

# Fraud and Corruption Control Plan and Procedure

Department of the Chief Minister and Cabinet  
Office of the Commissioner for Public Employment  
Department of Treasury and Finance

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# Contents

1. Background.....	2
2. Plan Overview.....	3
3. Fraud and Corruption Risks .....	3
3.1. Risk Overview .....	3
3.2. Sources of Fraud and Corruption Risk .....	3
3.3. Fraud Risk Identification .....	3
3.4. Fraud Risk Analysis.....	4
3.5. Fraud Risk Treatment .....	5
4. Roles and Responsibilities .....	6
4.1. Heads of Agencies .....	6
4.2. Directors / Senior Managers.....	6
4.3. All staff.....	6
4.4. Finance, Budgets and Reporting and Business Services unit.....	7
4.5. Governance, Information and Reporting unit.....	7
4.6. Third Parties.....	8
4.7. Reporting and responding to fraud allegations and suspicions.....	8
4.8. External notifications.....	9
4.9. Losses .....	10
4.10. Administrative and disciplinary measures .....	10
5. Record keeping .....	11
5.1. Record keeping.....	11
5.2. Fraud incident register.....	11
6. Authority and legislation .....	12
7. Further information .....	12
8. Version control .....	12

## 1. Background

The Fraud and Improper Conduct Control Policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the central agencies. The policy applies to employees of the Department of the Chief Minister and Cabinet (CM&C), including the Office of the Commissioner for Public Employment (OCPE), and the Department of Treasury and Finance (DTF), hereafter referred to as the “agencies”, as well as their contractors, consultants, board and committee members and any individual or groups undertaking activities or work for, or on behalf of, these agencies, hereafter referred to as “third parties”.

The central agencies lead, coordinate, resource and oversee sector-wide initiatives to deliver government priorities. As central agencies we will often be asked to lead and coordinate strategies or programs where outcomes can only be achieved with multiple agencies working together. We provide essential advice and assistance on strategic issues such as finance and investment facilitation, workforce management, policy, service delivery and innovation. In an environment that demands greater collaboration and accountability within the government sector, we provide leadership on whole of government issues and we must build trust by modelling ethical behaviour, and applying principles and values consistently in decision-making. The agencies have recognised this must be incorporated in all levels across their programs and activities and have worked to build this into their corporate strategies and governance frameworks. We cannot expect others to follow our leadership if we cannot ourselves model the behaviours we expect of them.

The agencies have a zero tolerance for dishonest, fraudulent or corrupt behaviour. The Northern Territory Government (NTG) legislative framework, systems, policies and procedures are in place to aid the protection of public money and property, and to facilitate the culture of integrity, security and the reputation of the NTG. This is reflected in agencies’ business planning activities and incorporated into day to day operations and management.

The NTPS values remind us of the behaviours that are expected of us by peers, government and the Northern Territory public.

- **Commitment to Service** – we put our clients and stakeholders at the centre of everything we do. We are professional, dedicated and demonstrate resilience when faced with challenges. We build and sustain relationships, are timely in our responses with colleagues and clients and always follow through.
- **Ethical Practical** – we uphold the highest standards or practice and act with integrity in all that we do. We are honest, transparent and always strive to do what is right.
- **Respect** – we are considerate. We care how we make people feel. We turn up to meetings prepared, on time, listen and participate fully. We are professional with everyone.
- **Accountability** – we take personal responsibility for our actions and behaviours. We clarify responsibilities, set clear rules and expectations, empower people to take ownership of tasks and proactively measure results to establish a culture of learning and improvement.
- **Impartiality** – we research, engage and consider all views. We seek to understand. We are self-aware and make informed decisions based on evidence and good judgement.
- **Diversity** – we encourage inclusion and think to ask and test views. We value and respect all people of all persuasions, and acknowledge there are different perspectives and ways of doing things.

