

COMMONWEALTH

FRAUD CONTROL GUIDELINES

2002

**Issued by the Minister for Justice and Customs as
Fraud Control Guidelines under Regulation 19 of the
*Financial Management and Accountability Regulations 1997***

May 2002

Attorney-General's Department

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Statement by the Minister for Justice and Customs

Fraud is currently the most expensive category of crime in Australia. In 1997 the Australian Institute of Criminology estimated that fraud was costing the community between \$3 billion and \$3.5 billion per year. Commonwealth agencies surveyed by the Australian National Audit Office in its *Survey of Fraud Control Arrangements in APS Agencies* identified the total value of fraud cases against the Commonwealth for the period 1998-99 conservatively at \$146 million.

Emerging technologies will increase opportunities for fraud and make the prevention, detection and investigation of fraud more difficult. Fraud is increasingly a crime unconstrained by geographical or jurisdictional boundaries.

The Federal Government is determined to ensure that fraud against the Commonwealth is minimised and that, where it does occur, it is rapidly detected, effectively investigated, appropriately prosecuted and that losses are minimised.

The Federal Government recognised the need to update the Commonwealth's Fraud Control Policy to take into account developments in corporate governance, modern business practices and developments in fraud control.

Accordingly, I am issuing the attached Commonwealth Fraud Control Guidelines (the Guidelines) under Regulation 19 of the *Financial Management and Accountability Regulations 1997*.

The Guidelines incorporate a number of amendments to the Commonwealth's Fraud Control Policy including:

- greater specification of fraud control arrangements for outsourcing;
- the introduction of mandatory training qualifications for fraud investigators;
- improved fraud reporting to Government;
- establishment of a Fraud Trend Information Network.

For the purposes of the Commonwealth Fraud Control Guidelines, fraud against the Commonwealth is defined as "dishonestly obtaining a benefit by deception or other means". It encompasses, for example, obtaining benefits by deceit, charging the Commonwealth for non-delivery or incomplete delivery of services, abusing Commonwealth facilities, bribing or corrupting Commonwealth employees, and evading payments owed to the Commonwealth.

The Guidelines clearly define the Government's requirement that all budget-funded agencies, and relevant *Commonwealth Authorities and Companies Act 1997* funded bodies, put in place practices and procedures for effective fraud control. I believe that, as they adhere to the Commonwealth Fraud Control Guidelines, agencies will be better positioned to prevent and deal with fraud.

CHRIS ELLISON
Minister for Justice and Customs
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Guideline 1

Commonwealth Fraud Control Policy Overview

1.1 The *Fraud Control Policy of the Commonwealth* (1994) has been revised to take account of the changing environment in which Commonwealth agencies operate, including the introduction of the *Financial Management and Accountability Act 1997* (FMA Act). These Commonwealth Fraud Control Guidelines replace the *Fraud Control Policy of the Commonwealth* and are issued by the Minister for Justice and Customs under Regulation 19 of the *Financial Management and Accountability Regulations 1997* (FMAR)¹.

1.2 Fraud against the Commonwealth is a major concern to the Government. The Government is committed to protecting Commonwealth revenue, expenditure and property from any attempt to gain illegal financial or other benefits. The Commonwealth Fraud Control Guidelines outline the Government's requirement that Commonwealth agencies put in place a comprehensive fraud control program that covers prevention, detection, investigation and reporting strategies.

1.3 Fraud is defined for the purposes of the Commonwealth Fraud Control Guidelines as "*dishonestly obtaining a benefit by deception or other means*" – and includes both tangible and intangible benefits. Guideline 2 gives more detailed examples of the types of matters covered by this definition.

1.4 Agencies should consider prosecution in appropriate circumstances, in accordance with the *Prosecution Policy of the Commonwealth*. Criminal prosecutions are vital to deterring future instances of fraud and to educating the public generally about the seriousness of fraud. Agencies should be committed to recovering losses caused by illegal activity through proceeds of crime and civil recovery processes and, in the absence of criminal prosecution, to applying appropriate civil, administrative or disciplinary penalties.

1.5 The Commonwealth Fraud Control Guidelines apply to:

- all agencies covered by the FMA Act; and
- bodies covered by the *Commonwealth Authorities and Companies Act 1997* (CAC Act) that receive at least 50 per cent of funding for their operating costs from the Commonwealth or a Commonwealth agency. Section 28 of the CAC Act provides that the responsible Minister may, after consultation, notify the directors of a Commonwealth authority in writing of general policies of the Commonwealth that are to apply to the agency.

¹ Regulation 19 FMAR provides for the issue of fraud control guidelines. Regulation 20 FMAR requires that officials must have regard to the guidelines issued under Regulation 19.

1.6 The Commonwealth Fraud Control Guidelines do not apply to a CAC Act agency that does not receive the above level of funding. Such agencies are, however, strongly encouraged to comply with the best practice standards set out in these Guidelines. Agencies are responsible for determining their funding status to ascertain whether the Guidelines apply to them.

1.7 Where a reference or expression used in the Commonwealth Fraud Control Guidelines is not the same as a reference or expression used in the CAC Act, relevant CAC agencies are nonetheless responsible for applying the spirit and principles of the Guidelines.

1.8 Chief Executive Officers (CEOs) and/or Boards of Directors² of Commonwealth agencies are accountable to their Ministers or Presiding Officers for fraud control within their agencies. This is in line with their responsibilities under the FMA Act and the CAC Act. CEOs are to keep their Ministers or Presiding Officers informed of all relevant fraud control initiatives undertaken by their agencies.

1.9 CEOs of agencies covered by the Commonwealth Fraud Control Guidelines are to certify to their Minister or Presiding Officer in their agency's annual reports that they are satisfied that their agency has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the agency and comply with the Guidelines.

1.10 Agencies are responsible for preventing and detecting fraud against the Commonwealth including fraud within those outsourced functions performed by external service providers.

1.11 Agencies are to prepare fraud risk assessments and fraud control plans that comply with the Commonwealth Fraud Control Guidelines. Agencies are to advise the Australian Federal Police (AFP) annually of their current identified major fraud risks to assist the AFP in the provision of appropriate investigative services to agencies. Agencies can do this by providing to the AFP either copies of their fraud risk assessments and fraud control plans or by entering into bilateral arrangements with the AFP for access to relevant information.

1.12 Agencies are responsible for investigating routine or minor instances of fraud as set out in Guideline 4. Agencies are to refer all instances of serious or complex fraud involving Commonwealth interests to the AFP. In circumstances where the Guidelines provide that agencies can investigate cases of serious or complex fraud without referral to the AFP, agencies are to advise the AFP of the details of the matters under investigation. Any criminal activity likely to have politically sensitive implications is to be referred to the AFP in accordance with Guideline 4.

² For the purposes of the Fraud Control Guidelines, references to CEOs include relevant Boards of Directors of CAC bodies.

1.13 All agency employees and contractors to Commonwealth agencies primarily engaged in fraud control activities are to meet the appropriate training standards set out in Guideline 6.

1.14 All agency employees and contractors to Commonwealth agencies must take into account the need to prevent and detect fraud as part of their normal responsibilities.

