



STANDARD OPERATING PROCEDURE

SOP 069 - FRAUD REPORTING

DOCUMENT DETAILS

Category: Corporate Services

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Directorate/Unit: Office of the Chief Executive **Document Sponsor:** Internal Audit & Risk Management Branch

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PROCEDURE SUMMARY ONLY

(NOTE: for detailed procedure refer to – Section 3. of this Procedure)

- DCS staff are required to report all instances of actual or suspected fraud in accordance with this procedure and the principles of the Code Of Ethics for the South Australian Public Sector.
- An employee's failure to report a known fraud may be deemed to represent unethical conduct and could be liable to disciplinary action.
- The Director, Ethics, Intelligence & Investigation Unit (EIIU) is responsible for either initiating a preliminary investigation into the report or referring the matter (for example sick leave or workers compensation fraud) to the Executive Director People and Business Services (ED P&BS), who will coordinate the preliminary investigation as appropriate.
- All cases of suspected fraud or suspicious activity must be treated with the strictest confidence. All persons involved in reporting or investigating the suspected fraud should not discuss the matter with anyone other than with the parties set out in this procedure.
- The Director, EIIU will be responsible for coordinating investigations into fraudulent activity to determine the appropriate action to take.
- The Chief Executive may refer matters to the Independent Commissioner Against Corruption (ICAC) and the Office of Public Integrity (OPI) as appropriate.

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1. Procedure Statement

This procedure addresses Fraud Reporting. The procedure should be read in conjunction with [Policy 22 – Fraud and Corruption Prevention and Detection](#) and the South Australian Public Sector Fraud and Corruption Control Policy. This procedure provides information to employees to assist them should they become aware of, or suspect instances of fraud and/or corruption.

2. Rationale

The Department for Correctional Services (DCS) is committed to the prevention and detection of fraud in connection with the Department's activities.

3. Procedure

3.1 Reporting Responsibilities of Employees

- 3.1.1 DCS staff are required to report all instances of actual or suspected fraud in accordance with this procedure and the principles of the [Code Of Ethics for the South Australian Public Sector](#).
- 3.1.2 An employee's failure to report a known fraud may be deemed to represent unethical conduct and may be liable to disciplinary action.
- 3.1.3 If an employee discovers or suspects fraudulent activity within the Department; or becomes aware of actual or potential fraudulent behaviour through external parties related to the Department; the employee must report the matter to:
 - a) their immediate Director, Supervisor, Branch Manager or Delegate, who should then immediately notify the Director EIU; or
 - b) the Director EIU, who must liaise as appropriate with the relevant Executive Director or the Chief Executive.

3.2 Reporting to Ethics, Intelligence & Investigation Unit

- 3.2.1 The Director, EIU is responsible for coordinating a preliminary investigation, or in the case of matters pertaining to sick leave or workers compensation fraud, referring those to the ED-P&BS for preliminary investigation.
- 3.2.2 The ED-P&BS must report to the Director, EIU on the outcome of any investigations the ED-P&BS has undertaken.
- 3.2.3 If the reporting employee is not satisfied with the response of the investigation, then the employee may report the issue to their Executive Director or to the Chief Executive.

3.3 Confidentiality and Protection

- 3.3.1 All cases of suspected fraud or suspicious activity must be treated with the strictest confidence. Persons involved in reporting or investigating the suspected fraud should not discuss the matter with anyone other than with the parties set out in this procedure.
- 3.3.2 Employees must not subject any person who has reported any suspected fraudulent activities, or suspicious activity that may be a sign of fraud, to any form of retaliation or retribution.
- 3.3.3 Where the Manager or Delegate is aware that an employee who has reported suspected fraudulent activities, or suspicious activity that may be a sign of fraud, is subject to any form of retaliation or retribution, the Manager or Delegate must take the appropriate steps to address the behaviour.

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- 3.3.4 An employee reporting such an activity in accordance with Policy 22 Fraud Prevention and Detection will be subject to the protection of the [Whistleblowers' Protection Act 1993](#).
- 3.3.5 Counselling and support is available to any employee involved in these matters through the [DCS Employee Assistance Program](#).
- 3.3.6 Anonymous evidence will be investigated however anonymity is not encouraged.