## 2. Plan Overview

The agencies have a number of fraud and corruption control procedures and controls in place to comply with the agencies Fraud and Improper Conduct Control Policy.

The Fraud and Corruption Control Plan and Procedures (the Plan) documents the agencies' approach to controlling fraud and corruption. The Plan outlines at a high level how the agencies prevent, detect and respond to fraud and corruption and ensure compliance with the requirements of ICAC act, the Code of Conduct and the Treasurer's Directions. The Plan is aligned and integrated with the Risk Management Policy and Framework which supports the identification and management of fraud and corruption risks at the strategic and operational levels.

The agencies' employees and third parties play a crucial role in reducing the agencies' exposure to fraud and corruption. The Plan is intended as guidance to support staff in the prevention, detection and response to fraud and corruption.

## 3. Fraud and Corruption Risks

### 3.1. Risk Overview

The agencies' Risk Management Framework guides the management of fraud and corruption related risk. The agencies conduct risk assessments on a regular basis at the departmental, divisional, and project levels to ensure that suitable control measures are in place. This includes considering and assessing the risks of fraud and corruption. As needed, targeted fraud and corruption risk assessments are done. Fraud risk assessments are reviewed on an annual basis or more frequently whenever there are any changes to the agencies' functions.

A summary of the key fraud and corruption risks for the agencies are listed below. A more specific and comprehensive Fraud Control Risk Assessment is reviewed and updated annually and reported to the Audit and Risk Management Committee.

### 3.2. Sources of Fraud and Corruption Risk

There can be three types of fraud and corruption:

1. **Internal** – committed by an agency staff member, internal contractor, casual employee or volunteer.
2. **External** – committed by a client, external service provider or third party, members of the public or organised groups.
3. **Collusion** – a mixture of both internal and external for example, perpetrated by employees and parties external to the agencies, such as an external contractor or service provider.

### 3.3. Fraud Risk Identification

The following fraud risks have been identified as key fraud risks in NTG agencies and are consistent with risks identified by the Independent Commissioner Against Corruption as key fraud risks across NTG. The risks identified below represent a summary of risks identified with the agencies' fraud risk registers, which provide a comprehensive assessment of fraud risks, controls and treatment strategies.

Risks	Description
1. Failure to adhere to procurement procedure	Unlawful manipulation of a procurement process to acquire contracts, good or services or to obtain an unfair advantage during the procurement process
2. Abuse of expense policies	Claiming reimbursement for fictitious or non-business related expenditures claiming salary, claiming employee entitlements or benefits to which they are not entitled or misuse of corporate credit card.
3. Collusion with external suppliers or creation of fictitious suppliers	Collusion is a secret cooperation for an illegal or dishonest purpose.
4. Misuse of public assets for personal gain	Misuse of public assets includes making inappropriate or unauthorised use of government property including the failure to safeguard government assets.
5. Misreporting financial information	Deliberately misleading or omitting amounts or disclosures in financial statements or acquittals in an attempt to deceive financial statement users and decision-makers, such as Committees, the Government or the Auditor-General.
6. Overtime or contractor overcharging	Employees or contractors can take advantage of weak controls to overcharge for work done.

### 3.4. Fraud Risk Analysis

The agencies have identified a number of controls designed to reduce the likelihood and impact of fraud occurrences to an acceptable level.