1.15 The Minister for Justice and Customs may issue fraud control guidelines, under Regulation 19 of the *Financial Management and Accountability Regulations 1997*, to ensure that Commonwealth agencies put in place effective procedures and practices to minimise fraud against Commonwealth interests. The Minister for Justice and Customs may direct the Attorney-General's Department (AGD), in consultation with the AFP, to review Commonwealth fraud control arrangements.

1.16 The AGD provides advice to the Minister for Justice and Customs on fraud control issues. The Australian Institute of Criminology (AIC), in consultation with the AFP, will provide an annual report on fraud against the Commonwealth to the Minister for Justice and Customs in line with the Commonwealth Fraud Control Guidelines. All Commonwealth agencies are to provide the AIC with fraud control information for such annual reports as set out in the Guidelines. Fraud control information is also provided on the AGD website at <http://www.ag.gov.au>, the AFP website at <http://www.afp.gov.au>, and the AIC website at <http://www.aic.gov.au>.

1.17 The AFP investigates serious or complex crime and is responsible for investigating offences against Commonwealth laws, its revenue, expenditure and property, including both internal fraud and external fraud committed in relation to Commonwealth programs. Three areas of special interest are serious fraud, fraud liaison, and fraud intelligence.

1.18 The Commonwealth Director of Public Prosecutions (CDPP) is responsible for prosecuting offences against Commonwealth law and for conducting related criminal assets recovery. All prosecutions and related decisions are made in accordance with the guidelines set out in the *Prosecution Policy of the Commonwealth*.

Guideline 2

Definitions of Fraud and Fraud Control

Definition of Fraud

2.1 For the purpose of the Commonwealth Fraud Control Guidelines, fraud against the Commonwealth is defined as:

Dishonestly obtaining a benefit by deception or other means.

2.2 This definition includes:

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

2.3 The benefits referred to can be either tangible or intangible. Examples include:

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

- making false statements under the *Commonwealth Electoral Act 1918*.

Principles of Effective Fraud Control

2.4 Fraud control in the Commonwealth is based on the following principles:

- prevention, detection and investigation of fraud;
- prosecution of offenders, including in routine or minor instances of fraud where appropriate;
- application of appropriate civil, administrative or disciplinary penalties;
- recovery of proceeds of fraudulent activity;
- training of all employees in ethics, privacy and fraud awareness activities;
- specialised training of employees involved in fraud control activities;
- external scrutiny of fraud control activities; and
- reporting to Government and accountability to Parliament.

2.5 In some cases, the Guidelines provide detailed information on what agencies have to do to implement these principles. In other cases, the Guidelines will refer to related Government policies, such as the *Prosecution Policy of the Commonwealth*, the *Privacy Act 1988*, the *Privacy Amendment Act (Private Sector) 2000*, the *Guidelines on Official Conduct for Commonwealth Public Servants*, the *Public Service Act 1999 - APS Values and APS Code of Conduct* and the *Protective Security Manual (PSM)*.

2.6 Agencies will need to take account of the above documents to properly implement the Guidelines.

Roles and Responsibilities for Fraud Control in the Commonwealth

2.7 Effective fraud control requires the commitment and involvement of all Commonwealth agencies, employees and external service providers.

2.8 **Chief Executive Officers (CEOs)** are responsible, under section 44 of the FMA Act, for promoting efficient, effective and ethical use of Commonwealth resources. Section 45 of the FMA Act requires CEOs to implement a fraud control plan for their agency. CEOs have principal responsibility for fraud control within their agencies and for complying with the Commonwealth Fraud Control Guidelines. This includes:

- developing an overall fraud control strategy for the agency, including operational arrangements for dealing with fraud;
- conducting risk assessments and producing fraud control plans;

- investigating minor or routine instances of fraud against their agency;
- training of employees involved in fraud control to specified levels of competency (in accordance with Guideline 6);
- fostering and maintaining the highest standards of ethical behaviour to comply with the *Guidelines on Official Conduct for Commonwealth Public Servants* and the *Public Service Act 1999 - APS Values and APS Code of Conduct*;
- reporting on fraud control activities;
- informing their Minister or Presiding Officer of all relevant fraud control initiatives undertaken by the agency; and
- certifying, in their agency's annual reports to their Minister or Presiding Officer, that they are satisfied that:
 - fraud risk assessments and fraud control plans have been prepared that comply with the Commonwealth Fraud Control Guidelines;
 - appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place; and
 - annual fraud data has been collected and reported that complies with the Commonwealth Fraud Control Guidelines.

2.9 These responsibilities continue, even when the agency contracts part of its service delivery or fraud control activities to external service providers.

2.10 The **Minister for Justice and Customs** provides the overall policy for fraud control across the Commonwealth, and is responsible for issuing Commonwealth Fraud Control Guidelines.

2.11 The **Attorney-General's Department** (AGD) advises the Minister for Justice and Customs on fraud control, including the implementation of the Commonwealth Fraud Control Guidelines.

2.12 More specific AGD responsibilities include:

- advising agencies on implementing the Guidelines;
- reviewing Commonwealth fraud control arrangements as directed by the Minister for Justice and Customs;
- collecting, analysing and disseminating information on the nature and extent of fraud being perpetrated against the Commonwealth; and

- establishing and maintaining a Fraud Trend Information Network, in conjunction with the AFP, to operate under terms of reference to be approved by the Minister for Justice and Customs.

2.13 The **Australian Federal Police (AFP)** is responsible for investigating serious or complex crime against Commonwealth interests. The AFP also helps Commonwealth agencies in their investigation of offences by such means as providing forensic and technical assistance and executing search warrants.

2.14 As part of its specific responsibilities under these Guidelines, the AFP also:

- provides agencies with Quarterly Case Management Reports on investigations undertaken by the AFP on agencies' behalf;
- conducts Quality Assurance Reviews of agencies' investigations;
- maintains and reviews Commonwealth investigation standards;
- provides a fraud control liaison and fraud control dissemination function; and
- assists in reviewing Commonwealth fraud control arrangements in consultation with the AGD, as directed by the Minister for Justice and Customs.

2.15 The **Commonwealth Director of Public Prosecutions (CDPP)** prosecutes offences against Commonwealth law and conducts related criminal assets recovery. All prosecution and related decisions are made as set out in the *Prosecution Policy of the Commonwealth*.

2.16 The **Australian National Audit Office (ANAO)** conducts performance audits, which evaluate the efficiency and effectiveness of Commonwealth public sector entities, including an examination of corporate governance issues, such as risk management and other control structures, resource use, information systems, performance measures, reporting and monitoring systems, and legal compliance. Performance audits may from time to time be undertaken to examine agencies' fraud control arrangements.

2.17 The **Protective Security Coordination Centre (PSCC)**, a division of the AGD, offers training in all protective security practices and procedures, prepares the Protective Security Manual (PSM) and provides an advisory service to all Commonwealth agencies on protective security matters.

2.18 **Public Services Education and Training Australia (PSETA)** is the public sector voice on vocational education and training matters. The Commonwealth is represented on the PSETA Board by the Public Service Commissioner. PSETA is responsible for maintaining the Public Services Training Package, including the fraud prevention, detection and investigation competencies.

