



Government of **Western Australia**
WA Country Health Service

Fraud and Corruption Control Plan

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Table of Contents

Document History	2
Endorsement / Sign Off	2
1. Introduction and Background.....	6
1.1. Scope	6
1.2. WACHS Commitment to Fraud and Corruption Control	6
1.2.1. Code of Conduct.....	7
1.2.2. Public Sector Commission of Ethics.....	7
1.2.3. WACHS Vision and Values	7
1.3. Definitions.....	8
1.3.1. Fraud	8
1.3.2. Corruption.....	9
1.3.3. Misconduct	9
1.4. Planning and Review.....	10
1.4.1. Reviews of systems and procedures post incident.....	10
1.5. Fraud and Corruption Governance and Responsibilities.....	10
1.5.1. Governance and Responsibilities	10
1.5.2. WACHS Board.....	10
1.5.3. WACHS Board Audit and Risk Committee	11
1.5.4. Chief Executive.....	11
1.5.5. WACHS Executive Committee and Regional Executive	11
1.5.6. WACHS Audit, Risk and Integrity Executive Sub-Committee (to be established)	11
1.5.7. Procurement and Contract Management Executive Sub-Committee	12
1.5.8. Executive, Senior Managers and Line Managers.....	12
1.5.9. Employees.....	13
1.5.10. Executive Sponsor for Fraud and Corruption Control.....	13
1.5.11. Public Interest Disclosure officers	13
1.5.12. WACHS Manager Audit.....	13
1.5.13. Director Industrial Relations	13
1.5.14. Director Human Resources	14
1.5.15. Integrity Unit	14
1.5.16. Manager Learning and Development	14
1.6. External Assistance	14

2.	Fraud and Corruption Prevention	14
2.1.	WACHS Culture.....	14
2.2.	Awareness & Communication of Fraud and Corruption	14
2.2.1.	Accountable and Ethical Decision Making.....	15
2.2.2.	Communications of the Fraud and Corruption Control Plan.....	15
2.3.	Fraud and Corruption Controls	15
2.3.1.	Legislation and subsidiary legislation	16
2.3.2.	Policy	16
2.3.3.	Reporting Mechanisms.....	17
3.	Fraud and Corruption Detection	17
3.1.	WACHS Detection Program	18
3.1.1.	Internal Audit	18
3.1.2.	Compliance and Risk Management.....	18
3.1.3.	Health Support Services.....	19
3.1.4.	Intelligence tools, data mining and real time system analysis	19
3.1.5.	Internal Reporting of suspected fraud and corruption incidents	19
3.1.6.	External Reporting of suspected fraud and corruption incidents	19
3.1.7.	Public Interest Disclosure	19
4.	Responding to Fraud and Corruption Incidents.....	20
4.1.	Procedures for the investigation of detected or suspected incidents	20
4.2.	Internal Reporting	20
4.3.	Insurance.....	20
4.4.	Civil proceedings to recover the proceeds of fraud or corruption	20
4.5.	External reporting	21
5.	Summary	21
	Appendix 1 – Fraud Triangle	21
	Why do people commit fraud?.....	22
	Opportunity	22
	Pressure	22
	Rationalisation	22
	Appendix 2 – Examples of Fraudulent and Corrupt Conduct	23
	Appendix 3 – Red Flags of Fraudulent and Corrupt Conduct.....	24
	Opportunity Red Flags: Employees Against the Organisation	24
	Opportunity Red Flags: Individuals on Behalf of the Organisation	24

Personal Characteristic Red Flags25

Situational Pressure Red Flags: Employees Against WACHS25

Situational Pressure Red Flags: Management on Behalf of WACHS.....26

Red Flags when dealing with third parties.....26

1. Introduction and Background

This Fraud and Corruption Control Plan (the Plan) has been developed to detail WA Country Health Service (WACHS) approach to fraud and corruption prevention, detection, response and reporting.

All staff share in the responsibility to identify and report suspected fraud or corruption, behave ethically and promote a culture of integrity in the workplace.

It is acknowledged that fraudulent and corrupt behaviour can and does occur within a health service. Reports issued by the Corruption and Crime Commission (CCC) have identified that within a health service, this can occur particularly in procurement, medication management and other high risk areas.

WACHS acknowledges that fraud and corruption risks exist and works collaboratively and continuously to improve the control environment for detecting and managing these risks.

The purpose of the Plan is to reduce the potential for fraud and corruption to occur and to build a culture within WACHS seeking to prevent fraudulent and corrupt behaviour.

This Plan describes:

- The roles and responsibilities of individuals and business areas within WACHS regarding the prevention and management of fraud and corruption.
- What fraud and corruption is and the process of detecting and reporting fraud and corruption.
- WACHS fraud and corruption risk identification process and controls.
- How reports of alleged fraud and corruption are investigated or referred to external agencies.
- How any suspected allegations of fraud or corruption is to be managed, reported and dealt with.

WACHS views fraud and corruption as serious offences and is committed to maintaining the integrity of the organisation with a comprehensive and systematic approach to the effective management of fraud and corruption risks.

1.1. Scope

All staff share in the responsibility to identify and report suspected fraud or corruption, behave ethically and promote a culture of integrity in the workplace. The Plan applies to all staff whether full time, part-time or casual, including those appointed by secondment, contract, temporary agreement, and volunteering. The Plan also applies to trainees, students, volunteers, researchers, contractors for service (including all contracted medical professionals and agency staff) and persons delivering training or education within WACHS.

1.2. WACHS Commitment to Fraud and Corruption Control

Fraud and corruption are serious criminal offences and all instances are to be treated accordingly. A model for explaining the factors that cause someone to commit fraud, Cressey's Fraud Triangle¹, can be found at Appendix 1.

