factors to increase the inherent risk of fraud occurring, it would be prudent to continue the Office's emphasis on fraud awareness and control, ensuring staff and managers are aware of the changing risk environment.

Management remain responsible for ensuring controls are in place and are operating effectively to control the identified risks.

All staff of the Office are required to be aware of and understand the Fraud Control Plan and contribute to its effective implementation, thereby actively assisting to prevent, detect and deal with fraud in the Office.

2. OVERVIEW

2.1 Role of the Office

The Office facilitates the performance of the Governor-General's role through the organisation and management of official duties (which are constitutional, statutory, ceremonial and community in nature), the management and maintenance of the official properties (Government House in Canberra and Admiralty House in Sydney), and administration of the Australian honours and awards system.

2.2 Structure of the Office

The Office has six branches: Strategic Engagement, Property and Projects, Honours and Awards, Finance, Communications and Creativity, and People and Culture which all report through the Deputy Official Secretary to the Official Secretary in their capacity as Accountable Authority.

The Strategic Engagement branch provides direct support to the Governor-General by planning, organising and managing a forward program of national and international engagements; advising on contextual matters, and other issues. Representational activities at Government House and Admiralty House fall within the responsibilities of this branch, and other responsibilities include handling visits by guests to Government House and Admiralty House, and the day-to-day running of both households.

The Property and Projects branch manages and co-ordinates projects across all aspects of the Office's work with the main programs dedicated to the Property Works Program (capital projects related to the official properties) and the Digital Transformation Program. The branch also manages the upkeep of both properties (buildings and grounds) and physical security.

The Honours and Awards branch receives and researches nominations and recommendations for honours and awards for Australians who provide distinguished service to the community and the nation. The branch supports two Councils and one Committee which make recommendations to the Governor-General on honours matters. It also undertakes Office reception and anniversary correspondence roles.

The Finance branch, headed by a Chief Financial Officer (CFO), is responsible for ensuring the Office's compliance with finance legislation, financial and management accounting and budgeting, and also provides advice on procurement, tax, and governance related matters.

The Communications and Creativity branch manages external communications with the public, including speeches, messages, photography, and social media. The branch produces information about the work of the Office, including engaging with community groups and the public about the Honours and Awards systems.

The People and Culture branch provides human resources services for the Office, including ensuring the Office is compliant with Work Health and Safety regulations.

2.3 Definition of fraud for the Office

The Office recognises that a proactive fraud control plan is an integral part of its Governance Framework. The Office has adopted the definition of fraud as contained in the Commonwealth Fraud Control Framework. This definition is based on the dishonesty offences under chapter 7 of the Criminal Code.

Fraud is:

"Dishonestly obtaining a benefit, or causing a loss by deception or other means."

Fraud is not restricted to obtaining monetary or material benefit. The benefits of fraudulent acts can either be tangible or intangible. They may include such things as unauthorised monetary gain, unauthorised release of information, provision of false or incomplete information as well as other benefits or advantages, including use of property for inappropriate use, avoidance of disciplinary action and personal favours. The source of fraud may be internal (staff) or external (persons outside the organisation).

Fraud against the Commonwealth is an offence under various provisions of the *Crimes Act 1914*. It can also constitute an offence, or be an ingredient of an offence, under other legislation administered by the Office (e.g. a loss of superannuation entitlements under the *Crimes (Superannuation Benefits) Act 1989*).

Internal fraud also constitutes a breach of the Office's Code of Conduct, which can result in reprimand, demotion or dismissal.

Attachment A expands on the definition of fraud for the Office.

2.4 Organisation culture

The opportunity for fraud within an organisation is influenced by the culture and context in which a business operates. The Office has a sound financial control framework within which it operates and has tested policies and procedures. This environment reduces the opportunity for fraud to occur and remain undetected.

As an organisation the Office has high standards of professionalism, integrity and ethical behaviour. These are promoted, instilled and fostered in all staff including through the example set by senior management and through regular Fraud and Ethics Awareness training which is mandatory for all staff. This Plan will contribute to this strong control environment.

3. FRAUD CONTROL PRINCIPLES

3.1 Responsibilities for Fraud Control

3.1.1 The Official Secretary to the Governor-General

The Official Secretary is responsible for the corporate governance of the Office and has overall responsibility for fraud control and for ensuring compliance with the Commonwealth Fraud Control Framework.

