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1. Introduction
The Department of Culture and the Arts is committed to the highest possible standards of openness, probity and accountability in all its affairs. The Department is determined to maintain a culture of integrity and opposition to fraud and corruption.

The Fraud and Corruption Control Plan details the Department’s intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives, including integration into planning, delivery, monitoring and reporting activities.

The Plan has been developed in line with Australian Standard AS8001-2008 Fraud and Corruption Control and forms an integral part of the Department’s Risk Management Framework.

All staff share in the collective responsibility to assess the risk of fraud and corruption in the activities undertaken in their business area, identify and report suspected fraud or corruption, and behave ethically and promote a culture of integrity in the workplace.

1.1. Definition of Fraud
Fraud is defined 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.

Fraud includes any practice that involves deceit or other dishonest means by which a benefit is obtained from the government. The benefits may be obtained by:
- Employees (known as ‘internal’ or ‘workplace’ fraud)
- Persons external to the Department, either with or without assistance from Department employees (known as ‘external’ or ‘customer’ or ‘client’ fraud).

Fraud 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.

Fraud can therefore take many forms, including:
- Theft or obtaining property, financial advantage or any other benefit by deception
- Providing false or misleading information, or failing to provide information where there is an obligation to do so
- Causing a loss, or avoiding or creating a liability by deception
- Making, using or possessing forged or falsified documents
- Unlawful use of computers, vehicles, telephones and other property or services
- Manipulating expenses or salaries.

1.2. Definition of Corruption
Corrupt behaviour involves the misuse of power or authority to gain a benefit or cause detriment to another.

Corruption is defined as dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his or her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.
Corruption is any conduct that is improper, immoral or fraudulent and may include:

- Conflict of interest
- Failure to disclose gifts or hospitality
- Acceptance of a bribe
- Misuse of internet or email
- Release of confidential or private information or intellectual property.

1.3. **Statement of Attitude to Fraud and Corruption**

The Department of Culture and the Arts has a principle of zero tolerance to fraud and corruption.

Suspected fraud or corruption will be reported, investigated and resolved in accordance with internal policies and the *Corruption and Crime Commission Act 2003*. All legal obligations to the principles of procedural fairness will be met.

2. **Planning and Resourcing**

2.1. **Program for Planning and Review**

The Fraud and Corruption Control Plan details the Department's approach to fraud and corruption prevention, detection and response.

The Plan will be monitored regularly through the Risk Management Committee. The Plan will be formally reviewed at least every two years and proposed actions to improve the Plan and the related fraud and corruption control framework will be incorporated into the Department's Annual Risk Action Plan.

2.2. **Resources and Responsibilities**

2.2.1. **Risk Management Committee**

The Risk Management Committee has ultimate oversight of fraud and corruption control within the Department. Members of the Committee include:

- Director General
- Deputy Director General
- Executive Director, General Operations
- General Manager Operations

The Risk Management Committee has responsibility for:

- Leading the strategic direction in the control of fraud and corruption
- Oversight of the establishment and implementation of the Fraud and Corruption Control Plan
- Reviewing the effectiveness of the Plan in identifying and managing risks and regulating internal processes.

2.2.2. **Fraud and Corruption Control Officer**

The Director, Office of the Director General, has been designated the Fraud and Corruption Control Officer. This officer is responsible for:

- Communicating the existence and importance of the Fraud and Corruption Control Plan
- Overseeing and implementing the fraud and corruption control program
- Ensuring resources are coordinated to work together to achieve the objectives set out in the Fraud and Corruption Control Plan
- Ensuring suspected fraud and corruption is reported to the appropriate whole of government agencies
- Coordinating investigations into allegations of fraud and corruption.
2.2.3. **Risk and Business Improvement Coordinator**
The Fraud and Corruption Control Officer is supported in that role by the Risk and Business Improvement Coordinator who is responsible for:

- Development and review of the Fraud and Corruption Control Plan in consultation with relevant business areas
- Coordinating overall fraud and corruption control activities within the Department
- Translating current best practice in fraud and corruption control into user friendly practices and procedures
- Delivering and/or coordinating training on relevant procedures
- Implementing fraud and corruption control initiatives
- Coordinating the fraud and corruption risk assessment process
- Recording and collating fraud and corruption incident reports
- Identifying and driving improvements in the fraud and corruption control process
- Periodic reporting to the Risk Management Committee on the Department’s position in terms of fraud and corruption risk.