WACHS has **zero tolerance** to fraud and corruption.

WACHS is committed to integrity and accountability through the effective management of fraud and corruption risks.

¹ Cressey, D. (1973). *Other People's Money*. Montclair: Patterson Smith. p. 30

WACHS has a responsibility to ensure that all necessary measures are taken to ensure staff members and contractors act ethically and with integrity and are held accountable for their actions.

All WACHS staff members are responsible for assessing the risk of fraud and corruption in their business area, identify and report suspected fraud or corruption, and promote a culture of integrity in the workplace.

Examples of fraudulent and corrupt conduct are provided at Appendix 2.

Indicators or 'Red Flags' of fraudulent and corrupt conduct are provided at Appendix 3.

1.2.1. Code of Conduct

The WA health system Code of Conduct identifies the core values, fundamental to any work, and translates them into principles that guide conduct in the workplace. It defines the standards of ethical and professional conduct and outlines the behaviours expected of all WA health system staff. This Code applies to trainees, students, volunteers, researchers, contractors for service (including all visiting health professionals and agency staff) and persons delivering training or education within the Department or a WA health system Employing Authority. For the purpose of the Code, these persons are also referred to as Staff.

WACHS staff are formally required to acknowledge the Code when they complete the mandatory training for Accountable and Ethical Decision Making (AEDM). Employee completion of AEDM means employee acknowledgment of the Code.

1.2.2. Public Sector Commission of Ethics

The Public Sector Commission (PSC) Code of Ethics specifies the minimum standard of conduct and integrity required of all public sector bodies and employees. Under section 9 of the *Public Sector Management Act*, all public sector bodies and employees must comply with the Code of Ethics. WACHS adheres to the PSC Code of Ethics principles:

- **Personal integrity** – act with care and diligence and make decisions that are honest, fair, impartial, timely and consider all relevant information
- **Relationships with others** – treat people with respect, courtesy and sensitivity and recognise their interests, rights, safety and welfare
- **Accountability** – 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.

1.2.3. WACHS Vision and Values

WACHS strives to deliver and advance high quality care for country WA communities. The WACHS vision to be a global leader in rural and remote healthcare captures the essence of what we do and what we inspire each other to do every day.

What we do makes a difference to the lives of the people in our community, and our values reflect how we expect each other to conduct themselves every day.

Our values reflect the qualities that we demonstrate to each other and our community every day. Our staff make a difference every day to the patients, families and consumers they provide care, advice and support to. The WACHS values capture the shared responsibilities that we uphold as most important.

Community

- We live and work in country communities. We are invested in the health, wellness and viability of country communities and the vibrancy, diversity and future of country WA.

Compassion

- We are inclusive, respectful and considerate. We care deeply about the people in our care and country communities.

Quality

- We provide safe, high-quality care, constantly striving to innovate, improve and achieve trust in our care.

Integrity

- We bring honesty, collaboration and professionalism to everything that we do.

Equity

- We are passionate about fairness in healthcare for all Western Australians, especially the most vulnerable and disadvantaged people and communities.

Curiosity

- We continually enquire and seek to understand, using the best evidence, insight and research to improve care.

1.3. Definitions

1.3.1. Fraud

Fraud as defined by *Australian Standard AS8001-2008 Fraud and Corruption Control* is: "Dishonest activity causing actual or potential financial loss to any person or entity including theft of monies 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. The benefits may be obtained by:

- staff members (known as 'internal' or 'workplace' fraud). Staff member includes trainees, students, researchers, participants in work experience, contractors for services (including all visiting health professionals and agency staff), persons delivering training or education and volunteers
- persons external to WACHS either with or without assistance from departmental staff members (known as 'external' or 'customer' or 'client' fraud).

Fraud can take many forms, including (but not limited to):

- theft or obtaining property, financial advantage or any other benefit by deception
- falsifying timesheets or leave documentation to cause a benefit or detriment to someone
- 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

- manipulating expenses or salaries.

Additionally, fraud is a criminal offence, punishable by a term of imprisonment and is defined within section 409 of the *Criminal Code Act Compilation Act 1913* (Criminal Code).

1.3.2. Corruption

Corruption is defined by *Australian Standard AS8001-2008 Fraud and Corruption Control* 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/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 (but is not limited to):

- conflict of interest
- dishonestly using influence
- blackmail
- acceptance of gifts and hospitality
- acceptance of a bribe
- misuse of information systems, internet or email
- unauthorised release of confidential, private information or intellectual property.

Corruption is a serious criminal offence, punishable by a term of imprisonment and is defined within Chapters XII and XIII of the Criminal Code.

1.3.3. Misconduct

Misconduct as defined by the *Corruption, Crime and Misconduct Act 2003* (CCMA);

Minor misconduct as defined by the CCMA occurs if a public officer engages in conduct that:

- adversely affects, or could adversely affect, directly or indirectly, the honest or impartial performance of the functions of a public authority or public officer whether or not the public officer was acting in their public officer capacity at the time of engaging in the conduct, or
- constitutes or involves the performance of his or her functions in a manner that is not honest or impartial, or
- constitutes or involves a breach of the trust placed in the public officer by reason of his or her office or employment as a public officer, or
- involves the misuse of information or material that the public officer has acquired in connection with his or her functions as a public officer, whether the misuse is for the benefit of the public officer or the benefit or detriment of another person,

and constitutes, or could constitute

- a disciplinary offence providing reasonable grounds for the termination of a person’s office or employment as a public service officer under the Public Sector Management Act 1994 (whether or not the public service officer is or was a person whose office or employment could be terminated on the grounds of such conduct).