3.1.2 The Deputy Official Secretary

The Deputy Official Secretary (DOS) with the Chief Financial Officer (CFO) is responsible for investigating instances of fraud. It may be appropriate that some instances are referred to the Australian Federal Police for further investigation. Any investigation reports will be considered by DOS and may be forwarded to the relevant agency for action as appropriate.

3.1.3 The Chief Financial Officer

The Chief Financial Officer is responsible for coordinating fraud control strategies to prevent and detect fraud in the Office. Furthermore, any staff member who becomes aware of or suspects fraudulent activity within the Office has the responsibility of reporting it through the appropriate channels (often their manager or supervisor) to the CFO. Should the CFO be suspected, the report should go to the DOS.

3.1.4 Management and Team Leaders

Managers are responsible for assisting with fraud prevention by exhibiting to staff a genuine and strong commitment to fraud control, and maintaining good policies and practices.

Management (at all levels) must adopt a firm approach to dealing with fraudulent activity and penalising unacceptable behaviour. This is to deter and discourage attempts to commit fraud. It is management and team leaders' responsibility to ensure that it is widely understood that the potential sanction outweighs any perceived benefit from fraudulent activity.

3.1.5 All Staff

All staff must uphold the Office's [Code of Conduct](#) and preserve the integrity and good reputation of the Office. All staff are to ensure that Office procedures and policies are followed to minimise the possibility of fraud, report any suspected instances and assist in the identification and notification of fraud risks.

3.1.6 Management Committee

The Office's Management Committee is responsible for overseeing the process of developing and implementing the Fraud Control Plan, providing assurance to the Audit Committee that the entity has appropriate processes and systems in place to prevent,

detect and effectively respond to fraud; and providing regular reports to the Audit Committee on investigation activity (if applicable).

3.1.7 Audit Committee

The objective of the Committee is to provide independent advice to the Official Secretary, in the context of and with due consideration of the Office’s primary objectives and risks culture on the appropriateness of the Office’s:

- (a) financial reporting
- (b) performance reporting
- (c) system of risk oversight and management, and
- (d) system of internal control.

3.2 Functional Responsibilities, Strategies and Actions

The key strategies and actions for each fraud control function within the Office are as follows:

Areas and Strategies	Action	Responsibility
Awareness:		
1. Maintenance of on-going fraud awareness program	<ul style="list-style-type: none"> ◆ Provide appropriate fraud awareness training for all staff ◆ Include practical fraud awareness information within this plan. 	CFO / Director People and Culture
2. Communication to all staff of their responsibilities with regard to preventing, detection and reporting.	<ul style="list-style-type: none"> ◆ Ensure fraud awareness information including this Fraud Control Plan is available on the intranet 	CFO
3. Foster an environment which promotes the highest standards of ethical behaviour	<ul style="list-style-type: none"> ◆ Advise staff on the procedures for resolving ethical dilemmas through the Office’s Code of Conduct. 	Director People and Culture
Prevention & Detection:		
4. Implementation of a fraud risk assessment program	<ul style="list-style-type: none"> ◆ Formal update every two years, or earlier when significant changes in operations or occurrence of fraud takes place. 	CFO, provided to the Audit Committee

Areas and Strategies	Action	Responsibility
5. Implement strategies to reduce fraud risk	◆ As required.	CFO
6. Test the operating effectiveness of controls	◆ As required.	CFO

Areas and Strategies	Action	Responsibility
Monitoring:		
7. Maintenance of the Office's management reporting regimes to assist in identification	Ensure fraud risk management is considered when management systems and reports are reviewed and updated – particularly in relation to availability of exception reporting and incorporation of audit findings related to fraud into the Fraud Control Plan.	CFO with monitoring by Audit Committee
Investigation:		
8. Conduct of investigations	<p>◆ The Office will refer instances of suspected fraud to the Australian Federal Police or a third party accredited organisation for investigation, where appropriate.</p> <p>◆ Investigations will be conducted in accordance with the requirements of the Commonwealth Fraud Control Framework.</p>	CFO / DOS
Prosecution:		
9. A zero tolerance approach	Investigators will prepare a report that makes recommendations to the Deputy Official Secretary on whether to refer a matter to the Director of Public Prosecution (DPP), who make the final determination on legal action.	DOS
Resolution:		
10. Review of Systems and Procedures (post fraud incident)	<p>◆ If a fraud is detected the control system involved will be independently reviewed to identify improvements.</p> <p>◆ Formal reporting to the Audit Committee</p>	CFO / DOS