Guideline 3

Fraud Prevention and Detection

Relevant Materials

3.1 This Guideline should be read taking account of the following documents:

- *Australian/New Zealand Standard (AS/NZS 4360:1999) - Risk Management;*
- *Guidelines for Managing Risk in the Australian and New Zealand Public Sector (HB143-1999);*
- *the Protective Security Manual (PSM);*
- *the Security Guidelines for Australian Government Information Technology Systems;*
- *the Guidelines on Official Conduct for Commonwealth Public Servants;*
- *the Public Service Act 1999 – APS Values and APS Code of Conduct;*
- *the Privacy Act 1988; and*
- *the Privacy Amendment Act (Private Sector) 2000.*

Agency Fraud Policy Statement

3.2 In line with CEOs' responsibilities for developing an overall fraud control strategy, agencies are to prepare and widely distribute within their agency, a statement of their approach and policy towards fraud.

Risk Management

3.3 Risk management is an integral part of good management practice. Fraud control risk management should be integrated into the agency's philosophy, practices and business plans rather than be seen or practised as a separate program. When it is integrated, risk management becomes the business of everyone in the organisation.

3.4 Agencies are to prepare fraud risk assessments and fraud control plans that comply with the Commonwealth Fraud Control Guidelines. Agencies are to advise the Australian Federal Police (AFP) annually of their current identified major fraud risks to assist the AFP in the provision of appropriate investigative services to agencies. Agencies can do this by providing to the AFP either copies of their fraud risk assessments and fraud control plans or by entering into bilateral arrangements with the AFP for access to relevant information.

3.5 Agencies must implement fraud prevention and detection strategies that comply with this Guideline, using the:

- *Australian/New Zealand Standard (AS/NZS 4360:1999) Risk Management*, and
- *Guidelines for Managing Risk in the Australian and New Zealand Public Sector (HB143-1999)*.

These documents are available from Standards Australia.

3.6 An important part of risk management is identifying and analysing risks. Fraud risk assessments should be followed immediately by the development and implementation of a plan to minimise and control the risks.

Fraud Risk Assessments

3.7 Risk assessment is a process of continuing improvement. When the risk assessment process begins, agencies must attempt to gain an understanding of the very broad risks of fraud. However, agencies should continually refine their fraud risk assessment processes, so that they become more sensitive to their particular circumstances. Agencies should use emerging information and systems, such as management information systems, to build on previous knowledge and experience.

3.8 It is essential that employees at all levels are involved in the fraud risk assessment process. Employees working “on the ground” have detailed knowledge of agency practices and procedures. Their knowledge will help expose and determine the risks to the agency. Risk assessments must consider fraud risks to the agency, from both within the agency and from external factors. Risk assessments must also consider fraud risks that may emerge in the future. For example, agencies need to be aware of the changing nature of fraud arising from the greater use of external service providers, developments in information technology and links with communications infrastructure.

3.9 Core areas that a fraud risk assessment must consider include:

- information technology and information security;
- electronic commerce, electronic service delivery and the Internet;
- outsourced functions;
- grants and other payments or benefits programs;
- tendering processes, purchasing and contract management;
- services provided to the community;
- revenue collection;

- use of Government credit cards;
- travel allowance and other common allowances;
- salaries; and
- property and other physical assets including physical security.

3.10 Agencies are responsible for determining the risk assessment approach that is most appropriate for their circumstances. Agencies should assess their fraud risks as part of their business risk management process. Agencies are to fully document the risk assessment process. While a number of risk assessment methodologies are available, the methodology selected must:

- reflect the risks across the range of functions performed by the agency;
- be capable of adequately measuring risks in a comparable way;
- be capable of providing a supportable rating of the risks of fraud;
- be amenable to fine-tuning as appropriate; and
- be able to be replicated.

3.11 Decisions on how and why particular criteria have been selected, as well as decisions on their weightings, must be included. Criteria must be defined and must be applicable to all areas and functions of the agency.

3.12 Agencies are to conduct fraud risk assessments at least every two years. Where appropriate, agencies may introduce a rolling program of updating risk assessments. Agencies are encouraged to develop dynamic risk assessment procedures and greater integration of the fraud risk assessment process with an overall general business risk approach.

3.13 Where an agency undergoes a substantial change in structure or function, or where there is a significant transfer in function (for example, as a result of outsourcing), the agency must undertake another fraud risk assessment in relation to the changed functions. This fraud risk assessment can be part of a general business risk assessment exercise.

Producing a Fraud Control Plan

3.14 Having undertaken a fraud risk assessment, agencies must then develop a plan to manage the risks identified by the assessment. This may involve producing a new fraud control plan, or reviewing an existing plan to ensure that it takes account of new or emerging risks. Each agency's audit committee should oversee the process of developing and implementing a fraud control plan.

3.15 Fraud control plans are to address the agency's individual needs. Key features of effective fraud control plans are to include:

- an outline of the structure of the organisation;
- a statement of the agency's attitude and approach to fraud control;
- a summary of the risks identified in the fraud risk assessment;
- details of the strategies that will address these risks, including:
 - allocation of responsibility for implementing the strategies;
 - timeframes, including expected start and completion dates for implementing the strategies; and
 - mechanisms for monitoring the implementation of the strategies.
- details of strategies to ensure compliance with the Guidelines, including:
 - strategies and timetables to ensure the agency meets the training requirements (Guideline 6); and
 - strategies for collecting and reporting on fraud and fraud control information (Guideline 8).
- details of how employees, contractors and members of the public can report fraud against the agency; and
- a summary of the strategies and training in place to ensure compliance with related policies, such as the *Prosecution Policy of the Commonwealth*, the *Guidelines on Official Conduct for Commonwealth Public Servants*, the *Public Service Act 1999 – APS Values and APS Code of Conduct* and the PSM.

3.16 Fraud control plans should be user-friendly, and available to all relevant employees, subject to security requirements. Agencies should publicise a statement of their attitude and approach to fraud control.

Guideline 4

Fraud Investigation and Case Referral Standards

Relevant Commonwealth Materials

4.1 This Guideline should be read taking into account:

- the *Commonwealth Fraud Investigation Standards Package (or as revised)*;
- the *Protective Security Manual (PSM)*;
- the *Prosecution Policy of the Commonwealth*;
- the *Guidelines for Dealings between Commonwealth Investigators and the Commonwealth Director of Public Prosecutions*;
- the *Privacy Act 1988*; and
- the *Privacy Amendment Act (Private Sector) 2000*.

Prosecution of fraud

4.2 Agencies should consider prosecution in appropriate circumstances, in accordance with the *Prosecution Policy of the Commonwealth*. Criminal prosecutions are vital to deterring future instances of fraud and to educating the public generally about the seriousness of fraud.

4.3 Agencies should be committed to recovering losses caused by illegal activity through proceeds of crime and civil recovery processes and, in the absence of criminal prosecution, to applying appropriate civil, administrative or disciplinary penalties.