Serious misconduct as defined by the CCMA is when a public officer:

- corruptly acts or corruptly fails to act in the performance of the functions of the public officer's office or employment, or
- corruptly takes advantage of the public officer's office or employment as a public officer to obtain a benefit for himself or herself or for another person or to cause a detriment to any person, or
- whilst acting or purporting to act in his or her official capacity, commits an offence punishable by 2 or more years' imprisonment.

1.4. Planning and Review

This Plan outlines WACHS' approach to preventing, detecting, controlling, managing and responding to fraudulent and corrupt conduct. This Plan is to be reviewed every two (2) years. High risk elements of this Plan are to be considered in planning the WACHS Internal Audit program.

When reviewing this Plan, WACHS is to take into consideration:

- results of any fraud and corruption risk assessments
- resourcing requirements and appropriate investigation skills
- recommendations from any fraud or corruption investigations
- significant changes in the WACHS' operating environment
- findings and recommendations from any internal or external audit or review.

1.4.1. Reviews of systems and procedures post incident

In any instance where fraud and corruption is detected, the relevant WACHS Executive is to be responsible for reviewing and assessing the adequacy of the internal control environment impacting the incident and actively planning and implementing improvements as required, including any required policy change. Where necessary, the Managers of Audit and Risk are to be notified where a fraud and corruption matter requires a review of the associated risk or control environment.

1.5. Fraud and Corruption Governance and Responsibilities

WACHS organisational values and culture, governance and risk management framework and controls, work together to prevent, detect and respond to potential or actual fraudulent or corrupt conduct. This Fraud and Corruption Control Plan details WACHS' approach to fraud and corruption prevention, detection and response.

1.5.1. Governance and Responsibilities

WACHS has developed a governance structure to manage, report and escalate issues of fraud and corruption up to the highest levels of governance. The key WACHS committees and staff roles responsible for the management of fraud and corruption control include:

1.5.2. WACHS Board

The Board plays a pivotal role in monitoring the ethical conduct of WACHS as part of its broader corporate governance responsibilities. They maintain, model and foster the highest standards of ethical behaviour that reflect the WA health system Code of Conduct, the PSC, Commissioner's Instruction No. 7 – Code of Ethics and the PSC, Commissioner's Instructions No. 8 – Codes of Conduct and Integrity Training.

The Board comprises highly capable and committed professionals with a diverse range of experience across the fields of medicine and health care, finance, law, and community and consumer engagement. The Board works closely with the WACHS Chief Executive (CE), who manages the day-to-day organisational operations to deliver safe, high-quality and efficient health services to local communities.

The WACHS Board is accountable for the delivery of clinical and corporate governance arrangements within WACHS and monitoring the implementation and application of fraud and corruption controls within the health service. The Board receives regular reports from management on the effectiveness of fraud and corruption control activities.

1.5.3. WACHS Board Audit and Risk Committee

The role of the WACHS Audit & Risk Committee is to provide advice, independent assurance and assistance to the WACHS Board on maintaining effective and efficient audit functions, risk, control and compliance frameworks, and with regard to the Board's external obligations as prescribed in the *Financial Management Act 2006*, the *Auditor General Act 2006*, Treasurer's Instructions and other relevant legislation. The role of the Committee is also to ensure the implementation of and adherence to the Risk, Compliance and Audit Policy Framework.

The Committee's responsibilities include, but are not limited to, oversight of compliance with Integrity and Ethical Governance Framework, including the code of conduct and code of ethics, polices and procedures. The Committee reports regularly to the full Board on key activities undertaken.

1.5.4. Chief Executive

The CE has responsibility for the effective and economical use of the WACHS' resources and for determining appropriate controls in managing fraud and corruption risks. This responsibility is appropriately delegated to the Executive, senior managers and line managers as detailed in WACHS Authorisation Schedule and Policy Frameworks which have been issued by the Department of Health as System Manager.

Under the CCM Act, the CE is required to notify the Public Sector Commission (PSC) of suspected minor fraud or corruption, or the Corruption and Crime Commission (CCC) if serious fraud or corruption is suspected.

1.5.5. WACHS Executive Committee and Regional Executive

While the CE assumes ultimate responsibility for the leadership, management and performance of WACHS, Executive members are responsible and accountable for the leadership, management and performance of their designated services and associated accountabilities.

Collectively, the Executive Committee is accountable and responsible for the strategic and operational leadership, management and performance of WACHS, including integrity and ethical issues. Regional Executive Committees or Sub-Committees are assigned areas of oversight and reporting governance in a regional context, for areas including workforce conduct and performance and policy/framework compliance.

1.5.6. WACHS Audit, Risk and Integrity Executive Sub-Committee

The WACHS Executive Sub-Committee into Audit, Risk and Integrity (ARIES) provides governance and oversight of audit, risk and integrity matters including advice and the reporting to the WACHS Board and Board Audit and Risk Committee through the WACHS Executive Committee and CE.

The ARIES primary role is to oversee compliance and assurance practises related to audit, risk and integrity; including reviewing the effectiveness of WACHS processes for identifying, monitoring, managing and escalating integrity and ethics (including compliance) issues. ARIES also supports the discharging of a coordinated, effective and efficient management approach to audit, risk management and integrity activities.

This Sub-Committee is to be responsible for ensuring this Plan is reviewed on a regular basis and updated accordingly.

1.5.7. Procurement and Contract Management Executive Sub-Committee

The Procurement and Contract Management Executive Sub-Committee meet on a quarterly basis and is responsible to the WACHS Executive Committee. Its primary role is to:

- ensure an appropriate plan and priority setting occurs with regard to procurement and contract management activities
- oversee reform initiatives in procurement strategy across the organisation to ensure WACHS is well positioned to meet its strategic objectives
- oversee the development and review of policy in areas of procurement and contract management
- maintain oversight of areas of risk relating to procurement and contract management activity, and oversee mitigation strategies and assessment of the controls in place, and
- monitor performance of procurement and contract management activities in line with ensuring value for money and achievement of outcomes.