2.3. **External Assistance**
The Corruption and Crime Commission (CCC) works in collaboration with government agencies to educate, prevent, assess and investigate fraud, corruption and misconduct in the public sector.

The Public Sector Commission provides guidelines to assist authorities to apply the *Public Interest Disclosure Act 2003* and assists public authorities and public officers to comply with the Act.

3. **Fraud and Corruption Prevention**

3.1. **Integrity Framework**

3.1.1. **Code of Ethics**
Section 9 of the *Public Sector Management Act 1994 (WA)* requires all public sector bodies and employees to comply with the public sector Code of Ethics and Public Sector Standards. It requires public sector bodies and employees to act with integrity, courtesy, consideration and sensitivity in dealings with employees and members of the public.

The public sector Code of Ethics establishes the following high level principles to guide behavior in the workplace:

- **Personal integrity**: We act with care and diligence and make decisions that are honest, fair, impartial and timely, and consider all relevant information.
- **Relationships with others**: We treat people with respect, courtesy and sensitivity and recognise their interests, rights, safety and welfare.
- **Accountability**: We use the resources of the State in a responsible and accountable manner that ensures the efficient, effective and appropriate use of human, natural, financial and physical resources, property and information.

3.1.2. **Code of Conduct**
The Culture and Arts Portfolio Code of Conduct is underpinned by the Code of Ethics and expands on the key principles to:

- Communicate and guide standards of behaviour
- Promote professionalism and excellence
- Provide guidance in ethically ambiguous situations.

Section 2.2 of the Code of Conduct covers fraud and corruption, with references to the Australian Standard, Corruption and Crime Commission guidelines and internal policies.
Upon their commencement all staff are required to sign the Code of Conduct to acknowledge that they have received it and understand their responsibilities in complying with the Code.

3.1.3. **Policies**
The following policies or procedures relate to fraud and corruption control within the Department:

- Fraud Prevention and Detection Policy
- Misconduct Prevention Policy
- Gifts and Hospitality Policy
- Access to and Management of Personal Information Policy
- Recruitment, Selection and Appointment Manual
- Screening Policy
- Leave Management Guidelines
- Flexible Working Hours Policy
- Risk Management Framework
- Travel Approval and Reimbursements Policies
- Purchasing Card Policy
- Procurement Policy and Procedures

3.1.4. **Training**
The Portfolio Induction Program includes a presentation which introduces employees to the Department’s integrity framework, including the principles of the Public Sector Code of Ethics; key areas of the Portfolio Code of Conduct, including fraud and corruption; and Public Interest Disclosure rights and responsibilities. The Portfolio Induction Program is conducted regularly and is mandatory for all staff.

Accountable and Ethical Decision Making training has been designed to explain the standards of behaviour expected of employees and to help them find answers to accountability questions. This online training program is mandatory for all staff and is based on the Public Sector Commission’s Accountability Framework and Conduct Guide which covers the following areas:

- Personal behaviour
- Communication and official information
- Fraudulent and corrupt behaviour
- Use of public resources
- Record keeping and use of information
- Conflicts of interest and gifts and benefits
- Reporting suspected breaches of the code.

3.1.5. **Staff Development System**
The Staff Development System is a structured process to guide employees and their managers through performance management and professional development.

The Staff Development System aims to provide clarity to employees about what is expected of their behaviour and work performance, what outcomes are required and how they contribute to team and organisational goals.

3.2. **Senior Management Commitment**
The Department is committed to developing and maintaining best practice for the prevention and detection of fraud and the fair dealing of matters pertaining to its occurrence.
This commitment is clearly stated in the Fraud Prevention and Detection Policy and has been confirmed by Executives and Directors as members of the Strategy and Performance Team (SPT) which declared its support for the Fraud and Corruption Control Plan.

Members of the SPT and additional senior staff attended Managing Fraud, Corruption and Misconduct Risks training in 2014. This training and subsequent Misconduct Risk Workshops, which also covered aspects of fraud and corruption, raised the awareness of fraud and corruption risks across senior management.