4.4 Where a decision is taken to use civil, administrative or disciplinary penalties or to take no further action, the agency is to document the reasons. These decisions may be subject to audit.

Fraud Investigation Standards

4.5 All agency investigations covered by these Guidelines must be conducted according to the *Commonwealth Fraud Investigation Standards Package (CFISP)* (or as revised). Copies of these standards are available from the AFP or can be downloaded from the AGD website

<http://www.ag.gov.au/aghome/commprot/crjd/LECD/fraud.html>. Investigations may be subject to Quality Assurance Review by the AFP (Guideline 7).

Agency Responsibilities

4.6 Agencies are responsible for investigating routine or minor instances of fraud against them or their programs, including investigating disciplinary matters such as those under the *Defence Force Discipline Act 1982* (DFD Act). ‘Routine or minor’ means instances of fraud that, on an initial assessment by the agency, would be unlikely to be accepted by the AFP under its *Case Categorisation and Prioritisation Model* (CCPM). The CCPM assists in determining whether matters should be referred to the AFP. Agencies are encouraged to seek guidance from the AFP about the CCPM, and to discuss possible referrals with the AFP where there is any doubt about whether it is appropriate to refer a particular matter.

4.7 Agencies can outsource investigations in certain circumstances. More information on outsourcing is provided in Guideline 5.

Conflicts of Interest and Politically Sensitive Matters

4.8 Agencies are to refer any matter to the AFP for possible investigation where there is substantial evidence of criminal activity or suspected criminal activity by a member of an agency fraud investigation, control prevention or compliance unit. The AFP will also consider investigating matter(s) where there could be a real or perceived conflict of interest if the matter were to be investigated by the agency concerned (for instance, where the allegation concerns a member of the executive with some responsibility for the agency’s investigation function).

4.9 ‘All matters of a politically sensitive nature, not limited to fraud, requiring the assistance of the AFP should be raised with the Minister responsible for the AFP by the relevant Minister or Department when referring the matter to the AFP. This enables the Government to be informed at the earliest juncture of potentially politically contentious matters that may require AFP investigation. Under present arrangements, the Minister for Home Affairs is responsible for the AFP. The procedure exists only to enable the Minister for Home Affairs to be informed of significant matters affecting the Minister’s responsibility for the AFP. The Minister for Home Affairs does not have the power or function of deciding what particular allegations the AFP will investigate. The decision to seek an AFP investigation will, unless the matter affects other portfolios, remain that of the complainant agency or Minister.’

4.10 If the situation is one where no decision to seek an investigation has been made because the agency concerned needs advice about whether a particular matter is of a kind appropriate for police investigation (either by the AFP or by State police), the normal sources of advice will be the Commonwealth Director of Public Prosecutions or the Attorney-General’s Department, although in some cases such as where national security is involved, the views of the Attorney-General might need to be sought.

4.11 This referral process does not apply to the Australian Electoral Commission, because of the special position that the Commission holds in relation to breaches of the *Commonwealth Electoral Act 1918*.

4.12 Matters where there is a real or perceived conflict of interest or matters which may be politically sensitive must not be outsourced to an external service provider for investigation.

Fraud Affecting Another Agency

4.13 Where an investigation discloses criminal activity involving another Commonwealth agency's activities or programs, the investigating agency is to report the matter to that agency in accordance with the *Privacy Act 1988* and the Information Privacy Principles. This also applies to criminal activity identified by the AFP.

State and Territory Offences

4.14 Where a matter involves offences under State or Territory law, the matter should be referred to the responsible State or Territory police service for investigation and possible prosecution action.

Reporting Computer Intrusions to Defence Signals Directorate

4.15 Agencies are to comply with Government policy on reporting computer intrusions. In line with current Government policy, where a matter involves fraud, or attempted fraud, committed by intrusion into a computer system, agencies are to report the matter to the Defence Signals Directorate under the Information Security Incident Detection, Reporting and Analysis Scheme.

Serious or Complex Fraud

4.16 The AFP has the primary law enforcement responsibility for investigating serious or complex fraud against the Commonwealth. However, the number of such offences reported or identified exceeds the AFP's capacity to investigate. To ensure that AFP resources are directed towards the matters of highest priority, the AFP evaluates all matters that are referred to it for investigation in accordance with the CCPM.

4.17 The CCPM considers the impact of the matter on Australian society, the type of response required (that is, whether an immediate response is needed, whether the matter is discretionary or non-discretionary), and the resources required by the AFP to investigate the matter. No one element of the CCPM is considered in isolation. It is largely the combination of the Impact and Priority ratings, which determines whether a matter is accepted or rejected for investigation. The CCPM is not based on a mathematical formula and does not supplant the discretion of decision-makers. Copies of the CCPM are available from the AFP.

4.18 It is not possible to be definitive about fraud matters that will be accepted by the AFP for investigation. However, the criteria set out below, when used in conjunction with the CCPM, provide guidance as to whether a particular matter is of sufficient seriousness to warrant referral to the AFP.

4.19 Agencies must refer all instances of potential serious or complex fraud offences to the AFP, except in the following circumstances:

- agencies which can satisfy both the AFP and the CDPP that they have the capacity and the appropriate skills and resources needed to investigate criminal matters and meet the requirements of the CDPP in gathering evidence and preparing briefs of evidence (such as the Australian Customs Service, the Australian Taxation Office, Centrelink, the Health Insurance Commission, the Department of Immigration and Multicultural and Indigenous Affairs, the Department of Veterans' Affairs and, in relation to relevant DFD Act offences, the Department of Defence); or
- where the matter involves multi-jurisdictional organised crime being considered by the National Crime Authority.

4.20 The existence of any one of the following factors is an indication that the matter is serious or complex and should be referred to the AFP:

- significant or potentially significant monetary or property loss to the Commonwealth;
- damage to the security, standing or integrity of the Commonwealth or a Commonwealth agency;
- harm to the economy, resources, assets, environment or well-being of Australia;
- a serious breach of trust by a Commonwealth employee or contractor of a Commonwealth agency;
- the use of sophisticated techniques or technology to avoid detection, that require specialised skills and technology for the matter to be successfully investigated;
- the elements of a criminal conspiracy;
- bribery, corruption or attempted bribery or corruption of a Commonwealth employee or contractor to a Commonwealth agency;
- known or suspected criminal activity against more than one Commonwealth agency;
- activities which could affect wider aspects of Commonwealth law enforcement (eg illegal immigration, money laundering);
- the possibility of action being taken under the *Proceeds of Crime Act 1987*; and/or
- conflicts of interest and/or politically sensitive matters.

Referring a Fraud Matter to the AFP

4.21 Contact details for the referral of fraud matters to the AFP for possible investigation are given on the AFP's website (<http://www.afp.gov.au>). Referrals should normally be made through the Operations Monitoring Centres in each AFP operational area.

4.22 Where matters are considered urgent (for example, where the absconding of suspected offenders is very likely), the AFP will accept oral referrals. These should be followed by a formal written referral as soon as possible.

4.23 Where a matter is referred in writing to the AFP by an agency, the referral should provide as a minimum:

- the allegations(s);
- the names of the suspected offender(s) (where known);
- a chronological account of the facts giving rise to the allegation(s);
- details of witnesses;
- copies of relevant documents;
- references to any relevant legislation; and
- a nominated contact officer.