1.5.8. Executive, Senior Managers and Line Managers

Executive, senior managers and line managers are responsible for ensuring that the WACHS' Fraud and Corruption Control Plan is effectively implemented within their business units, in particular they must be:

- providing leadership, guidance and support of employees in preventing fraud and corruption and modelling ethical behaviour
- setting/enforcing disciplinary standards
- identifying high fraud and corruption risk areas
- identifying specific sources of fraud or corruption risk
- participating in fraud and corruption risk assessment reviews
- implementing remedial action to address issues identified by the fraud and corruption risk assessment reviews
- assessing the cost/benefit of introducing anti-fraud and corruption procedures;
- developing/modifying practices to reduce fraud and corruption risk
- monitoring the continued operation of controls to prevent fraud and corruption
- receiving reports of suspected fraud or corruption from employees and taking appropriate steps to address concerns reported
- reporting suspected fraud and corruption promptly and maintaining confidentiality, and
- ensuring the protection of complainants who report fraudulent or corrupt activities.

1.5.9. Employees

All employees have a responsibility to contribute to preventing fraud and corruption by acting ethically; complying with controls, policies and procedures, and reporting suspected incidences of fraudulent or corrupt behaviour through the internal reporting framework (encouraged in first instance) or directly to the CCC.

WACHS is to provide support and protection to any employee who reports incidences of fraud and corruption. To be able to actively and positively contribute to fraud and corruption prevention all employees should:

- embrace an ethical work-place culture
- recognise the value and importance of personally contributing to fraud and corruption prevention
- develop an understanding of good work practices, systems and controls
- keep abreast of best practices for preventing fraud and corruption
- become aware of the different types of fraud and corruption that can occur in the workplace and how to detect them, and
- report suspected incidences of fraudulent or corrupt conduct in accordance with policies and procedures.

1.5.10. Executive Sponsor for Fraud and Corruption Control

In recognising that fraud and corruption are significant business risks, the Executive Director of People, Capability and Culture is the department's designated Executive Sponsor for fraud and corruption control.

The role of the Executive Sponsor is to champion fraud and corruption control within the Corporate Executive and to assist with controls being effectively integrated into the department's strategic planning, corporate governance and operational systems.

Additionally the Executive Sponsor oversees the implementation of the Fraud and Corruption Control Plan.

1.5.11. Public Interest Disclosure officers

Public Interest Disclosure (PID) officers are to investigate information disclosed, or cause that information to be investigated, and take action following the completion of the investigation in accordance with the relevant provisions of the *Public Interest Disclosure Act 2003* (PID Act).

1.5.12. WACHS Manager Audit

Internal Auditors must:

- consider potential fraud risk and have sufficient knowledge to evaluate the risk of fraud found through internal audit activities
- consider high-risk items with a view to incorporating into Audit Plans; and
- report any suspected fraud and corruption found during scheduled activities of Internal Audit.

The WACHS Manager Audit administratively reports to the Office of the CE. Extreme risks or allegations of fraudulent or corrupt conduct are to be reported directly to the CE WACHS.

1.5.13. Director Industrial Relations

The Director Industrial Relations (IR) is operationally responsible for the implementation of and reporting on disciplinary/misconduct matters.

The Director IR ensure that discipline processes are industrially sound in accordance with the WA health regulatory and policy frameworks.

1.5.14. Director Human Resources

Human Resources plays a major role in the management of the discipline processes through the setting of relevant policies, providing information to staff and receiving reports of staff misconduct.

1.5.15. Integrity Unit

The Integrity Unit plays a key role in investigating suspected misconduct, developing and administering integrity initiatives (including misconduct prevention and education programs) and the provision advice related to accountable and ethical decision making.

The Manager Integrity escalates fraud and corruption issues through to the Executive Sponsor for fraud and corruption control, the WACHS Audit, Risk and Integrity Executive Sub-Committee and the WACHS Audit and Risk Committee as required. Extreme risks or allegations of fraudulent or corrupt conduct are to be reported directly to the WACHS CE.

1.5.16. Manager Learning and Development

Learning and Development play a major role in the development of fraud and corruption awareness and education programs.

1.6. External Assistance

The CCMA, effective from 1 July 2015, gives the CCC and the Public Sector Commission (PSC) responsibility for preventing and dealing effectively and appropriately with misconduct in the Western Australian public sector.

The new legislation focusses the efforts of the CCC on dealing with serious misconduct and corruption by public officers.

The PSC is responsible for minor misconduct and public sector prevention and education.

The Office of the Auditor General (OAG) is responsible for conducting external audits of the finances and activities of all Western Australian public sector bodies. In undertaking this task, the OAG scrutinise WACHS for potential instances of wastage, ineffectiveness, inefficiency, fraud and corruption and report the findings to the WA State Parliament.

Western Australia Police Force are the appropriate agency to investigate suspected criminal offences.

Clinical practice within WACHS is regulated for individuals by registration with the [Australian Health Practitioner Regulation Agency \(AHPRA\)](#).

2. Fraud and Corruption Prevention

2.1. WACHS Culture

The WACHS culture is set by the leaders within the organisation and is reinforced throughout the organisation. Resources, such as meeting scripts, FAQ's and guidelines, are provided to front line managers on how to discuss fraud and corruption with their teams, how to identify adverse behaviours and how to manage or escalate matters.

The WACHS culture, attitude and awareness of fraud and corruption are evaluated through staff surveys such as the 'Your Voice in Health Survey'.

2.2. Awareness & Communication of Fraud and Corruption

WACHS endeavours to ensure all WACHS staff have an awareness and understanding of the issues of wrongdoing (including fraud and corruption) and importantly how to report matters of concern, if this type of activity is detected or suspected.