3.3. Line Management Accountability
Line managers are responsible for:

- Ensuring that all employees are aware of the Fraud and Corruption Control Plan and relevant reporting procedures
- Identification, assessment, treatment and monitoring of misconduct, fraud and corruption risks in their business area
- Ensuring appropriate work systems and practices are established and maintained
- Reporting suspected fraud and corruption and encouraging staff to do the same
- Assisting with investigations into allegations of fraud and corruption as required.

Accountability for the prevention and detection of fraud and corruption should be incorporated into relevant job description forms and considered as part of the Staff Development System.

3.4. Internal Control Systems
All business processes, especially those identified as having higher risk of fraud and corruption, should be subject to a rigorous system of internal controls that are well documented, reviewed and updated regularly, and understood by all relevant staff.

Strong internal controls are important in protecting against fraud. In many cases where fraud and corruption are detected, it is possible to identify a fundamental control weakness or failure that either allowed the incident to occur or failed to detect it quickly after it occurred.

Examples of internal control systems may include:

- Maintaining a comprehensive asset register that is periodically subject to physical stock take and reconciliation.
- Implementation of an auditable inventory system for significant consumables and spare parts and monitoring usage over time.
- Segregation of duties or cross-checks between purchasing, receiving of goods purchased and the accounts payable functions.
- Segregation of duties between the officer deciding or recommending to write off an asset and the officer responsible for disposal of the asset.
- Verification of qualifications, previous employment and references prior to appointment of staff.
- Line managers taking note of staff absence and overtime to ensure the appropriate leave is recorded as taken.
- Ensuring sufficient detail is recorded on cab charges and expense reimbursements to allow for periodic reviews and ensuring periodic reviews are undertaken.
- Active management and regular review of workers’ compensation claims.
- Reconciliation of payroll in terms of pay levels, acting positions and overtime.
- Regular reconciliation of Corporate Credit Cards and ensuring sufficient detail is noted to verify purchases.
- Review of winning tenders to determine whether low prices have been nullified through contract variations or whether contractors are regularly winning tenders despite being no cheaper than the industry average.
Line managers are responsible for ensuring appropriate work systems, including internal controls, are established and maintained.

Regular audit review work includes compliance testing which ensures due adherence to internal control systems and should reveal evidence or indicators of fraud.

3.5. Risk Assessment
Each business area must systematically identify and assess fraud and corruption risks in line with the Department’s Risk Management Policy and Framework. These risks must be assessed at least once every two years and reported to the Risk Management Committee.

The most important outcome of the fraud and corruption risk assessment process is the development of a treatment plan that specifically addresses the risks faced. These measures should be monitored for effectiveness over time.

3.6. Communication and Awareness
Mandatory training through the Portfolio Induction Program and the online Accountable and Ethical Decision Making program provides every staff member with a general awareness of fraud and corruption and how to respond if this type of activity is detected or suspected.

The Intranet is a permanent source of information regarding expected standards of behaviour, policies and procedures. New or revised information and reminders are communicated via email and/or newsletter announcements.

In its oversight role, the Risk Management Committee will consider the level and appropriateness of staff communication and awareness strategies for the Department.

3.7. Employment Screening
The DCA Screening Policy states that employees, volunteers, work experience and student placements, contractors and consultants may be required to undergo screening either prior to appointment or retrospectively. This includes occasions of transfer, acting or temporary deployment into positions identified as requiring screening.

The policy specifically refers to medical screening, National Police (Clearance) Certificate screening, Working With Children Checks, and confirmation of visa status for international personnel.

The Recruitment, Selection and Appointment Manual states that prior to commencement employees must provide certified identification, certified evidence of date of birth, certified evidence of permanent residency in Australia, and if required, evidence of qualifications, National Police Certificate, Working with Children Check or medical clearance.

The requirement for specific qualifications or screening will be detailed in a position’s job description form.

Screening information is recorded on each employee’s personal file and Human Resources maintains a central register of National Police Certificates and Working with Children Checks.

In addition, the Recruitment, Selection and Appointment Manual advises that a recruitment panel may contact an applicant’s referees to clarify or verify the claims or comments the applicant has made and to obtain further information about the applicant’s past work performance, conduct, attributes, values or future potential. The panel must seek permission from the applicant to contact referees and the applicant has a right to respond to any comments provided.
3.8. Supplier and Customer Screening
While fraud and corruption is often instigated by persons internal to an organisation, it is important to consider that the Department may be susceptible to externally instigated fraud. The risk of fraud and corruption will be reduced if the Department knows who it is dealing with in all significant commercial transactions so the credentials, financial health and integrity of new suppliers or customers should be investigated to the extent practical.

