

Chapter 1 – Coordination mechanisms

The topics covered in this chapter are:

- Fraud and corruption control framework coordination
- The fraud and corruption control policy
- The fraud and corruption control plan
- Supporting documents, policies and procedures
- Developing policies, plans and procedures
- Fraud and corruption control oversight
- Communication
- Reviews
- Best-practice targets

Fraud and corruption control framework coordination

Effective mitigation of fraud and corruption risks can only occur through the implementation of a well thought out fraud and corruption control framework designed specifically for your organisation. It is important to ensure that the fraud and corruption control framework is complete and that all components, including those of the integrity framework, work to support each other.

Proper application and management of all components of the framework requires a high level of coordination, for which the primary tools are:

- the fraud and corruption control policy (the Policy), and
- the fraud and corruption control plan (the Plan).

The Policy tells why fraud and corruption control matters, what the organisations aims to achieve and who is responsible.

The Plan details specific actions that are to be taken to achieve the objectives set out in the policy. The Plan should relate to all of the organisation's programs and resources and reflect the organisation's basic corruption prevention policy.

The organisation will also require a range of other policies and procedures to provide details about how it is to perform and manage certain aspects of its work, particularly those activities that have a higher risk of fraud or corruption occurring.

Every organisation needs to have a group of people who have responsibility for monitoring the components of the framework and ensuring the application of the Policy and the implementation of the Plan.

Appropriate oversight will ensure that the Policy, Plan and supporting policies and procedures communicate the organisation's commitment to best practice and create a holistic framework that minimises the risks of fraud and corruption and reinforces organisational integrity.

Ultimately, responsibility for implementing the Policy and the Plan, and deciding who will carry out which specified tasks to achieve the required outcomes is the responsibility of the CEO. While the CEO may delegate some or all of the functions and responsibilities described, the CEO is still answerable to his or her relevant Minister to ensure fraud and corruption is identified and dealt with appropriately.

The fraud and corruption control policy

The purpose of a policy is to provide mandatory directions that regulate the organisation's actions and the conduct of its people. It states how the organisation intends to operate and includes a concise statement of intent and expected outcomes. It should carry the essential information for those who must comply with the policy and its related procedures.

A fraud and corruption control policy should:

- clearly communicate the organisation's values and business practices
- articulate the commitment of the CEO and senior management to these principles
- be based on a risk management approach
- outline its scope and how it will be applied at all levels of the organisation
- identify the key factors that influence fraud and corruption risk
- refer to any relevant legislation
- integrate related and subsidiary policies to control the incidence and impact of risks
- include any necessary tasks, functions, operating parameters and timelines
- state who is covered
- identify any role that has particular responsibilities and accountabilities (e.g. CEO, CFO)
- identify enforcement measures, and
- include version control and review arrangements.

There is no prescribed format for a fraud and corruption control policy. If the organisation already has a template for policies, it can be used.

The Policy should include the following components:

Objectives

Provide a statement of intent and outline why the policy is being written. Explain the intended outcomes of the policy.

Definitions

Define any specific terms or key principles used in the policy to avoid any ambiguity when the policy is applied.

Applicability and responsibility

State who the policy applies to and who will be affected by it, including both internal and external stakeholders. It may also list the people or bodies to whom the policy is relevant and on whom it imposes particular requirements. It may outline individual responsibilities, as well as the links between stakeholders.

Policy statements

Outline what is meant by fraud and corruption and explain its potential impact on the organisation. Provide a clear statement of the organisation's zero-tolerance stance on fraud and corruption, just to remove any doubt.

Procedures

Concisely and briefly outline the control strategies to be used. For example, if you are using the approach in this Guide, you might state that, and list the 10 components:

- fraud and corruption control policy and plan – refer to the organisation’s Fraud and Corruption Control Plan as the document that details the specific processes and activities (see section below about the Plan)
- risk management system – explain briefly how the organisation will apply risk management processes to its fraud and corruption control (see Chapter 2)
- internal controls – explain briefly how internal controls will be developed, implemented and reviewed (see Chapter 3)
- reporting processes – state the value placed on reporting by employees and reference the reporting policy and or procedure (see Chapter 4)
- protections for disclosers – be specific about the organisation’s commitment to providing protection and support for all disclosers (see Chapter 5)
- external organisational reporting – briefly outline the organisation’s obligations to report matters of various types to agencies such as the QAO, the Ombudsman, the CCC and the QPS (see Chapter 6)
- investigation processes – refer to the organisation’s Investigations policy and/or procedures (see Chapter 7)
- code of conduct – clearly state the role of the organisation’s code of conduct in setting standards for ethical behaviour and the obligations contained in it in relation to fraud and corruption reporting (see Chapter 8)
- organisational culture change – state the organisation’s commitment to providing education and training and creating a fraud-resistant culture (see Chapter 9)
- client and community awareness program – state the value placed on creating awareness in the community of the organisation’s zero tolerance towards fraud and corruption (see Chapter 10).