Strategies utilised to update all employees in relation to integrity and ethics issues, including fraud and corruption are:

2.2.1. Accountable and Ethical Decision Making

Mandatory employee completion of the Accountable and Ethical Decision Making (AEDM) training which covers the following topics:

- Code of Ethics and Conduct
- Personal behaviour
- Communication and official information
- Fraudulent and corrupt behaviour
- Use of public resources
- Recordkeeping and use of information
- Conflicts of interest, gifts and benefits
- Misconduct reporting.

2.2.2. Accountable and Ethical Decision Making Refresher

The AEDM Refresher (AEDMR) compliments the AEDM and is mandatory training for WACHS primary supervisors to reinforce AEDM training topics.

2.2.3. Communications of the Fraud and Corruption Control Plan

Activities to communicate the WACHS Fraud and Corruption Control Plan includes:

- standard processes for updates to fraud and corruption-related policies and guidelines
- global messages to staff to reinforce the WACHS culture and to discuss the importance of fraud and corruption prevention
- staff resources contained within the WACHS Integrity hub and the WACHS intranet on HealthPoint provides guidance to managers and staff on the identification and management of integrity risks, including fraud and corruption
- information sessions for misconduct and fraud reporting are facilitated by the WACHS Integrity Unit. Other senior WACHS staff, including but not limited to the Director of Procurement and Contract Management and Managers of Risk and Policy, are available to present to staff forums and meetings to ensure that the fraud prevention message is widely disseminated and discussed
- Executive, Directors, Heads of Departments and Managers are to also have ongoing discussions with their staff to ensure a consistent message is delivered and reinforced
- education activities including key messages to be included during staff induction/orientation activities.

2.3. Fraud and Corruption Controls

2.3.1. Legislation and subsidiary legislation

Relevant legislation includes (but is not limited to);

- *Corruption Crime and Misconduct Act 2003*
- *Public Sector Management Act 1994*
- *Health Services Act 2016*
- *Criminal Code Act Compilation Act 1913*
- *Public Interest Disclosure Act 2003*
- *State Records Act 2000*
- *Industrial Relations Act 1979*
- *Financial Management Manual*

2.3.2. Policy

The WA health system and WACHS have policies, guidelines and procedures in place that govern and support the organisation's operations and decision making. Fraud and corruption controls are within various policies and procedures including (but not limited to):

- WA health system Code of Conduct Policy
- WA health system Employment Policy Framework
- WA health system Financial Management Framework
- WA health system Procurement Policy Framework
- WA health system Legal Policy Framework
- WA health system Information Management Framework
- WA health system Risk Compliance and Audit Policy Framework
- WA health system Information and Communications Technology Policy Framework
- WA health system Discipline Policy
- WA health system Complaint Management Policy
- WA health system Notifiable and Reportable Conduct Policy and Guidelines
- WA health system Pre-Employment Integrity Check Policy
- WA health system Criminal Record Screening Policy and Guidelines
- WA health system Managing Conflict of Interest Policy
- WA health system Gifts, Benefits and Hospitality Policy
- WA health system Staff Air Travel Policy
- WA health system Management of Accrued Leave Policy

- WA health system Acceptable Use of Information and Communications Technology Policy
- WA health system Data Stewardship and Custodianship Policy
- WA health system Reporting of Schedule 4 Restricted and Schedule 8 Medicines Discrepancies Policy
- WA health system Storage and recording of Propofol
- WA health system Storage and recording of Restricted Schedule 4 (S4R) medicines
- WA health system Management of Schedule 8 and Restricted Schedule 4 oral liquid medicines
- WACHS Clinical Governance Framework
- WACHS Discipline Guide
- WACHS Medication Handling Accountability Policy
- WACHS Risk Management Policy
- WACHS Records Management Policy
- WACHS Integrity Governance Arrangements
- WACHS Interest Register (WIRe) Business Rules
- WACHS Gift Declaration Procedure
- WACHS PID resources and information
- WACHS Audit Policy
- WACHS Records Management Policy
- WACHS Health Record Form Management Policy.

2.3.3. Reporting Mechanisms

WACHS ensures management have access to reports that may highlight fraud and corruption risks. Some examples include:

- WACHS Learning and Development provide Learning Management System (LMS) Dashboard Reports relating to workforce requirements, including the completion of Accountable and Ethical Decision Making.
- WACHS Workforce Planning and Reporting provide a number of reports including Leave Management, Payroll Certification and Compliance dashboards for Working with Children (WWC) checks and Aged Care Criminal Record Screening (ACCRS).
- WACHS Finance FTE reports are restricted to members of the WACHS Executive, Leadership Team, Corporate Leadership Team and Finance Managers, but include Monthly Finance Reports and Monthly Leave Liability Reports.
- WACHS Records Management provides monthly reports to the Executive and individual business areas with regard to the use of Records Manager in line with expected standards.
- Health Support Services (HSS), Corporate Reporting, provide a number of reports managers can use monitor the appropriate management of leave, for example Leave Balances, Value and Bookings by Organisational Unit.

3. Fraud and Corruption Detection

3.1. WACHS Detection Program

WACHS relies on a number of strategies to minimise the opportunity for fraud including:

- audit activities
- internal control systems
- operational risk management processes
- vigilance and awareness of all staff.

3.1.1. Internal Audit

The WA health system Internal Audit Policy governs the provision of audit within WACHS. Audit is a core function of WACHS to provide assurance to the WACHS Board, the CE and the Audit and Risk Committee on:

- compliance with legislation and policy
- efficiency and effectiveness of operations
- integrity of information and reporting.