Contracts entered into by the Department for goods or services that are of relatively low risk and value are awarded either through a Department of Finance Whole of Government Common Use Arrangement (CUA) or, if outside a CUA, are facilitated by Government Procurement agency based staff.

All preferred providers under the CUA are subject to a stringent assessment process undertaken by the Department of Finance.

Contracts are subject to a rigorous assessment process which requires submission of a written offer; evaluation by a panel, including review of disclosures, compliance and qualitative assessment; and verification of the company’s ABN. A detailed Contract Management Guide is available on the DCA Intranet.

Funding contracts entered into by the Department with artists and arts organisations are also subject to rigorous screening and assessment processes.

Before grant applications are accepted for assessment, the applicant and key personnel participating in the project are screened to verify the applicant’s ABN and ensure any previous grants from the Department have been acquitted. Applications are assessed by peer panels with deep industry knowledge and due consideration is given to the applicant’s previous history, as outlined in their curriculum vitae. DCA staff personally meet with representatives of the organisations, visit the offices or venues of the organisations and regularly attend the organisations’ events.

Arts organisations that receive recurrent funding from the Department are required to be legally constituted and have a registered ABN. All organisations must sign a detailed funding agreement based on a template that has been reviewed by the State Solicitors Office. Organisations are also required to regularly submit detailed artistic and financial reports which go through a four stage approval process before any payments are made.

4. Fraud and Corruption Detection

4.1. Fraud and Corruption Detection Program
The Department of Culture and the Arts relies on a number of strategies to minimise the opportunity for fraud or its non-detection, including:
- Vigilance and awareness of all staff
- Internal control systems
- Operational risk management processes
- Procedures for reporting fraud
- Internal and external audit activities

Detection of fraud often requires specialised and local knowledge of the business area where the fraud may be perpetrated. However, the presence of indicators of fraud does not necessarily mean that fraud is occurring; they may be the result of other factors.
Taking into consideration the wider context, indicators of fraud may include work practices or employee behaviours such as:

- Unauthorised changes to systems or work practices.
- Excessive movements of cash funds or transactions between accounts
- Excessive variations to budgets or contracts
- Lowest tenders or quotes passed over with minimal explanation recorded.
- Bank and ledger reconciliations are not maintained or cannot be balanced.
- Refusal, evasion or delay in producing files, minutes or other records.
- Disproportionate control of records by one officer.
- Managers bypassing subordinates or subordinates bypassing managers.
- Marked character changes or signs of excessive drinking or drug use.
- Gambling or borrowing money from fellow employees while at work.
- Employees with outside business interests or other jobs which conflict with their duties.
- Excessive staff turnover or unexplained employee absences.
- Excessive or total lack of ambition.

### 4.2. Internal Audit

In the context of addressing all business risks, internal audit activities play an important role in identifying weaknesses in the fraud and corruption control environment.

The Department’s annual audit planning process takes into consideration known misconduct risks. Compliance testing completed as part of regular audit review work ensures due adherence to internal control systems and may reveal evidence or indicators of fraud. In addition, data analytics may be used periodically to assist in internal audit fraud prevention and detection work.

Where it applies to fraud control, the Professional Practices Framework of the Institute of Internal Auditors is also taken into consideration for individual audit engagements.

### 4.3. Role of External Auditors

Australian auditing standards have raised the auditor’s accountability for the detection of fraud as part of an audit and have amended auditing procedures so that the audit will be more likely to detect a material misstatement in financial statements due to fraud (or error).

In reviewing the Department’s financial statements, the Office of the Auditor General (OAG) fulfills its obligations under Auditing Standard ASA 240 The Auditor’s Responsibilities Relating to Fraud in an Audit of a Financial Report.

The DCA Financial Management Manual is recognised as an internal control that can be used by auditors for monitoring compliance with procedures.

### 4.4. Mechanisms for Reporting

It is mandatory to report known or suspected fraud or corruption through one or more of the channels outlined below.

Reporting should, in the first instance, be through an officer’s immediate manager or supervisor, or their next level senior officer if more appropriate.