Areas and Strategies	Action	Responsibility
11. Recovery of money/property lost through fraud	◆ If deemed cost effective the Office will actively pursue the recovery of lost money or property.	CFO / DOS

3.3 Prosecution Policy

Where relevant the Office will refer to the Prosecution Policy of the Commonwealth. Decisions to initiate action for the prosecution of any person who commits fraudulent acts or misuses information will be made on the basis of all available information and the reasonable prospect of a conviction being secured. Staff may also face sanctions for breach of the [Code of Conduct](#) as set out in the Office's Enterprise Agreement. All due processes will be followed where such action is contemplated.

3.4 Public Interest Disclosure (Whistle-blower) policy & procedures

The Office undertakes to protect all persons who report fraud. Staff who report evidence or suspicions of fraud can be confident that their identity and information will be treated in the strictest confidence, and that such action will in no way be permitted to adversely affect their position or prospects within the organisation. To this end the Office undertakes that no member of staff or contractor who reports a suspected fraud in good faith shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith will be subject to discipline up to and including termination of employment.

The [Public Interest Disclosure Policy & Procedure](#) is intended to encourage and enable employees and others to raise serious concerns within the Office prior to seeking resolution outside the Office.

Anyone filing a complaint concerning a violation of the Code of Conduct or suspected fraudulent activity must be acting in good faith and have reasonable grounds for believing the information disclosed indicates misconduct or fraud. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offence and will not be protected by the Public Interest Disclosure Policy & Procedures.

3.5 Confidentiality

All investigations regarding suspected fraudulent actions will remain confidential in accordance with the *Privacy Act 1988*. Persons making allegations should also be aware that care needs to be taken to avoid unfounded and incorrect accusations, therefore taking care to only discuss the allegations with those that need to know. Overt discussion of an allegation(s) may unnecessarily and prematurely alert the individual(s) against whom allegations have been made who may in turn destroy evidence of fraud, and by making statements the Office could be exposed to legal liabilities for damages arising from a wrongful accusation.

4. FRAUD INVESTIGATION

4.1 How to report a suspected fraud

A staff member who suspects that a fraudulent activity is occurring should:

1. Note observations:

- Do not jump to conclusions
- Observe the suspected conduct and make notes of anything seen or heard
- Note their own actions
- Securely store any documents as possible evidence
- Do not write on, mark or alter the documents which are believed to be associated with the suspected fraudulent activity in any way.

2. Report concerns:

- Seek appropriate advice from a Manager, Director or CFO/DOS;
- Report concerns to CFO/DOS. If possible, reports of fraud should be made in writing, and should identify:
 - the nature of the fraud
 - the amount involved or scope of fraud
 - the names of person/s perpetrating the fraud
 - how the fraud was discovered
 - details of any evidence obtained in respect to the fraud
 - the name of the person reporting the fraud.

Confidentiality and protection of persons reporting fraud is paramount and anonymous reports of fraud are not encouraged as matters reported in this manner may be difficult to pursue. For example where further information or clarification is required during the course of an investigation anonymity may hamper investigators.

However, well substantiated anonymous reports will receive due and proper consideration.

3. Inform only those who need to know:

- To prevent possible destruction of evidence by those involved in the fraud who are "tipped off"; and
- As protection against any pressure from those at the centre of the allegations.

4. Maintain confidentiality:

- To protect the rights of a person suspected of fraudulent activity who may in fact be innocent.

4.2 What happens to a report once it is made?

Initial investigation into reported fraud will be made by CFO/DOS who will determine whether there is any basis for further action.

All incidents of fraud by definition constitute a breach of the Office's Code of Conduct¹. All investigations will therefore follow the procedural guidelines for investigation of a breach of Code of Conduct ([Human Resources Policy and Operational Guidelines – Policy Number 10](#)).

The DOS may appoint an Authorised Officer within the organisation to undertake enquiries or may acquire the services of external experts. If during the course of the investigation it is determined that criminal sanctions may be appropriate the matter may be referred to the Australian Federal Police.