Overarching control	Includes
1. Policies and procedures to support ethical conduct and prevent fraud	<ul style="list-style-type: none"> <li>o Risk management framework</li> <li>o Fraud and corruption control policy</li> <li>o Fraud control plan (this document)</li> <li>o Conflict of Interest policy and declarations</li> <li>o Gifts and Benefits policy and declarations</li> <li>o Protected Disclosure (Whistleblower) policy</li> <li>o Accounting and property manual</li> <li>o Outside employment policy and annual declarations</li> <li>o Annual key management personnel declarations (under Australian Accounting Standards)</li> </ul>
2. Training and communicating improper conduct awareness to staff and management	<ul style="list-style-type: none"> <li>o Fraud and corruption training</li> <li>o ICAC training</li> <li>o Staff induction training</li> <li>o Merit Selection training</li> <li>o Appropriate workplace behaviour training</li> <li>o Code of Conduct training</li> </ul>
3. Compliance checks conducted within work areas and corporate areas	<ul style="list-style-type: none"> <li>o Testing a monthly sample of Finance transactions</li> <li>o Delegate review, approval processes and segregation of duties</li> <li>o Monthly financial reports</li> <li>o Regular financial reconciliation processes (e.g. banking)</li> </ul>
4. System controls through NTG processes and systems	<ul style="list-style-type: none"> <li>o GAS, APEX, MyHR, PIPS and E-recruit.</li> </ul>
5. Annual internal audits	<ul style="list-style-type: none"> <li>o Assurance program and internal audit plan</li> </ul>

Overarching control	Includes
6. Annual external audits (conducted by the Auditor-General)	<ul style="list-style-type: none"> <li>o Auditor-General audits may identify systemic issues across NTG</li> <li>o Audits against specific programs may provide feedback and recommendations on areas for improvement</li> </ul>
7. Governance framework and reporting	<ul style="list-style-type: none"> <li>o Strategic and Operational planning processes</li> <li>o NTPS and agencies' values</li> <li>o An Audit and Risk Management Committee, which has an approved charter, an annual calendar for monitoring many of the above policies and related activities, and two independent members including an independent chairperson</li> <li>o Senior Management Group or Senior Executive Board / Executive Leadership Team, and other agency committees</li> <li>o Delegations manuals</li> <li>o Conflict of interest registers</li> <li>o Gifts and benefits registers</li> <li>o Fraud risk assessment registers</li> <li>o Operational and strategic risk registers</li> <li>o Monthly financial reports</li> <li>o Human resources reporting to executive teams, including excess leave balances</li> <li>o Complaints management procedure</li> <li>o Disclosure inbox</li> </ul>

All agency staff must comply with the above documents and controls, as well as this plan and procedures, relevant whole of government policies and procedures and key legislation such as the [Independent Commissioner Against Corruption Act 2017](#), the [Financial Management Act 1995](#) and the [Treasurer's Directions](#), the [Procurement Act 1995](#) and the [Public Sector Employment and Management Act 1993](#).

### 3.5. Fraud Risk Treatment

Further risk treatment actions against specifically identified fraud risks are captured in the fraud risk register. Where risks are at a tolerable level they may be accepted by control owners in accordance with the risk management framework and respective risk appetite statements for the agencies. Where risks exceed tolerable levels, a risk treatment plan must be developed and implemented to reduce the risk to a tolerable level.

## 4. Roles and Responsibilities

### 4.1. Heads of Agencies

Heads of Agencies are to:

- Set the tone from the top on a zero tolerance of fraud and corruption,
- Ensure adequate internal control environment within the agency including risk identification and management, delegations, segregation of duties and existence of source documentation,
- Incorporate ethical practice and integrity in agencies' strategies and directions,
- Ensure that the Audit and Risk Management Committee has oversight of the risk and compliance management frameworks of the agencies,
- Formally approve corporate policies and ensure appropriate compliance with legislative obligations,
- Exercise authority on behalf of their agency, including formally delegating authority as appropriate,
- Be accountable for prevention and detection of fraud and corruption within their agency,
- Ensure integrity and accountability in the performance of their agency's functions,
- Promote continual evaluation and improvement of their agency's management practices,
- Manage their agency's operations and resources ensuring service delivery is effective and efficient.
- Statutory requirements to report to Parliament on agency performance including fiscal repair.

### 4.2. Directors / Senior Managers

Directors are to:

- Set the tone from the top on a zero tolerance of fraud and corruption,
- Encourage and maintain a culture and working environment that fosters personal responsibility, integrity and accountability,
- Develop and maintain best practice for the prevention and detection of fraud and corruption and ensure consideration is given to confidentiality, natural justice and procedural fairness pertaining to any reported incidents,
- Ensure that staff in their areas are given appropriate inductions and training to prevent fraud and corruption.