AFP Responsibilities and Service Standards

4.24 In responding to referrals from agencies, the AFP will:

- consider the desirability of joint investigative teams for particular investigations; and
- take into account any views expressed by agencies on the relative impact and priority to be accorded to the matter. It is expected that agencies' views on the relative priorities of referrals are to take into account the outcomes identified in their fraud control and corporate planning processes.

4.25 If joint investigative teams are required, the AFP and the agency are to negotiate operating protocols. Where the AFP conducts a joint investigation with an agency, investigators from that agency are to have a security clearance appropriate to that investigation. After it has received adequate evidence, the AFP will advise the agency within a maximum of 28 days, on:

- whether the matter is accepted for investigation;
- any requirements for additional information; and

- the name and contact number of the case officer to whom the matter is allocated, together with the contact details of the relevant Operations Monitoring Centre.

4.26 When there is a change in the case officer allocated to a case, the AFP will advise the agency in writing within 14 days of the name and contact number of the new case officer.

Referral Accepted

4.27 Where a fraud matter is accepted for investigation, the AFP will provide agencies with Quarterly Case Management Reports (QCMRs) at a national level. The reports will indicate the current status of each investigation and its final outcome.

4.28 QCMRs will cover all outstanding cases accepted by the AFP for investigation. Where the referring agency is not the agency affected by the suspected criminal activity, the AFP will provide QCMRs to the affected agency.

4.29 The AFP will record all cases accepted for investigation and the outcomes to facilitate annual reporting to AGD.

Referral Declined

4.30 Where a fraud matter is declined for investigation, the AFP will advise the agency in writing at the earliest opportunity and, in any case, within 28 days, of the reasons. The AFP may also suggest alternative methods of handling the matter. For example, the AFP may be able to assist agencies by executing search warrants and providing forensic and technical assistance (such as computer crime assistance and forensic document examination).

4.31 If, after the AFP has advised an agency that it cannot accept a referral, additional information becomes available that shows that the matter is more serious than first indicated, the agency may again refer the matter to the AFP for consideration.

4.32 The AFP and the State or Territory police services will not be able to accept all referrals. Where a police service declines a referral, agencies are responsible for resolving the matter.

Service Agreements – AFP

4.33 Where an agency needs specific arrangements with the AFP to meet its obligations and responsibilities, in addition to those outlined in these Guidelines, the agency and the AFP may negotiate a service agreement.

Outposting of AFP Employees

4.34 Where there is a Commonwealth law enforcement interest, and where both parties support an outposting, the AFP may outpost employees to a Commonwealth agency. While the objectives and the duration of outposting will vary depending on the AFP and the agency's needs, outposted employees may assist agencies by:

- facilitating the referral of appropriate matters to the AFP for investigation;
- assisting with investigations of allegations of breaches of legislation for which the agency has responsibility;
- providing and coordinating the training of agency employees in fraud investigation and related matters; and
- promoting communication and a better understanding between the AFP and the agency.

Referral to the CDPP

4.35 Where the AFP is unable to investigate a potential offence and returns the matter to the referring agency, the agency may, where sufficient evidence is obtained, subsequently refer the matter to the CDPP for consideration of prosecution action.

4.36 In accordance with the *Guidelines for Dealings between Commonwealth Investigators and the Commonwealth Director of Public Prosecutions* and any memoranda of understanding with the CDPP, agencies should liaise with the CDPP on preparing and referring briefs of evidence and any associated issues.

Where a Prosecution Does Not Proceed

4.37 Where an agency sends a brief of evidence to the CDPP to consider prosecution action, and the CDPP advises that a prosecution will not proceed, the agency is responsible for resolving the matter. In doing so, the question of recovery of losses is to be a primary consideration whether agencies use a civil or administrative remedy, or take no further action. If the agency decides to take no further action, the agency is to document the reasons. These decisions may be subject to audit.

Memoranda of Understanding – CDPP

4.38 If any agency needs specific arrangements with the CDPP to meet its obligations and responsibilities, in addition to those outlined in these Guidelines, the agency and the CDPP may negotiate separate measures, such as a memorandum of understanding between the agency and the CDPP.

Guideline 5

Outsourcing

5.1 Through its competitive tendering and contracting policies, the Commonwealth Government is committed to agencies systematically reviewing their activities to consider ways to enhance agency service delivery.

5.2 Where an agency identifies that using an external service provider might result in performance benefits, the agency is to take great care to ensure that outsourcing does not compromise the agency's fraud control arrangements. For this reason, agencies are to put measures in place to ensure that external service providers meet the high standard of accountability needed as part of the Commonwealth's procurement framework.

5.3 All agency employees involved in selecting and managing external service providers must have a sound understanding of the Commonwealth Fraud Control Guidelines. The selection process is to give due consideration to the following issues:

- the ability of the external service provider to meet the security clearance and training requirements outlined in these Guidelines;
- the depth of experience of the external service provider, including the outcomes of past work;
- the solvency of the external service provider;
- the potential for conflict of interest where the external service provider is a client of, or provides other services to the agency;
- the commitment by the contractor to abide by the Information Privacy Principles in the *Privacy Act 1988* (as amended by the *Privacy Amendment (Private Sector) Act 2000*); and
- the need to meet the relevant levels of competency.

5.4 Agencies are responsible for ensuring that external service providers are aware of, and comply with relevant:

- legislation;
- government policy, including the Commonwealth Fraud Control Guidelines, the *Protective Security Manual* (PSM), and the *Commonwealth Fraud Investigation Standards Package* (CFISP); and
- departmental policies eg the fraud control and security policies developed by the agency.

5.5 Agencies should be mindful of the findings of the ANAO *Survey of Fraud Control Arrangements in APS Agencies* which recommended the following best practice measures to assist agencies to ensure that external service providers meet the standards of accountability expected of them:

- appropriate contract conditions and access provisions to ensure that performance, financial and security requirements are met;
- providing the agency's fraud control policy to external service providers; and
- monitoring and reporting arrangements, providing a flow of information between the parties, so that agencies are well placed to assess performance under contractual arrangements.

Information Security

5.6 The PSM states that any information developed, received, or collected by, or on behalf of, the Government, through its agencies and contractors, is official information.

5.7 The PSM also details the Commonwealth's minimum standards for confidentiality, integrity and availability of official information. The Government requires agencies and their contractors to meet these minimum standards. Agencies are to ensure that contractors apply the appropriate protective security to information they acquire or access in the course of fulfilling a contract. Further guidance on information security is given in Guideline 8.

5.8 Agencies are responsible for applying these directives in the context of fraud control activities. Agencies are to ensure that contractors (and their support staff) have appropriate security clearances, and comply with the minimum standards for ensuring the integrity and availability of official information outlined in the PSM. Agencies are to ensure that any contractual arrangements reflect these obligations.

Outsourcing Fraud Control Activities

5.9 Fraud control is an area where agencies may identify benefits from using an external service provider under properly managed contract arrangements. Agencies should nevertheless manage the outsourcing of these functions to ensure the integration of fraud risk management into everyday management responsibilities.