4.3 Outcome of investigation

Staff aggrieved by the conduct of any investigations may raise their concerns in an appropriate manner with management, or if necessary through an appropriate, independent body such as the Commonwealth Ombudsman, or the Auditor-General.

4.4 Rights of the accused

Anyone suspected of committing fraud is considered to be innocent until proven guilty. If you are to be interviewed by a Fraud Investigator or feel you are suspected of committing improper behaviour or an offence, you have the right to:

- expect that your affairs will not be disclosed to and discussed by people not concerned with the matter
- expect any interviews or investigations will adhere to the principles of natural justice
- expect that interviews or investigations are not seen as imputing guilt
- say nothing and not participate in an interview
- not answer a question if you feel the answer may implicate you in the fraud
- seek whatever advice you think is necessary, before the interview
- have a solicitor, representative or other person present, whilst being interviewed
- have an interpreter present if necessary
- request access to documents relating to the investigation.

¹ Misconduct includes any act that may cause a conflict of interest and any illegal action as determined by Australian Law. Fraud is a Crime according to Sections 134-137 of the Commonwealth Criminal Code.

4.5 Distinction between Code of Conduct and Management Issue for Fraud-Related Matters

It may at times be difficult to make a clear distinction between a management issue and a serious breach of the Code of Conduct as the difference may sometimes appear minimal. In some instances, what is reported as suspected fraud, may be appropriately dealt with through normal management processes. Managers should seek immediate advice to ensure that accusations of fraud are treated seriously from the outset. Further an incident which may appear, at the outset, to be only a minor issue, could turn into a major matter and require a full investigation by either the Australian Federal Police or the Director of Public Prosecutions.

In general terms, the two major categories of incidents can be described as follows:

Breach of the Code of Conduct: an incident that may result in criminal proceedings, termination of employment, reduction in classification, a reduction in or deductions from salary by way of a fine.

Management issue: an incident that may result in a reprimand, closer supervision and monitoring of performance, revision of the current Performance Agreement and/or counselling.

When a Supervisor or Manager is confronted with an issue and is not certain whether or not the situation should be dealt with only by management or may require further investigation, they should seek advice from the DOS or CFO.

4.6 Threshold reporting requirements

Subject to the conditions mentioned above, instances of fraud should be reported to the AFP where:

- the monetary value of the fraud case exceeds \$500
- any non-financial benefit or advantage gained results in a significant loss to the Office or
- the DOS determines that the fraud undermines confidence in a program, system or government.

Fraudulent activity falling below the reporting threshold will be reported where there is reasonable cause to believe that the activity:

- is part of a conspiracy or involves collusion
- is part of a pattern of activity or is linked with previous patterns of activity (either of an individual or an organisation)
- is linked to multiple offences
- involves bribery or other forms of corruption

- involves the use of a corporate credit card or
- involves disclosure of sensitive or classified information.