3.4 Investigation

- 3.4.1 The Director, EIU will be responsible for initiating the preliminary investigation into the activity to determine whether further investigation is required by the EIU or the ED-P&BS. The matter may be referred to the Chief Executive
- 3.4.2 When the Department receives a report of fraudulent activity or suspected fraud, this must be dealt with promptly and decisively.
- 3.4.3 When conducting the investigation a high level of confidentiality and sensitivity must be maintained to ensure:
 - a) preliminary enquiries do not alert suspected perpetrators or taint any potential evidence which may impact on a subsequent investigation; *and*
 - b) that action is not taken against any individual(s) without appropriate evidence.
- 3.4.4 Department officers who carry out investigations must be rigorously impartial, sensitive to the rights of individuals and ensure that the purpose of any investigation is to discover all relevant facts and not just those that are suggestive of guilt.
- 3.4.5 Advice from the Crown Solicitor's Office will be sought where appropriate. Once the preliminary investigation has been completed and documented, the Director, EIU (or if subsequently referred to the ED-P&BS), the ED-P&BS will provide the relevant delegated authority (refer to relevant Public Sector Act 2009 delegations) with an update on findings to determine the next course of action. This could include:
 - a) taking no further action against the subject of the report;
 - b) making changes to any system, policy or procedure that may lessen the risk of fraud or corruption;
 - c) conducting a full internal investigation into the reported issue, using suitably trained and independent staff and/or appropriate external resources; *and*
 - d) referring the matter for external investigation by ICAC, SAPOL or other appropriate authority.
- 3.4.6 If the reporting of the matter is deemed to be malicious or vexatious the employee making the initial report may be liable for disciplinary action.
- 3.4.7 Full details including reasons for the chosen course of action should be documented and maintained in a confidential manner (RecFind Secure File). A summary of details (protecting anonymity) must be communicated by the Director, EIU to the Principal Auditor who must subsequently notify the Audit & Risk Management Committee (ARMC) if applicable.
- 3.4.8 Additional guidance in relation to investigations can be found in the [Australian Standard – Fraud and Corruption Control AS 8001-2008, Section 4.4](#).
- 3.4.9 Where evidence exists to confirm an act of fraud, the relevant Director is to commence actions for the recovery of the cost of any sustained losses of damage to the Department as a result of the corrupt act.
- 3.4.10 A matter may be referred to ICAC/SAPOL for prosecution. The Director, EIU will be responsible for coordinating any such reporting in consultation with the Chief Executive.

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4. Performance Indicators

- 4.1 Investigations into alleged fraudulent activities are undertaken in a timely manner.
- 4.2 Appropriate documentation is maintained and communicated to the Audit & Risk Management Committee (ARMC).
- 4.3 Where appropriate, criminal matters are referred to ICAC/SAPOL.

5. Approved

David Brown
Chief Executive
28/11/2016

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LINKS

References

[Public Sector Act 2009](#)

[Australian Standard AS 8001-2008 – Fraud and Corruption Control](#)

[Whistleblowers Protection Act 1993](#)

[Australian Standard AS 8004-2003 – Whistleblower Protection Programs for Entities](#)

[Policy 22 - Fraud Prevention and Detection](#)

[South Australian Public Sector Fraud and Corruption Control Policy](#)

Legislation

[Public Sector Management Act 1995](#)

[Australian Standard AS 8001-2008 – Fraud and Corruption Control](#)

[Whistleblowers Protection Act 1993](#)

[Australian Standard AS 8004-2003 – Whistleblower Protection Programs for Entities](#)

[Public Finance and Audit Act 1987](#)

[Independent Commissioner Against Corruption Act 2012](#)

DCS Related Policies and Procedures

[Policy 22 - Fraud Prevention and Detection](#)

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Glossary	
ICAC	Independent Commissioner Against Corruption
Document Developer	The person responsible for coordinating the development or review of a Policy, Procedure, Guideline or Local Interpretation Statement.
Document Sponsor	The person assigned with the delegated responsibility for the timely review and update of Policy and Procedure Structure documents for which they have been identified as being responsible for.
Employee	Means a public sector employee employed by the Department for Correctional Services (as defined in the Public Sector Management Act, 1995) and includes persons employed in permanent, casual and temporary positions; as well as weekly paid staff.
OPI	Means the Office for Public Integrity
Supervisor/ Branch Manager	Means the senior officer to whom the employee reports.
Fraud	<p>Fraud is defined as obtaining a benefit by deception or dishonest means; and can be committed by:</p> <ul style="list-style-type: none"> • an internal party; <i>or</i> • a party external to the Department <p>Examples of fraud by an internal/external party include, but are not limited to:</p> <ul style="list-style-type: none"> • theft or misuse of money or other assets; • theft or misuse of intellectual property; • alteration or falsification of records; <i>and</i> • seeking or accepting a benefit from a vendor in violation of the Government's conflict of interest rules and policies.
Corruption	<p>Corruption is defined as a lack of integrity, including:</p> <ul style="list-style-type: none"> • improper acts or omissions, including misstatement or misrepresentation of facts or evidence with the intention to mislead; • improper use of influence or position; • improper use of information, including unlawful, inappropriate or unauthorised disclosure or provision of material to unauthorised parties.

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