The WACHS Audit Program comprises of both an internal audit function and the provision of external audit by the OAG. From time to time, additional audit may be initiated and undertaken by the CCC or PSC.

The Director of the Office of the CE has administrative oversight for the provision of the WACHS internal audit function. The performance of the function is monitored through the CE and the WACHS Audit and Risk Committee.

Internal Audit may assist in the investigation and report on;

- controls that may be required to be strengthened
- results that help disclose similar frauds in the future, and
- fraud detection considerations.

3.1.2. Compliance and Risk Management

WACHS business areas must systematically identify and assess fraud and corruption risk in line with the WA health system Risk Management Policy. The policy provides a process structure by which risks are identified, managed, monitored and reviewed within WACHS.

Routine risk assessment of Fraud and Corruption Control Risks are to be informed by a review of critical preventative controls and analysis of information and data collected by WACHS regarding its key risks. This includes, but is not limited to:

- misconduct data
- acceptance of gifts reporting data
- conflict of interest reporting data. and
- medication discrepancy data.

To enable efficient reviews, all documents, resources and findings included in this Plan, including but not limited to: policies, audits, investigations, asset registers, reports, forms and declarations, must be maintained in a WACHS approved recordkeeping system.

3.1.3. Health Support Services

A Service Level Agreement (SLA) relating to the provision of technology, supply, workforce and financial services exists between WACHS and HSS. Embedded within the SLA is a commitment of adherence to internal control mechanisms within HSS which are subject to their internal audit function and HSS is to provide an annual assurance statement to WACHS as its client.

3.1.4. Intelligence tools, data mining and real time system analysis

Third party tools are commercially available to support the detection of potential fraud or non-compliance using analytics, data mining and real time system analysis.

WACHS is to consider opportunities to leverage existing data sets and reporting tools to aid the detection and prevention of fraud. Additionally, WACHS has commenced engagement with Health Support Services in the development of a system-wide forensic accounting tool.

3.1.5. Internal Reporting of suspected fraud and corruption incidents

Reporting matters of concern builds the integrity of WACHS. To assist staff in reporting concerns a range of pathways have been developed. Staff can report by:

- speaking to local Human Resources areas, which can provide staff with advice as to how the matter is to be progressed
- advising their manager or supervisor
- contacting the WACHS IU
- contacting their site or WACHS Executive Director or the CE, and
- making a report via the Public Interest Disclosure process

Reporting of fraud and corruption from all internal systems is to be to the CE, to whom all members of the WACHS Executive directly report.

The WACHS Board and the relevant Executive Directors are to be advised of incidents of alleged fraud and corruption in their area of responsibility, as appropriate.

3.1.6. External Reporting of suspected fraud and corruption incidents

Staff may also choose to report concerns directly to external agencies, such as;

- Corruption and Crime Commission (CCC)
- Public Sector Commission (PSC)
- Australian Health Practitioner Regulation Agency (AHPRA)
- WA Police Force.

Under the CCMA, principal officers are required to notify the CCC or the PSC in writing of any matter they suspect, on reasonable grounds, reflects either serious or minor misconduct, respectively. The principal officer of WACHS is the CE.

3.1.7. Public Interest Disclosure

The *Public Interest Disclosure Act 2003* is aimed at encouraging the disclosure of wrongdoing within the State public sector and to ensure accountability in Government. Information is available to all staff on the [Public Interest Disclosure intranet page](#) on the WACHS intranet.

The WACHS Manager Investigations acts as the Principal Public Interest Disclosure (PID) Officer within WACHS. This position is responsible for ensuring all WACHS sites have registered PID Officers and is the primary contact with the PSC when a PID matter is raised.

4. Responding to Fraud and Corruption Incidents

4.1. Procedures for the investigation of detected or suspected incidents

All suspected breaches of discipline are managed and investigated in line with the [WA health system Discipline Policy](#) and [WACHS Discipline Guide](#).

4.2. Internal Reporting

A Case Management System is used to capture misconduct cases, including fraud and corruption incidents. The system is maintained by the WA health system-wide Integrity Services, Governance and System Support Directorate; with WACHS specific information and data managed by IR and IU staff.

A database of misconduct matters including fraud and corruption incidents is maintained

. A quarterly report is provided to the WACHS Audit and Risk Committee in relation to disciplinary matters.

4.3. Insurance

Pursuant to Treasurer's Instruction 812, WACHS effects insurance cover with the Western Australian Government Treasury Managed Fund (RiskCover), managed and administered by the Insurance Commission of Western Australia (ICWA).

This includes:

- liability cover for claims made against WACHS resulting from unlawful, dishonest, fraudulent, criminal or malicious acts or omissions of any person while acting or purporting to act in the course of their duties for and on behalf of WACHS
- property and business interruption cover for loss of WACHS property insured resulting from fraudulent or dishonest acts (including computer fraud) by employees or other persons
- cyber cover for liability arising from data protection risk exposures and the management of personal and corporate data.

The RiskCover certificates of insurance (currency) are held by the CFO (i.e. general liability, property and business interruption, cyber). Insurance is reviewed annually in accordance with State requirements.

4.4. Civil proceedings to recover the proceeds of fraud or corruption

Remedies are available to WACHS for loss to the State by staff members under the *Health Services Act 2016*.

Section 6 of the [Health Services Act 2016](#) provides that disciplinary action includes the imposition of a fine 'not exceeding an amount equal to the amount of remuneration received by the employee in respect of the last five (5)

days during which the employee was at work as an employee before the day on which the finding of the breach of discipline was made'. Section 169 of the *Health Services Act 2016* provides for the payment and recovery of such a fine.

In addition, where criminal proceedings commence and the penalty for any offence committed is more than two (2) years of imprisonment, the State may take action under the [Criminal Property Confiscation Act 2000](#) to recover properties and monies owed to the State.