5.10 Agencies may outsource fraud prevention and detection activities, such as preparing risk assessments and fraud control plans. These functions should include input from relevant agency employees as specified in Guideline 3.

5.11 Agencies are to clearly define complaint handling and resolution processes in any tender and contract arrangements involving fraud control activities. These processes should ensure that any outcomes meet the reasonable expectations of complainants.

Fraud Investigations

5.12 Agencies may use an external service provider to undertake fraud investigations subject to the requirements of Guideline 4.

5.13 There are, however, restrictions on outsourcing of investigations. Agencies are not to outsource investigations that involve conflicts of interest or politically sensitive matters but are to refer these matters to the AFP for investigation. Details regarding the referral of these matters are given in Guideline 4.

Responsibility for Fraud Control Activities

5.14 In line with section 45 of the FMA Act, CEOs are responsible for fraud control within their agency. This responsibility, and agencies' obligations under these Guidelines, continue when an agency contracts an external service provider to undertake an aspect, or aspects, of the agency's fraud control activities.

5.15 CEOs should be satisfied that their agency complies with the requirements for risk assessments, fraud control plans, investigations, training and reporting contained in these Guidelines, regardless of whether all or part of that agency's fraud control activities are outsourced.

Training Requirements

5.16 Agencies are to ensure that all providers of fraud control services to the Commonwealth meet the training requirements outlined in Guideline 6. Until these training requirements are fully implemented, agencies are to give preference to external service providers who have relevant qualifications.

Liaison with the AFP or CDPP

5.17 In the course of an investigation, it may be necessary for an external service provider to liaise with the AFP or the CDPP. Agencies are to initiate contact between the external service provider and the AFP and CDPP. Agencies should ensure that the AFP and CDPP are informed of any relevant changes to the relationship between the contracting agency and the external service provider.

Guideline 6

Fraud Control Training

Competency Implementation

6.1 Compliance with the fraud investigation training requirements in this Guideline is mandatory. It is recommended best practice that the fraud prevention training requirements should be complied with.

6.2 Employees who are primarily engaged in preventing, detecting or investigating fraud are to meet the required fraud control competency requirements outlined below, irrespective of whether agencies have centralised fraud control units or have devolved these responsibilities.

6.3 Employees who oversee or coordinate fraud prevention functions should meet the relevant fraud control competency standards.

6.4 Where individuals have gained qualifications against the Commonwealth Law Enforcement Board Fraud Prevention, Detection and Investigation Competency Standards, such as the Certificate IV Fraud Control (Investigations), or against the previous Public Services Training Package competency standards such as the Certificate IV in Government (Fraud Control and Investigation), and have continued to be primarily engaged in the associated vocation, they will not have to seek a new qualification or undertake Recognition of Current Competency (RCC).

6.5 Relevant Commonwealth employees engaged in fraud control (including prevention and detection activities) are to attain relevant qualifications for their position within 12 months of starting employment. During this time, agencies should ensure that appropriate supervision is provided to maintain acceptable fraud investigation standards.

6.6 Investigation standards are outlined in the Australian Government Investigation Standards (AGIS).

Training Requirements

6.7 It is a matter for CEOs to determine the qualification levels of particular staffing positions subject to these Guidelines. However, it is recommended that managers are to achieve Diploma status.

6.8 Fraud control training includes requirements for fraud control (including prevention and detection activities) and investigation. The AFP is responsible for developing best practice standards. To achieve these standards, relevant Commonwealth employees or contractors are to meet the appropriate competency standards as set out in the Public Sector Training Package (PSP04).

6.9 Certificate IV in Government (Fraud Control) is the recommended qualification for relevant Commonwealth employees primarily engaged in agency fraud risk assessment and planning activities.

6.10 Certificate IV in Government (Investigation), is the mandatory qualification for relevant Commonwealth employees primarily engaged in the investigation of fraud.

In addition to the core units, it is a mandatory requirement that Commonwealth employees have undertaken the following electives:

PSPREG408C – Conduct search and seizure

PSPREG409B – Prepare a Brief of Evidence, and

PSPREG410B – Give Evidence.

6.11 The Diploma of Government (Fraud Control) is the recommended qualification for relevant Commonwealth employees primarily engaged in the coordination and management of agency fraud control (including prevention and detection activities).

6.12 Diploma of Government (Investigation) is the mandatory qualification for relevant Commonwealth employees primarily engaged in the coordination and management of fraud control investigations. In addition, it is mandatory that Commonwealth employees have completed the following units, as part of this course or as part of a previous Certificate level course:

PSPREG407B – Produce formal record of interview

PSPREG411A – Gather information through interview

PSPREG412A – Gather and manage evidence

PSPREG418A – Advise on progress of investigations

PSPREG419A – Finalise and report on investigations

PSPREG408C – Conduct search and seizure

PSPREG409B – Prepare brief of evidence, and

PSPREG410B – Give evidence

6.13 Advanced Diploma of Government (Management), is the recommended qualification for relevant Commonwealth employees primarily engaged in managing fraud control (including prevention and detection activities) and investigation.

6.14 The above are minimum standards and agencies should encourage the development of Commonwealth employees to higher-level competency standards.

6.15 Agency employees who are not primarily engaged in elements of fraud control (including prevention and detection activities) and investigation do not need to attain full qualifications but should obtain Statements of Attainment against appropriate units of competence.

6.16 Agencies should ensure that relevant employees involved in fraud control (including prevention and detection activities) and investigation receive appropriate training in relation to privacy issues outlined in the *Privacy Act 1988* and *Privacy Amendment Act (Private Sector) 2000*.

Recognition of Current Competency

6.17 PSP04 provides for RCC which is available from assessors who are approved by a Registered Training Organisation. Individuals may seek RCC against some or all of the competency standards.

6.18 Where an individual demonstrates competency against all the competency standards contained in a qualification they are eligible for that qualification without further training or development.

6.19 Where an individual is assessed as competent against only some of the competency standards that make up a qualification, the individual can add further units either by work experience or training and satisfy the remaining competencies and achieve the qualification.

Provision of Training

6.20 Agencies should develop training plans to assist in determining the appropriate level of training needed by employees.

6.21 Agencies may:

- develop their own accredited courses, against the fraud control (including prevention and detection activities) and investigation qualifications in PSP04, either independently, in cooperation with the AFP or with other training providers registered against the fraud prevention, detection and investigation qualifications in PSP04; or
- source training from registered training organisations.

6.22 Where an agency has developed in-house fraud control training, the agency may request that Public Services Education and Training Australia considers the

agency's training materials and learning outcomes against the relevant competency standards in PSP04. If the training materials and learning outcomes correspond, the agency may continue to deliver that training without adjustments; if they do not correspond, the agency will need to align their materials and outcomes with those in PSP04.

6.23 In accordance with agency requirements, agencies may access training against individual units of competence, or elements, for employees assisting dedicated, qualified fraud control employees.