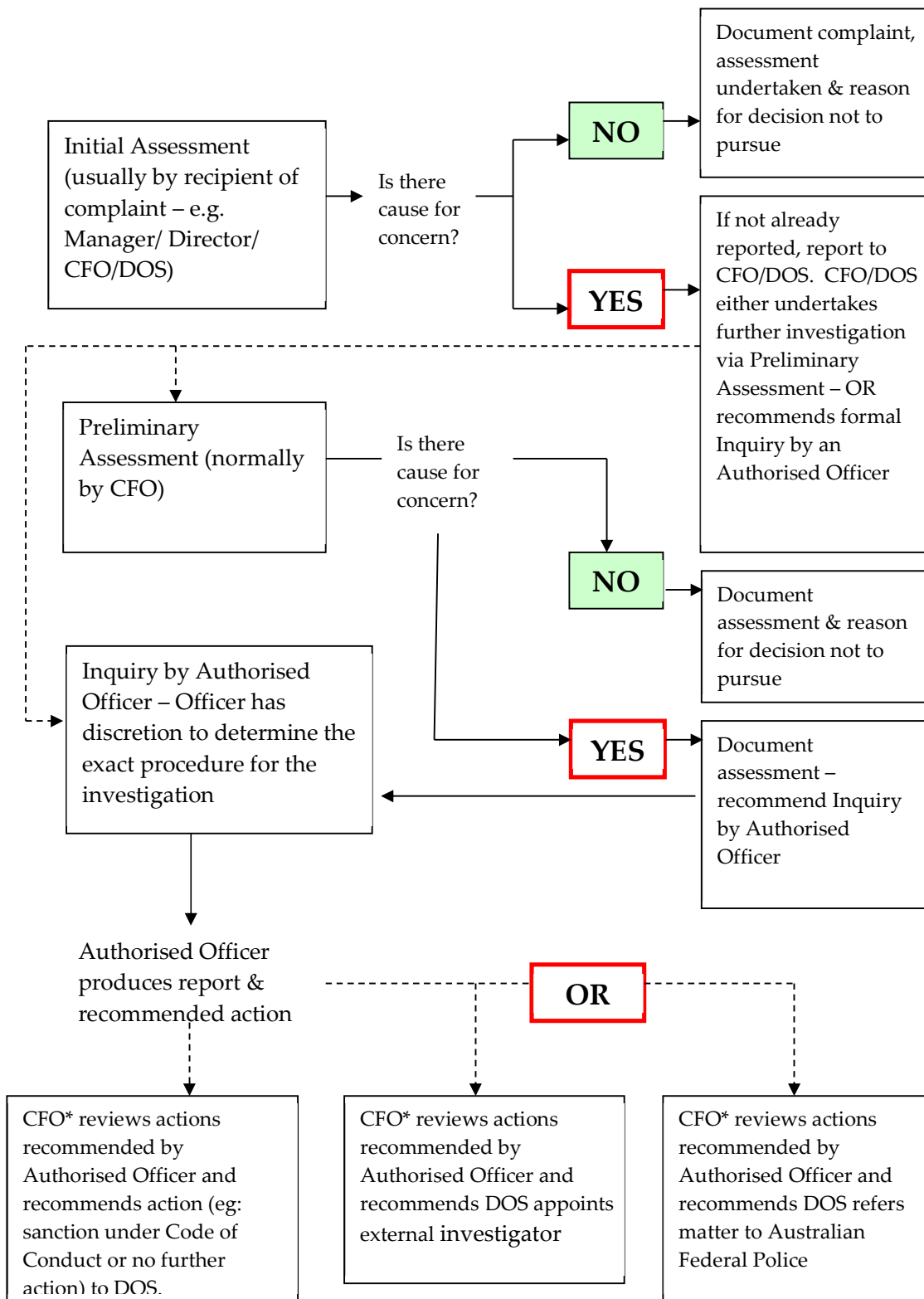
The Office will pursue all means open to it to recover losses caused by illegal activity, irrespective of whether a prosecution is undertaken, including the use of proceeds of crime legislation and civil recovery action - where cost effective - or administrative remedies.

The requirement for the Office to report information on fraud does not detract from the Official Secretary's authority to determine the appropriate remedy to be applied, i.e. prosecution, administrative action, civil remedy, recovery action, use of internal disciplinary procedures, or whether further action will be taken in the matter.

4.7 Annual reporting obligations

At the end of each financial year the Official Secretary will certify that he is satisfied that the agency has prepared a fraud risk assessment and fraud control plan, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the Office and comply with the Commonwealth Fraud Control Framework.

4.8 Investigation Process – Flowchart



* Should the CFO be the subject of the investigation, DOS will undertake the review of actions recommended by the Authorised Officer and make a recommendation to the Official Secretary on an appropriate course of action. If either the DOS, or both the DOS and CFO are suspected, the matter should then be brought to the Official Secretary's attention through appropriate channels for further action.

5. FRAUD RISK ASSESSMENT

5.1 Fraud risk assessment methodology

The fraud risk assessment was undertaken in accordance with the Commonwealth Fraud Control Framework and followed the [Leading Practice Guide](#) developed by the Commonwealth Fraud Prevention Centre. The process included the review and updating of the previous fraud risk assessment and this Fraud Control Plan.

The fraud risk associated with each function / activity has been assessed by key members of staff from the Office. The assessment of the fraud environment is that overall there is a **low fraud risk** exposure for the Office. This conclusion is reached by considering all the risks in context, and the fact that the majority of the risks identified are being adequately mitigated by existing controls.