### 4.3. All staff

All staff are to:

- Be familiar with and adhere to the [NT Public Sector code of conduct](#),
- Report any suspected fraud in line with the Protected Disclosure Policy, Treasurer's Directions, [ICAC Mandatory Reporting Directions and Guidelines for Public Officers](#) and other legislative or regulatory requirements,
- Only make financial, procurement, contractual and human resources decisions in line with the agency's delegations and relevant legislation, policies and procedures,
- Regularly take annual leave and make plans to use any excess leave as soon as reasonably possible,
- Identify and report fraud risks in your area to the Governance, Information and Reporting unit, and
- Declare conflicts of interest in line with the NT Public Sector code of conduct and the agencies' conflict of interest policies and procedures.

## 4.4. Finance, Budgets and Reporting and Business Services unit

Finance, Budgets and Reporting and Business Services unit is to:

- Maintain the agencies' Accounting and Property Manual and ensure it complies with the Treasurer's Directions,
- Report regularly to senior management on financial position and performance of the agencies,
- Provide advice and guidance and assist with delegation reviews,
- Develop and maintain appropriate finance policies and procedures to minimise the risk of fraud,
- Prepare financial statements in line with the *Financial Management Act 1995* and Australian Accounting Standards,
- Conduct compliance with controls and polices of a monthly sample base of financial transactions and corporate credit card transactions,
- Conduct compliance reviews of official travel and cab charge usage with appropriate registers,
- Report any failures to comply with delegations and NTG policies and frameworks to the Director Governance, Information and Reporting, and
- Implement internal controls for the changing business needs of the agencies.

## 4.5. Governance, Information and Reporting unit

Governance, Information and Reporting is to:<sup>1</sup>

- Develop and maintain the fraud and corruption control framework,
- Develop and maintain the fraud control policy and the Protected Disclosure policy,
- Maintain the fraud risk register and fraud incident register,
- Ensure that the fraud risk register and fraud incident register are updated and provided to the Audit and Risk Management Committee at each ordinary meeting. The incident register provided to the Committee will include all fraud incidents except those required to be kept confidential under the *Independent Commissioner Against Corruption Act 2017* (ICAC Act) or other legislation, and the total number of confidential incidents,
- Ensure that the fraud incident register is updated and provided to the Heads of agencies no less regularly than six monthly,
- Provide fraud awareness, risk management and privacy training for all employees at commencement and then regularly but no less than every two years,
- Provide communications and training on key fraud risks and controls to ensure they are communicated to all staff,
- Provide appropriate support to the Audit and Risk Management Committee,
- Develop and maintain the strategic risk register, and ensure that it is reviewed and updated at least twice per year,
- Develop and implement the annual internal audit plan,
- Maintain audit logs and track audit recommendations to completion to ensure control weaknesses identified from audits are remedied,
- Develop and maintain the conflicts of interest policy and registers, ensuring that the policy is reviewed and updated at least once every two years,
- Keep a record of all declared conflicts of interest and remind staff to declare conflicts on an annual basis and when their relevant circumstances change,
- Develop and maintain the gifts and benefits policy and registers,
- Implement annual reviews of agency operational and strategic risk registers,

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<sup>1</sup> DTF may directly undertake some functions as outlined in the shared services agreement between GIR and DTF.

- Ensure that the Department of Corporate and Digital Development (DCDD) Taxation Services is notified of any gifts or benefits offered each quarter,
- Develop and co-ordinate the update of the agencies' delegations registers,
- Provide accurate and timely advice and reports to the Heads of agencies and the Audit and Risk Management Committee on fraud and corruption matters, and
- Where appropriate, coordinate information and a risk assessment report to the relevant body on any suspected incidents of fraud and corruption and manage the outcomes of these reports and any subsequent investigations in line with legislation, regulation and good practice.