Variation of Competency Requirement

6.24 If, after developing a comprehensive training plan, an agency considers that the requirements in 6.2 will significantly affect the agency's operations, it may seek to vary the requirements with the agreement of the Secretary of the AGD.

Guideline 7

Quality Assurance Review

Reviews of Commonwealth Fraud Control Arrangements

7.1 The Minister for Justice and Customs may direct the AGD to review Commonwealth fraud control arrangements.

7.2 Appropriate areas of review may be identified through annual reporting requirements, quality assurance reviews of agency fraud investigations, the Fraud Trend Information Network established under Guideline 8, and audits conducted by the Australian National Audit Office (ANAO). Such reviews may involve assessing agency risk assessments and fraud control plans, targeted reviews of high fraud risk areas, reviews of particular agencies and any matters as directed by the Minister for Justice and Customs.

7.3 Any reviews will be conducted in consultation with the AFP and other relevant agencies with the aim of improving fraud control activities across the Commonwealth.

Implementation of the Commonwealth Fraud Control Guidelines

7.4 Implementation of the Commonwealth Fraud Control Guidelines may be the subject of audit by the ANAO.

Quality Assurance Reviews of Investigations

7.5 The AFP will conduct quality assurance reviews (QARs) of agency investigations according to an annual rolling program. In administering the program, the AFP will be responsive to requests for additional reviews from Ministers, Presiding Officers and agencies.

7.6 The AFP will not conduct a QAR of a matter that is still in process before the courts, except where the CDPP has given previous approval. The purpose of a QAR is to establish whether investigations are being conducted in a way that complies with the standards set out in the *Commonwealth Fraud Investigation Standards Package* (CFISP). The QAR process is not a re-investigation of the matter, and will not overrule any decision made by the agency in the course of handling the investigation.

7.7 The AFP is to provide the CEO of the relevant agency with a report, which will indicate whether the CFISP standards have been complied with, and where agencies have achieved above adequate standards.

Review Team

7.8 The AFP will conduct a QAR in close cooperation with the agency under review. The review team is to comprise an AFP team leader and an agency representative, together with an additional AFP investigator where considered appropriate. Review team members are to be appropriately qualified and experienced investigators and have a good understanding of Commonwealth fraud control arrangements. Agencies are to ensure that appropriate access is provided to relevant agency materials, employees and contractors.

7.9 Where a QAR considers issues that are relevant to the CDPP, such as the adequacy of the preparation of a brief, the AFP is to consult with the CDPP.

Review Reporting

7.10 The AFP is to prepare a report on the QAR and give the agency an opportunity to comment on a draft of the report. The agency's comments will be incorporated into the final report.

7.11 Once the report is finished, the AFP is to send it to the CEO of the relevant agency.

7.12 Agencies are to consider any recommendations made by the AFP in the QAR report. If the agency decides not to action all or some of the AFP's recommendations, the CEO is to articulate and document the reasons for these decisions. The agency is to provide a copy of these reasons to the AFP within three months of the completion of the QAR process.

Quality Assurance Reviews of AFP Investigations

7.13 AFP investigations are also subject to QARs. By providing constructive feedback, QARs help to identify, assist and support the development of best practice, and to promote an appropriate and consistent standard of case-handling across the AFP.

7.14 QARs are undertaken on a regular basis. Cases are selected on a number of grounds, including feedback from client, partner and stakeholder agencies. Where AFP investigations, subject to QAR, involve other agencies, consideration is given to including representatives of those agencies on the QAR team.

Reporting of QAR Results

7.15 The AFP will provide the results of the QAR process, together with an analysis of best practice and deficiencies identified, to the AIC for its annual report on fraud control to the Minister for Justice and Customs.

Guideline 8

Information Management and Reporting Requirements

Management Information Systems

8.1 Reliable and up-to-date information is essential to sound decision-making. Agencies are to ensure that they have information systems in place to manage information gathered about fraud against the agency. Information systems can help agencies to identify and address systemic issues that are relevant to fraud.

Effective Protective Security Practice - Information and Employees

8.2 Each CEO is responsible to his or her Minister for ensuring that the functions performed, the resources held, the people employed and the clients served by the agency are protected against unacceptable risk.

8.3 The *Protective Security Manual* (PSM) states that any information developed, received, or collected by, or on behalf of, the Government, through its agencies and contractors, is official information. As a valuable official resource, official information:

- is to be handled with due care and only in accordance with authorised procedures;
- is to be handled in accordance with the Information Privacy Principles in the Privacy Act;
- is to be made available only to people who have a legitimate need to know in order to fulfil their official duties or contractual responsibilities; and
- is only to be released according to the policies, legislative requirements and directives of the Government and the courts.

8.4 The PSM also details the Commonwealth's minimum standards for confidentiality, integrity and availability of official information. The Government requires agencies to meet these minimum standards.

8.5 Information collected for the purposes of a criminal prosecution should be security classified at an appropriate level in accordance with the PSM. Employees or contractors who have access to classified information must have appropriate security clearances.

8.6 The PSM requires that:

- the security classification of files or databases must be at least as high as the most highly classified document it contains;

- certain compilations of security classified information containing aggregate information collected for the purposes of a criminal prosecution may require a higher classification than its component parts because the combination of information creates a greater value and risks of compromise;
- information whose compromise could prejudice the investigation or facilitate the commission of a crime would normally be classified as X-IN-CONFIDENCE;
- information whose compromise could impede the investigation or facilitate the commission of serious crime, such as those matters normally referred to the AFP for investigation, should be security classified at the 'PROTECTED' level or higher, consistent with the sensitivity of the material or subject matter.

8.7 Where the AFP conducts a joint investigation with an agency, investigators from that agency are to have a security clearance appropriate to that investigation.

8.8 Fraud risk assessments provide details of an agency's risk profile and vulnerability. Unauthorised access could substantially undermine the viability and effective management of an agency. It is recommended that fraud risk assessments have a security classification of 'PROTECTED' or higher, consistent with the sensitivity of the material or subject matter. Employees or contractors who have access to these documents must have appropriate security clearances.

8.9 Agencies should also carefully consider the necessary security classification required for access to sensitive information such as financial information and financial management systems.

Annual Report on Fraud Control to the Minister for Justice and Customs

8.10 The Government considers that data collection on fraud and fraud control activities is an essential part of controlling fraud against the Commonwealth. Each year the AIC produces a report on fraud against the Commonwealth, and fraud control arrangements within Commonwealth agencies, for the Minister for Justice and Customs.

8.11 The report is to be based on:

- data collected from agencies under these Guidelines;
- information gained from significant surveys or criminal trend alerts produced during the course of the year;
- the results of AFP QAR assessments of agencies' fraud investigations;
- the results of any Australian National Audit Office audits of fraud control arrangements;
- information gathered from the Fraud Trend Information Network;

- any other information considered useful or relevant to informed decision- making on fraud control arrangements;
- information received by the AIC on agencies' compliance with fraud planning and risk assessment requirements; and
- the results of reviews directed by the Minister for Justice and Customs.

8.12 The Minister for Justice and Customs may release the annual report after it has been circulated to Ministers and Presiding Officers, and CEOs of agencies covered by the Guidelines.