5.2 Risk assessment

As part of its commitment to minimising the incidence of fraud, and thereby loss to the Commonwealth, management assesses the Office's fraud environment. Based on the latest assessment in December 2023 management consider the overall fraud risk exposure for the Office remains low. This conclusion was reached after undertaking a detailed assessment of all the fraud risks in the context of the operating environment of the Office.

The criteria applied to assess risks are outlined in the Office's [Risk Management Framework](#).

This assessment identified 8 separate fraud risks which were considered as being adequately treated by existing controls. Three risks are assessed as having a residual risk rating of medium and five risks have a rating of low. The risks are detailed at Attachment B.

Management remains responsible for ensuring controls are in place and are operating effectively to control the identified risks.

5.3 Strategies to address fraud risks

The CFO is responsible for monitoring and reporting on fraud control strategies for the Office which could include:

- Periodic review of the fraud risk register and consideration of control effectiveness
- Provision of regular fraud awareness, risk and security training to all staff
- Periodic assessment of the effectiveness of fraud awareness programs in place
- Review of related fraud risks at the completion of each internal audit assignment
- Officials engaged in the management of fraud control receive appropriate training.

The audit committee receives reports from the CFO which it uses in considering its advice to the Official Secretary.

ATTACHMENT A – DEFINITION OF FRAUD

Fraud is:

"Dishonestly obtaining a benefit, or causing a loss by deception or other means."

This definition includes:

- theft
- obtaining property, a financial advantage or any other benefit by deception
- causing a loss, or avoiding or creating a liability by deception
- providing false or misleading information to the Commonwealth, or failing to provide information where there is an obligation to do so
- making, using or possessing forged or falsified documents
- bribery, corruption or abuse of office
- unlawful use of Commonwealth computers, vehicles, telephones and other property or services
- relevant bankruptcy offences, and
- any offences of a like nature to those listed above.

Examples of fraud include:

- hacking into, or interfering with a Commonwealth computer system
- charging the Commonwealth for goods or services that are incomplete or not delivered
- using a false identity to obtain income support payments
- using Commonwealth systems to gain access to other systems without authority
- hiding or disposing of assets by bankrupts to avoid paying creditors, and
- making false statements under the Commonwealth Electoral Act 1918.

Common methods of fraud and misconduct include:

- accepting or offering bribes
- collusive bidding
- selling waste and scraps for personal gain
- using facsimile signatures
- running private business with official assets
- substituting old goods for new
- leave transactions unrecorded
- recording transactions (expenditure/receipts/ deposits) for incorrect amounts
- theft of official purchasing authorities such as order books
- stealing or borrowing (without authority) supplies/equipment
- damaging or destroying documentation
- illegally using copies of records or receipts
- forged endorsements
- altering amounts or details on documents
- over-claiming expenses
- using imaging and desktop publishing technology to produce apparent original documents
- writing off recoverable assets or debts
- unauthorised transactions
- selling information
- issuing cheques to false persons and companies, and
- entering false persons on the payroll.

ATTACHMENT B – RISK REGISTER

Fraud Risk 1

Fraud risk description	Misuse of confidential or highly sensitive information by staff or contractors for personal gain.		
Fraud risk factors	<p>Sensitive information released to unauthorised third party by staff member with access.</p> <p>Increase in use of digital storage and cloud computing increases the likelihood of unauthorised access to confidential information via IT systems.</p> <p>Poor culture of protection of password privacy and integrity.</p> <p>Remote working during pandemic changing the way data is accessed and stored.</p>		
Inherent likelihood	Possible	Inherent consequence	Moderate
Inherent risk	Medium		
Key controls identified	<p>Ethical culture among staff reinforced with regular fraud awareness training.</p> <p>All staff must read and sign Code of Conduct and workplace behaviours agreements on commencement.</p> <p>Staff security cleared to appropriate level for tasks they are performing.</p> <p>Locked secure containers for sensitive documents.</p> <p>Requirements for username and password for access to network and workstations.</p> <p>Password syntax control and Multi-Factor Authentication.</p> <p>Clear desk policy including spot checks.</p> <p>Part of Fedlink network, which includes automatic classification of emails.</p> <p>Process to identify security breaches.</p> <p>Separate IT threat risk assessment prepared and continuous improvements to IT controls being addressed, including for cloud based solutions.</p>		
Residual likelihood	Rare	Residual consequence	Moderate
Residual risk	Low		
Fraud risk owner	<p>DOS – confidential information regarding the Governor-General and personnel</p> <p>MIT is responsible for ensuring IT controls are adequate</p> <p>Director Honours – confidential information regarding the issuing of Honours</p>		
Action required	<p>DPC / CFO - Delivery of Fraud Awareness Training (ongoing)</p> <p>MIT – Assessing IT threat risk (ongoing)</p> <p>Maintain existing controls.</p>		