## 4.6. Third Parties

The agencies should make third-party providers aware of the agency's fraud and improper conduct control policy and put in place mechanisms to support third-party service providers to adhere to the high degree of accountability and ethical standards required by the agencies. As third-party providers and services vary broadly, appropriate mechanisms will also vary. They may include, but are not limited to:

- monitoring contractual requirements,
- ensuring conflict of interests are discussed, declared and a management plan is developed, and
- adherence to relevant legislation.

The agencies must consider the goods and services being provided to ensure appropriate control mechanisms are in place for third party service providers.

## 4.7. Reporting and responding to fraud allegations and suspicions

An employee who suspect's fraud has occurred must report their suspicion. Employees can make a verbal or written report to their manager or director. Alternatively, should an employee be required to make a report as a protected communication under the *ICAC Act*, the employee should contact one of the agencies' [nominated recipients](#), or directly to the [ICAC](#). For more information about whistleblower protections, employee rights and obligations, see the agencies' Protected Disclosure (Whistleblowing) policy.

Any manager or director receiving a report from an employee of a suspicion or allegation of fraud should take prompt action to:

- appropriately document the suspicion or allegation,
- report the matter to the Director Governance, Information and Reporting (DGIR), providing all relevant information about the suspicion or allegation of fraud including additional context where possible, for example:
  - information about the systems utilised in the area of concern,
  - the likelihood and consequence of future fraudulent activities, and
  - any additional information known to the manager about the potential or actual fraud in the particular case.

The Director Governance, Information and Reporting will coordinate and continue to gather further information regarding the matter and make any further reports to the ICAC, the accountable officer, the Under Treasurer, the Auditor-General, and engage the police as appropriate.

Once a report has been made by an employee or manager, they will no longer be required to review the suspicion or allegation, or gather further information unless requested to do so by the Director Governance, Information and Reporting, or an investigation body such as the ICAC or Police. The reporting employee is

also required to maintain confidentiality in relation to the reported matter noting this may be a statutory obligation in certain instances (e.g., ICAC).

## 4.8. External notifications

If the Director Governance, Information and Reporting determines there are reasonable grounds to suspect a person of fraud, the director must notify a range of parties.

### a. The Independent Commissioner Against Corruption

The director must report the matter to ICAC if the director forms a reasonable suspicion, based on the preliminary assessment, that there has been a fraudulent act or omission, or that the matter may constitute improper conduct under the ICAC Act.

The referral must include the details of the preliminary assessment along with any other details required under the agencies' complaints handling procedure. Reports must also note whether a referral to other bodies, including police, has or will occur.

### b. The Northern Territory Police

The director must refer the matter to police if the director believes, on a reasonable basis after undertaking the preliminary assessment, that there has been a fraudulent act or omission. This policy gives the director delegation on behalf of the head of agency to make referrals to police in relation to fraud matters.

The importance of notifying police of fraud matters in a timely manner should not be underestimated. Timing is critical for fraud investigations and delays could result in significant loss or damage to the reputation of the NT Government.

The police may choose to take on the matter as a criminal investigation and will advise the agency if a formal referral to the Commissioner of Police is required. A formal referral may not be required in all circumstances and will be dependent on a number of factors, such as the size, complexity and scope of the fraud matter.

### c. The Northern Territory Auditor-General

The director will provide summary advice to the NT Auditor-General advising of the suspected fraud. The advice will detail the nature of the suspected fraud, and advise that the matter has been referred for investigation to the ICAC and/or police. The advice is provided to give preliminary information to the Auditor-General regarding possible control failures; it should not provide details in relation to the identity of the person suspected of the fraud until relevant investigations are complete and it is deemed appropriate.

The director must provide regular updates to the Auditor-General at a frequency agreed between the agency and the Auditor-General.