However, an officer may feel more comfortable reporting their suspicions to Human Resources or a Public Interest Disclosure Officer, as identified on the Intranet.
Staff may also report directly to the Corruption and Crime Commission (CCC) if desired. The CCC does not require callers to provide their personal details or reveal their identity. Reports may be made anonymously, however they will be treated with scepticism until supporting evidence is gained through a preliminary independent investigation.

4.5. Whistle-blower Protection
The Public Interest Disclosure Act 2003 (the PID Act) facilitates the disclosure of public interest information, enabling anybody to make disclosures about improper or unlawful conduct within the State public sector, local government and public universities without fear of reprisal. The PID Act also provides protection for those who are the subject of a disclosure.

To be protected under the PID Act an employee must only disclose information to a designated Public Interest Disclosure Officer, maintaining confidentiality before and after making the disclosure.

If an employee reports to the CCC they will also be protected. There are heavy penalties for victimising or harassing people who make reports to the CCC.

5. Responding to Fraud and Corruption Incidents

5.1. Preliminary Assessment
Reported incidents of known or suspected fraud or corruption will be subject to a preliminary assessment to determine whether the behaviour meets the threshold for reporting to the CCC or whether the actions involve a less serious breach of trust, element of dishonesty or lack of integrity.

The assessment will be undertaken by the Director Human Resources and a recommendation will be provided to the Director General. Due consideration will be given to natural justice and procedural fairness.

Less serious allegations will be dealt with internally in line with the Misconduct Prevention Policy and disciplinary procedures. Where there is evidence of willful and deliberate misconduct, the Director General is required to report the allegations to the CCC.

5.2. Investigation
The CCC will determine the most appropriate next step in responding to the allegations of fraud or corruption. This may include:

- Investigation by the Department.
- Investigation by the CCC or another independent agency, such as the Ombudsman, the Public Sector Commission or the Auditor General.
- No further action, if the allegation is deemed to be misconduct but has already been investigated or the allegations concern incidents that happened many years ago.
- Alternative further action, if the allegation is deemed not to be misconduct, not in the public interest, or outside the CCC jurisdiction.

If the CCC refers the investigation back to the Department, then an external investigator will be engaged. This will ensure the investigation is conducted by an appropriately skilled and experienced person who is independent from the Department and the business unit in which the alleged fraudulent or corrupt conduct occurred. The external consultant will operate under the direction of the Fraud and Corruption Control Officer.
The investigation may involve the following activities:

- Interviewing witnesses, internally and externally where appropriate
- Interviewing persons suspected of involvement in fraud and corruption
- Reviewing and collating documentary evidence
- Forensic examination of computer systems and telephone records
- Enquiries with third parties, possibly including banks and other financial institutions
- Expert witness and specialist testimony
- Liaison with police or other law enforcement or regulatory agencies.

Where the investigation is conducted by an external agency such as the CCC, the Ombudsman, the Public Sector Commission, the Auditor General or the WA Police, the Department will do all it can to assist the agency to conduct a full and proper investigation.

5.3. Disciplinary Procedures

If misconduct, fraud or corruption is proven to have occurred, the responsible employee(s) will be subject to disciplinary procedures in line with the Misconduct Prevention Policy and Commissioner’s Instruction 3 – Discipline – General and the relevant guidelines.

The results of the investigation will be provided to the Director Human Resources who will coordinate the discipline process. The ultimate outcome of disciplinary proceedings may involve a reprimand, fine, transfer or termination. The Director General will make the final determination on any disciplinary action to be taken.

The Department will also undertake legal action to recover the losses incurred from fraud and corruption unless the resources required for such action are likely to exceed the value or benefits of the recovery.

5.4. Internal Control Review

In each instance where fraud is detected the Fraud and Corruption Control Officer, Risk and Business Improvement Coordinator and line management will reassess the adequacy of internal control systems, particularly those directly relating to the fraud incident, and will recommend improvements if required.

The review will be undertaken in line with the Risk Management Policy and Framework.

5.5. Internal Reporting

A fraud and corruption register will be used to capture, report, analyse and escalate detected fraud and corruption incidents.

The register will be maintained by the Risk and Business Improvement Coordinator, who will regularly analyse the incidents and report to the Risk Management Committee for review.

5.6. Insurance

The Department maintains insurance through RiskCover which includes coverage for any loss to the Department resulting from fraudulent or dishonest acts (including computer fraud) by employees or other persons.

The RiskCover certificate of cover is held by the Chief Financial Officer.