Fraud Risk 2

Fraud risk description	Perceived or actual misuse of position in procurement by conflicts of interest, inappropriate dealings and or undue influence on decisions and actions.		
Fraud risk factors	<p>Issuing contracts / choosing suppliers and undertaking purchasing for personal benefit.</p> <p>Volume and value of procurements associated with projects and system changes.</p>		
Inherent likelihood	Possible	Inherent consequence	Moderate
Inherent risk	High		
Key controls identified	<p>Ethical culture among employees and Code of Conduct.</p> <p>Procurements are undertaken in line with Commonwealth Procurement Rules and Accountable Authority Instructions on Procurement.</p> <p>Reviews and spot checks by internal audit and finance team over compliance.</p> <p>Compliance survey process.</p> <p>Sub-Committee and Management Committee oversight over capital projects and other areas of significant expenditure.</p> <p>Conflict of interest outlined in Code of Conduct, behavioural agreements, tendering documents and probity requirements. Register maintained by Director of People and Culture.</p>		
Residual likelihood	Rare	Residual consequence	Moderate
Residual risk	Low		
Fraud risk owner	CFO		
Action required	<p>Deliver internal audit program including compliance audits.</p> <p>Report on adherence to processes including implementation of system based non-compliance reporting.</p> <p>Compliance checks conducted by Finance Team.</p> <p>Systematise Compliance Survey process to support reporting of results to the Management and Audit Committees (quarterly).</p> <p>Maintain existing controls.</p>		

Fraud Risk 3

Fraud risk description	Perceived or actual misuse of position in the issuing of honours and awards through conflicts of interest, inappropriate dealings and or undue influence on decisions and actions
Fraud risk factors	Falsifying research and adding inappropriate nominees to be considered for awards.
Inherent likelihood	Possible
Inherent consequence	Major
Inherent risk rating	High
Key controls identified	<p>Ethical culture among employees reinforced with regular fraud awareness training.</p> <p>Code of conduct and performance agreements in place. All staff must read and sign Code of conduct and Office values on engagement.</p> <p>Strong ethic amongst Honours staff toward the protection and integrity of awards.</p> <p>Council makes final recommendations – separate to the Office.</p> <p>Strong physical control on information about honours candidates including clear desk policy.</p>
Residual likelihood	Unlikely
Residual consequence	Major
Residual risk rating	Medium
Fraud risk owner	Director of Honours
Action required	<p>Ensure internal audit 'health checks' report on adherence to processes (biennial or as per internal audit program).</p> <p>Maintain existing controls.</p>

Fraud Risk 4

Fraud risk description	Misuse of Public Monies and Credit cards by misappropriation or theft
Fraud risk factors	<p>Unauthorised use of credit cards.</p> <p>Fraudulent Petty Cash claims.</p> <p>Unauthorised purchases made via accounts payable.</p>
Inherent likelihood	Possible
Inherent consequence	Moderate
Inherent risk rating	Medium
Key controls identified	<p><u>Cash & Credit Cards</u></p> <p>Daily and Monthly credit card limits.</p> <p>Categories of purchases limited to business merchants.</p> <p>Delegate approval required for credit card statements.</p> <p>Finance team conduct a monthly reconciliation of the use of credit cards.</p> <p>Minor Petty Cash holdings controlled through monthly reconciliation process.</p> <p><u>Accounts Payable (purchasing)</u></p> <p>Separation of duties between purchasing on accounts and approval of payment of account including creation of vendors.</p> <p>System controls in Purchasing Workflow.</p> <p>Separation of duties in drawdown from OPA process and bank payment process.</p> <p>All areas subject to external ANAO audit and internal audit spot checks.</p>
Residual likelihood	Rare
Residual consequence	Minor
Residual risk rating	Low
Fraud risk owner	CFO
Action required	<p>Annual refresher training and ensure internal audit 'health checks' report on adherence to processes.</p> <p>Maintain existing controls.</p>