### d. The Under Treasurer

The director will provide summary advice to the Under Treasurer (in their central agency role) advising of the suspected fraud. The advice will detail the nature of the suspected fraud, and advise that the matter has been referred for investigation to the ICAC and/or police. The advice is provided to give preliminary information to the Under Treasurer regarding possible financial loss; it should not provide details in relation to the identity of the person suspected of the fraud until relevant investigations are complete and it is deemed appropriate.

The director must provide regular updates to the Under Treasurer at a frequency agreed between the agency and the Under Treasurer.

Additionally, the Director Governance, Information and Reporting must notify:

- any other regulatory or statutory body (as required by any Australian law)

- an organisation, where an investigation discloses potential criminal activity involving that organisation's activities or programs, to the extent possible subject to relevant requirements of any Australian law.

## 4.9. Losses

Where the agencies have incurred a suspected financial loss, the Director Governance, Information and Reporting will report this information to the Chief Financial Officer where it is appropriate to do so. The Chief Financial Officer has primary responsibility for ensuring the requirements under Treasurer's Direction, part 5, section 5 – Losses are adhered to.

## 4.10. Administrative and disciplinary measures

Where it is legally appropriate to do so, the Director Governance, Information and Reporting will inform the head of the agency of the fraud matter and engage Human Resources within the Department of Corporate and Digital Development where required. Human Resources may provide advice and support to the senior management of the agency and relevant managers regarding administrative and disciplinary measures in response to any wrong-doing, carelessness, incompetence, non-compliance or where an allegation of fraud is found to be vexatious.

In cases involving administrative or disciplinary measures, an employee is to be afforded procedural fairness in accordance with PSEMA and other legislative requirements.

## 5. Record keeping

### 5.1. Record keeping

Records must be kept by the Director Governance, Information and Reporting regarding the investigation and management of fraud matters. Employees and managers should also keep their own records regarding their direct involvement in any fraud matters. Any records related to fraud matters should be stored securely, and confidentiality should be maintained at the highest level.

As the official government record keeping system, Territory Records Manager (TRM) will be used to manage records for fraud related matters. The fraud incident register will be kept in a separate TRM file and a new TRM file will be created for each fraud matter. This will allow for strictly controlled and confidential access to each TRM file as required depending on the nature of each fraud related matter.

### 5.2. Fraud incident register

A fraud incident register is required to be maintained and should include the following information:

- date and time of report,
- date and time of incident detection,
- how the incident was identified reported to management,
- description of the activity,
- value of the loss to the department if known,
- people involved,
- actions taken following detection,
- which incidents are under investigation (whether by the agency or NT Police) and which are completed,
- details of key decisions made and the considerations behind them, and
- the outcome of the investigation and action taken as a result.

## 6. Authority and legislation

- *Independent Commissioner Against Corruption Act 2017*
- *Financial Management Act 1995*
- *Information Act 2002*
- *Public Sector Employment and Management Act 1993 (PSEMA)*
- *Procurement Act 1995*
- PSEMA Employment Instruction 3 – Natural Justice
- PSEMA Employment Instruction 12 – Code of Conduct
- Treasurer’s Direction – Fraud control
- Treasurer’s Direction: Governance – Accountability Section G2.2 Internal Control.
- Treasurer’s Direction: Funds Management – Part 5 Section 5 Losses
- Australian Standard 8001-2008 Fraud and Corruption Control
- Audit Act 1995
- Public Information Act 2010

## 7. Further information

For further information, please contact the Governance, Information and Reporting Unit on 8999 7523 or email [CMCSharedServices.CorporateGovernance@nt.gov.au](mailto:CMCSharedServices.CorporateGovernance@nt.gov.au).

## 8. Document control

<b>Document title</b>	Fraud and Corruption Control Plan and Procedure
<b>Contact details</b>	<a href="mailto:CMCSharedServices.CorporateGovernance@nt.gov.au">CMCSharedServices.CorporateGovernance@nt.gov.au</a>
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