4.5. External reporting

In accordance with the WA health system Notifiable and Reportable Conduct Policy and relevant legislation, WACHS is to report to appropriate oversight bodies on all incidences of fraud and corruption.

The WACHS CE is the responsible person under Section 28 of the CCMA and must report serious misconduct to the CCC. The CCC may take over any investigation of fraud or corruption or refer it back to WACHS to complete the investigations and report to the CCC on the outcome.

Any matter identified that may be considered a crime is to be reported to the WA Police Force.

5. Summary

In line with the WACHS values, staff must be supported to promote and demonstrate the highest standards of ethical and professional behaviour throughout the health service.

WACHS acknowledges that fraud and corruption risks exist and must work collaboratively and continuously to improve the control environment for detecting and managing these risks. We strive to build and maintain a culture within our health service where all staff can feel comfortable in voicing their concerns and reporting suspicions of wrongdoing.

This Plan is an integral part of the health service's risk management plan to address fraud and corruption risks through the application of risk management controls. The Plan represents a comprehensive framework aimed at reducing the health service's exposure to fraud and corruption.

This Plan outlines the significant investment WACHS has made towards preventing, detecting and responding to these risks. Good integrity governance is achieved by creating an environment of transparency in and accountability for; preventing, detecting and responding to fraud and corruption risks and integrity issues to enable a culture of integrity to develop.

Fundamentally it means being accountable for our actions and ensuring that we treat each other with respect; it means having the courage to challenge others and continuously striving towards the provision of a service that we and members of the Western Australian community can be proud of.

This document can be made available in alternative formats on request for a person with a disability

Contact:	WACHS Manager Integrity, WACHS Integrity Unit		
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Appendix 1 – Fraud Triangle

Why do people commit fraud?

Figure 1 shows Cressey's Fraud Triangle², a model for explaining the factors that cause someone to commit fraud. It consists of three components which normally must all be present for fraudulent behaviour to occur:

Opportunity

The circumstances that permit someone to commit a fraud, is generally provided through weaknesses in internal control systems such as inadequate or lack of:

- supervision and review
- separation of duties
- management approvals
- system controls.

Pressure

The pressure placed on or incentive provided to a person to commit fraud, can be imposed due to:

- personal financial problems
- personal vices such as gambling, drugs, extensive debt, etc
- unrealistic deadlines and performance goals.

Rationalisation

This occurs when the individual develops a justification for their fraudulent activities where they have a frame of mind or character that allows them to commit a fraud. The rationalisation varies by case and individual. Some examples include:

- "I really need this money and I'll put it back when I get paid"
- "I'd rather have the organisation on my back than the tax office or creditors"
- "I just can't afford to lose everything – my home, car, everything"
- "The organisation deserves this for treating me badly"
- "I am entitled to the money"
- "I am underpaid, or my employer cheats me"
- "My employer is dishonest to others and deserves to be fleeced".

NOTE: the above fraud triangle does not apply in situations where a "predatory employee" is involved i.e. a person who takes a job with the prime intent of committing fraud against his/her employer.

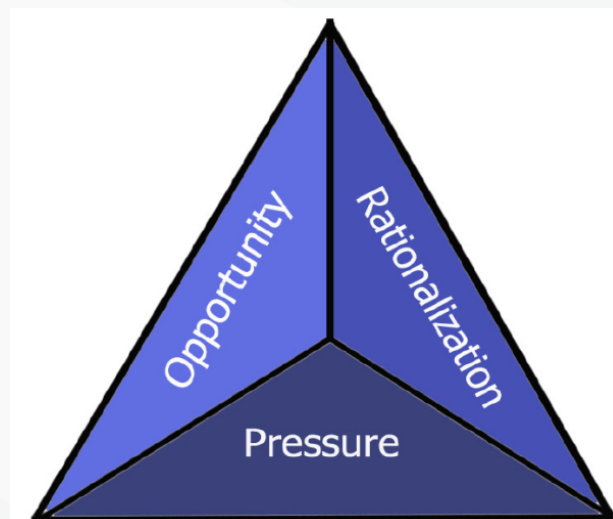


Figure 1

² Cressey, D. (1973). *Other People's Money*. Montclair: Patterson Smith. p. 30

Appendix 2 – Examples of Fraudulent and Corrupt Conduct

- Misappropriating grant funds.
- Falsifying or fabricating research outcomes.
- Submitting a record of attendance (a timesheet) containing false information or times not worked.
- Taking or requesting inducements to mark a student's assessment more favourably.
- A manager signing off on fraudulent overtime claims.
- Regularly taking resources, such as office supplies, stationery or Health Service equipment, home for personal use or to sell for personal benefit.
- Unauthorised use of a Health Service motor vehicle.
- Approving invoices for private expenses or colluding to do so for others.
- Submitting a false travel or reimbursement claim and receiving a benefit to which they are not entitled.
- Misusing taxi vouchers for personal use or profit.
- Manipulating recruitment and selection procedures to secure the appointment of a close friend or family member or associate.
- Submitting false salary packaging claim and receiving a benefit not entitled.
- Management promoting, engaging or giving an employee advantage over others for personal reasons.
- Failing to declare a conflict of interest but continuing to deal with a close associate in exercising a Health Service function (for example, recruitment of an employee).
- Accepting or soliciting a bribe or secret commission from a tenderer to give partial consideration to them.
- Inappropriate relationships between clinicians and suppliers, particularly pharmaceutical companies.
- Corruption in responding to errors or problems in the delivery of health services
- Misuse of public resources (ICT equipment, phones, vehicles and medical equipment) for private use.
- Providing commercial-in-confidence information to a tenderer resulting in them obtaining an unfair advantage over other tenderers in the tender process.
- Colluding with a supplier of goods or services to the Health Service for personal gain.
- Facilitation payments i.e. obtaining kickbacks for organising preferential treatment.
- Gifts or entertainment received which is intended to achieve a specific or generic Health Service outcome in the short or long-term.