Data Collection

8.13 To facilitate the process of annual reporting to Government, agencies covered by these Guidelines are to collect information on fraud and provide it to AIC by 30 September each year. This includes suspected fraud, matters under investigation, and completed matters, whether the fraud was proven or not, and whether the matter was dealt with by a criminal, civil or administrative remedy.

8.14 Specifically, agencies are to collect data on the following:

Case-flow and incident information

- Total number of alleged cases of fraud (dishonestly obtaining a benefit by deception or other means from the Commonwealth) identified or reported for evaluation.
- Following evaluation, the number of cases of fraud that were:
 - investigated by the agency:
 - internally;
 - using an external service provider;
 - investigated by a related agency (for example, a State or Territory agency);
 - referred to the AFP and;
 - accepted;
 - declined;
 - referred to the State or Territory police and;
 - accepted;
 - declined;
 - discontinued.
- The outcome where the cases were investigated by the agency (internally or by an external service provider):
 - referral to CDPP for prosecution;
 - prosecution undertaken by agency;

- c) civil remedy;
 - d) administrative remedy;
 - e) no further action taken because:
 - i. insufficient evidence of criminality;
 - ii. employee resigned, retired or otherwise left the organisation;
 - iii. other.
- d. The outcome where the cases were investigated by a related agency (for example, AFP, State or Territory agency):
- a) referral to CDPP for prosecution;
 - b) prosecution undertaken by agency;
 - c) civil remedy;
 - d) administrative remedy;
 - e) no further action taken because:
 - i. insufficient evidence of criminality;
 - ii. employee resigned, retired or otherwise left the organisation;
 - iii. other.
- e. The outcomes where the cases were referred to the AFP and declined:
- a) further investigation by the agency;
 - b) referral to CDPP for prosecution;
 - c) prosecution undertaken by agency;
 - d) civil remedy;
 - e) administrative remedy;
 - f) no further action taken because:
 - i. insufficient evidence of criminality;
 - ii. employee resigned, retired or otherwise left the organisation;
 - iii. other.
- f. The outcomes where the cases were referred to State/Territory police and declined:
- a) further investigation by the agency;
 - b) referral to State/Territory DPP for prosecution;
 - c) prosecution undertaken by agency;
 - d) civil remedy;
 - e) administrative remedy;
 - f) no further action taken because:
 - i. insufficient evidence of criminality;
 - ii. employee resigned, retired or otherwise left the organisation;
 - iii. other.

Losses

- g. The number and estimated value of losses of the following kinds:

- a) financial (eg cash, currency, credit);
 - b) physical assets;
 - c) information;
 - d) benefits (eg housing, use of services);
 - e) disruption and/or damage to ordinary service delivery.
- h. The total amount of monies recovered (other than by the CDPP):
- a) by criminal prosecution;
 - b) by civil remedy;
 - c) by administrative remedy;
 - d) other.

Offenders

- i. How many individuals or corporate entities thought to be responsible for fraud were:
- a) employees of the agency;
 - b) agency contractors;
 - c) external to the agency.
- j. Where these individuals were employees, indicate the level of security clearance that they had:
- a) none;
 - b) protected;
 - c) highly protected;
 - d) other.
- k. Where these individuals were contractors, indicate the level of security clearance that they had:
- a) none;
 - b) protected;
 - c) highly protected;
 - d) other.
- l. How many individuals or corporate entities thought to be responsible for fraud used the following methods:
- a) unauthorised access:
 - i. accessing a computer without authorisation;
 - ii. access a secure physical location (site) without authorisation.

- b) obtain:
 - i. asset – physical;
 - ii. asset – financial, including making dishonest claims for payment;
 - iii. information;
 - iv. intangible benefit (such as right of entry).
- c) documents using:
 - i. genuine documents obtained falsely;
 - ii. counterfeit documents;
 - iii. false statements (no documents claimed to be available).
- d) records:
 - i. falsifying records.
- e) avoid liability:
 - i. submitting false information in order to avoid a liability to the Commonwealth;
 - ii. bypassing controls in order to avoid a liability to the Commonwealth.

m. How many cases involved (select one or more):

- a) the Internet - external to the Commonwealth agency;
- b) Commonwealth agency computer site (includes the Internet);
- c) electronic transfer of funds;
- d) misrepresenting an individual's identity;
- e) misrepresenting a corporate entity's identity.

Agency fraud resources

n. Total number of employees engaged in fraud control activity:

- a) internal;
- b) external.

o. Of the total number of employees, how many are engaged in fraud *prevention* activity:

- a) internal:
 - i. full-time;
 - ii. part-time.
- b) external service providers:
 - i. full-time;
 - ii. part-time.

- p. Of the total number of employees, how many are engaged in fraud *investigation* activity:
- a) internal:
 - i. full-time;
 - ii. part-time.
 - b) external service providers:
 - i. full-time;
 - ii. part-time.
- q. Of the total number of employees, how many have the following qualifications:
- a) Certificate IV in Investigations (CLEB competencies);
 - b) Certificate IV in Government (Fraud Control Prevention/Detection);
 - c) Certificate IV in Government (Fraud Control Investigation);
 - d) Diploma of Government (Fraud Control Prevention/Detection);
 - e) Diploma of Government (Fraud Control Investigation);
 - f) Advanced Diploma of Government (Fraud Control Management);
 - g) Other relevant qualification.

Training

- r. How many agency employees received training about:
- a) fraud awareness;
 - b) ethics.

Prevention and detection activity

- s. The date of completion of the agency's current fraud risk assessment and fraud control plan.
- t. The date of completion of the agency's previous fraud risk assessment and fraud control plan.
- u. The proposed date of the agency's next fraud risk assessment and fraud control plan.

AFP Reporting

- 8.15 The AFP is to provide information to the AIC annually on:
- a) the number of referrals accepted and declined;
 - b) the number of accepted referrals that lead to prosecution;
 - c) the type of offences;
 - d) estimated financial loss being investigated;

- e) fulfilment of AFP service standards relating to case handling; and
- f) results of the investigation quality assurance review process, with an analysis of best practice and deficiencies.

CDPP Reporting

8.16 The CDPP is to provide information on relevant fraud offences to the AIC annually on:

- a) the number of referred and prosecuted fraud type matters;
- b) the number of charges prosecuted in fraud type cases under Commonwealth legislation;
- c) the amount initially charged in each fraud type prosecution (from financial year 1 July 2001 to 30 June 2002 onwards); and
- d) the outcomes of those prosecutions including:
 - i. the number of convictions;
 - ii. the number of acquittals; and
 - iii. amounts ordered by courts by way of reparation orders under the *Crimes Act 1914* and pecuniary penalty orders under the *Proceeds of Crime Act 1987*.

Fraud Trend Information Network

8.17 The AGD, in conjunction with the AFP, will establish and maintain a Fraud Trend Information Network (FTIN) to operate under terms of reference approved by the Minister for Justice and Customs. The FTIN will act as a forum for agencies to meet and report on the nature and extent of fraud against their agencies and against the Commonwealth in general. The AIC will report on the activities of the FTIN in its annual report on fraud control to the Minister for Justice and Customs.