Fraud Risk 5

Fraud risk description	Misuse of physical assets by misappropriation or theft
Fraud risk factors	Misappropriation of inventory. Misuse/ theft of physical assets (including excessive personal use of resources).
Inherent likelihood	Possible
Inherent consequence	Moderate
Inherent risk rating	Medium
Key controls identified	<p><u>Inventory</u></p> <p>Inventory receipting, movements and usage recording processes in place. Monthly inventory stocktakes (liquor) and bi-annual stocktakes (medals). Medals stock held in lockable storage with limited access.</p> <p><u>Assets</u></p> <p>Barcoded and recorded on Asset Register (including portable and attractive), included in rolling asset stocktake program . IT loan register used to assign IT assets. Logbook for vehicle to monitor usage. All areas subject to external ANAO audit and internal audit spot checks.</p>
Residual likelihood	Rare
Residual consequence	Moderate
Residual risk rating	Low
Fraud risk owner	CFO
Action required	Annual refresher training and ensure internal audit 'health checks' report on adherence to processes (as per internal audit program). Maintain existing controls.

Fraud Risk 6

Fraud risk description	Fraudulent claims for payroll / entitlements
Fraud risk factors	<p>Failing to submit leave forms, overstating entitlement benefits.</p> <p>Falsifying overtime / flex records.</p> <p>'Ghost' employees created for personal gain.</p> <p>Terminations not processed allowing payments to continue.</p>
Inherent likelihood	Unlikely
Inherent consequence	Moderate
Inherent risk rating	Medium
Key controls identified	<p>Managers are required to review and monitor timesheets.</p> <p>Leave applications are lodged electronically through the HRMIS and require supervisors' approval.</p> <p>Salary variation report created and reviewed each pay period – reconciled with budget and costing files.</p> <p>Termination process must be instigated before entitlements are paid this includes removal of records from payroll system. Exit procedures checklist followed.</p> <p>Payroll function outsourced – changes must be documented by delegated staff member and are documented (segregation of duties).</p> <p>Internal audit spot check reviews.</p>
Residual likelihood	Rare
Residual consequence	Moderate
Residual risk rating	Low
Fraud risk owner	<p>Director People and Culture</p> <p>CFO</p>
Action required	<p>Risk is adequately managed with routine procedures.</p> <p>Ensure internal audit 'health checks' report on adherence to processes (biennial or as per Internal Audit program).</p> <p>Maintain existing controls.</p>

Fraud Risk 7

Fraud risk description	Personal travel claimed as business travel
Fraud risk factors	<p>Personal travel booked through travel providers.</p> <p>Cab charge may be used for personal trips.</p> <p>Staff claim travel allowances for which they are not entitled.</p>
Inherent likelihood	Possible
Inherent consequence	Moderate
Inherent risk rating	Medium
Key controls identified	<p>Delegate approval required to generate a movement requisition.</p> <p>Travel booking procedures and booking policy.</p> <p>Travel allowance is treated as a reimbursement rather than being paid in advance.</p>
Residual likelihood	Rare
Residual consequence	Minor
Residual risk rating	Low
Fraud risk owner	CFO
Action required	<p>Risk is effectively managed by current routine procedures.</p> <p>Periodic internal audit 'health checks' report on adherence to processes (as per Internal Audit program).</p> <p>Maintain existing controls.</p>

Fraud Risk 8

Fraud risk description	Misappropriation of Official Gifts
Fraud risk factors	<p>Gifts may be received and not recorded on the register.</p> <p>Gifts may be stolen / removed from current location.</p> <p>Gifts relocated to outside the Office may be misappropriated.</p>
Inherent likelihood	Possible
Inherent consequence	Moderate
Inherent risk rating	Medium
Key controls identified	<p>Gifts received are recorded and added to the asset register.</p> <p>Gifts are stored with limited access.</p> <p>Official Gifts Policy and the relevant Accountable Authority Instructions.</p>
Residual likelihood	Rare
Residual consequence	Moderate
Residual risk rating	Low
Fraud risk owner	Manager Household
Action required	<p>Risk is effectively managed by current routine procedures.</p> <p>Maintain existing controls.</p>