Appendix 3 – Red Flags of Fraudulent and Corrupt Conduct

Types of Red Flags of Possible Fraudulent Activity³

NOTE: These are indicators only, not absolute and not a comprehensive list.

Opportunity Red Flags: Employees Against the Organisation

- Familiarity with operations and in a position of trust.
- Close association with suppliers and other key people.
- The firm that does not inform employees about rules or of the action taken to combat fraud.
- Rapid turnover of key employees.
- No mandatory vacations, taking of leave, or periodic rotations etc.
- Inadequate personnel screening policies when hiring employees to fill positions of trust.
- Absence of explicit and uniform personnel policies.
- No maintenance of accurate personnel records of dishonest actions and disciplinary actions.
- Executive disclosures and examinations not required.
- Dishonest or overly dominant management.
- Operating on a crisis mode.
- No attention to details.
- Unrealistic productivity measurements.
- Poor compensation practices.
- Lack of internal security.
- Inadequate training programs.

Opportunity Red Flags: Individuals on Behalf of the Organisation

- Related-party transactions.
- Complex business structure.
- Ineffective internal audit staff.
- Highly computerised or technological organisation.

³ Romney, M. B., W. S. Albrecht and D. J. Cherrington. 1980. Red-flagging the white collar criminal. *Management Accounting* (March): 51-54, 57

- In atypical or "hot" industries.
- Uses several audit firms or changes auditors frequently.
- Reluctant to provide auditors with needed data.
- Advice shopping.
- Continuous regulatory problems.
- Large year-end or unusual transactions.
- Inadequate internal control.
- Unusually liberal accounting practices.
- Poor accounting records.
- Inadequate accounting staff.
- Inadequate disclosure of unusual accounting practices.

Personal Characteristic Red Flags

- Rationalisation of contradictory behaviour.
- Lack of strong code of personal ethics.
- A "wheeler dealer" personality.
- Lack of stability.
- A strong desire to beat the system.
- A criminal or questionable background.
- A poor credit rating and financial status.
- Addiction disease

Situational Pressure Red Flags: Employees Against WACHS

- High personal debts or financial losses.
- Inadequate income for lifestyle.
- Extensive stock market or other speculation.
- Excessive gambling.
- Undue family, company or community expectations.
- Perceived inequities in the organisation.
- Resentment of superiors and frustration with job.
- Peer group pressures.
- Undue desire for self-enrichment and personal gain.

Situational Pressure Red Flags: Management on Behalf of WACHS

- Unfavourable economic conditions.
- Insufficient working capital or high debt.
- Dependence on one or two products, customers or transactions.
- Severe obsolescence.
- Extreme rapid expansion through new business or product lines.
- Reduced ability to acquire credit, or restrictive loan agreements.
- Cost and expenses rising faster than revenues.
- Difficulty collecting receivables.
- Progressive deterioration in quality of earnings.
- Significant tax adjustments.
- Urgent need for favourable earnings to support high price of stock or to meet earnings forecast.
- Cash flow pressures to meet LPI's.
- Competing and increasing workload
- Need to gloss over a temporary bad situation to maintain management prestige.
- Significant litigation, especially between stockholders and management.
- Unmarketable collateral.
- Significant reduction in sales backlogs.
- Possibility of license being revoked.
- Suspension or delisting from a stock exchange.
- Pressure to merge.
- Sizable inventory increase without comparable increase in sales.

Red Flags when dealing with third parties

- The third party has a reputation for accepting or demanding bribes, and/or has requested to make or receive a bribe.
- The third party has been the subject of previous enforcement action(s) for corruption-related offences.
- The third party's report of its business structure is unusual, incomplete, or overly complex with a lack of transparency.
- The third party provides incomplete, false, or misleading business contact information.

- The third party requests unusual payments or financial arrangements e.g. requests to:
 - accept payments in cash or through a third party
 - complete unnecessary, inaccurate or unexplained invoices
 - payments in addition to ordinary commission or remuneration, or has a pattern of over-invoicing or incorrect invoicing, or overpayments and requests for refunds.
- The third party requests a split of purchases to avoid procurement thresholds.
- The third party proposes unnecessary change orders to increase contract values after award of the contract.
- The third party is vague or elusive about source of funds for the transaction or activity.
- The third party has large sums of cash or currency available for the transaction or business activity with no corresponding business that generates the high revenue stream.
- The third party seeks to make or receive payment from or to a foreign country account other than the location of the party's business or the service performed, unless the third party has legitimate reasons for requesting for such arrangement.
- An unnecessary middleman or local is involved in the contract or negotiations, and his addition has no obvious value to the performance of the contract.
- The third party boasts about relationships with local government officials, such as immigration or customs officials, government officials.
- The third party engages questionable subcontractors or local agents.
- In a bid process, the request for proposals includes very narrow contract specifications that seem to favour a specific bidder and exclude others.
- The third party requests that WACHS not report or disclose a particular activity or transaction.
- The third party threatens to withhold services or requests payments to individuals in addition to contractually agreed payments, or payments in cash or cash equivalents.
- A Government Official insists on a specific person or company to serve as third party.
- The third party's business is not listed in standard industry directories, or is unknown to people knowledgeable about the industry.
- During negotiations, the third party seems indifferent to the price for the products or services, or otherwise fails to act in a profit-seeking manner.
- The third party insists that its identity remain confidential or refuses to divulge the identity of its owners or principals.
- The third party does not have offices or a staff, or frequently moves locations.