Communication

Include a brief explanation of how the policy will be communicated to staff and any other relevant persons or groups.

Legislation, references and authorities

List the relevant legislation, government directives or standards under which the organisation operates that are relevant to the policy, and provide the authority for the fraud and corruption control plan.

Review triggers

List any events that will trigger a review of the policy.

Administrative details/metadata

- the author’s name and position
- the approver’s name and position
- space for the approver to sign the policy
- space for the date approved
- the date the policy should next be reviewed (at most two years after the approval date).

The fraud and corruption control plan

The fraud and corruption control plan is referred to in the Policy. It contains the details of the organisation's anti-fraud and anti-corruption strategies. The strategies are identified through a thorough risk analysis and assessment process and the Plan states explicitly what actions are to be taken, when by, and who is responsible for them (see Chapter 2 for details on risk analysis and assessment processes.)

The information below provides key features of an effective fraud control plan:

Key features	Comments
An outline of the structure of the organisation.	Include reference to specific fraud control structures in this section of the plan.
A statement of the entity's attitude, definition and approach to fraud.	This statement should match that included in the entity's Fraud Policy and should be endorsed by the Chief Executive.
Demonstrated links to an up-to-date risk assessment.	This promotes the link between fraud risk and fraud control. Examples should be provided to demonstrate this.
Summary of the fraud risks identified.	This promotes awareness among staff of the fraud risks faced by the organisation.
Inclusion of both internal and external fraud risks.	Employees need to be aware of the existence of both internal and external fraud.
Outline of the key controls in place to address all identified high-rated fraud risks.	Information should be provided on the types and nature of fraud controls to inform employees within the organisation. Where possible links should be made to the organisation's business planning process.
A timeline for taking actions on all strategies.	The timeline should include realistic deadlines and monitoring of the implementation of the strategies and controls.
Identification of who has ownership for the design, implementation and evaluation of identified fraud controls.	Assigning ownership is critical in establishing accountability and promoting compliance with the fraud control plan. These responsibilities should also be highlighted in individual performance agreements.
The responsibilities that all employees have for fraud control.	This provides another avenue to remind employees of their responsibilities in relation to fraud control.
Details of how employees can report and respond to suspected fraud.	This should provide employees with information on how, and to whom, they should report suspicion of fraud.
Outline of how fraud is investigated within the organisation.	Information relating to the investigation process enables employees to understand how fraud is investigated and treated within their organisation.
A summary of awareness-raising and training strategies.	This provides information on the fraud awareness-raising activities that are undertaken.
Performance indicators and related targets.	Appropriate performance indicators enable the monitoring of the outcomes of proposed fraud control strategies.

Supporting documents, policies and procedures

Publishing a fraud and corruption control Policy and Plan is a vital step, but the Policy and Plan will only be effective when they are supported by additional appropriately integrated policies and procedures that specify the behaviours required by employees.

Additional documents that are part of the fraud and corruption control framework and that support the Policy and the Plan include:

- the organisation's strategic plan and other management plans (FPMS section 9(1)(a))
- the organisation's operational plan – this identifies the high-level activities that the organisation intends to undertake to assist in the achievement of its objectives, and should include a comment by the Chief Executive on the importance of fraud and corruption prevention (FPMS section 9(1)(b))
- a financial management practice manual (FMPM) for use in the financial management of the organisation – the FMPM is a critical component of the organisation's internal control environment, and consequently it is continually under review and development as other aspects of the internal controls are reviewed and developed (FPMS section 16)
- the organisation's annual budget – the budget should describe the resources that will be applied to fraud and corruption prevention. Program budget goals require managers to be alert to the risk of loss through fraud and corruption. The need for projects to have fraud and corruption controls to ensure that the business receives value for money should be mentioned in the discussion supporting the financial summaries in the budget documents
- the internal audit plan – this should give priority to fraud and corruption prevention through:
 - the internal audit charter, as a basic responsibility
 - specific projects, to support the fraud and corruption prevention activities of managers and other staff
 - all projects, to eliminate the risks identified by control evaluation
- the Code of conduct, including a section dedicated to conflicts of interest
- policies and procedures for:
 - gifts and benefits
 - reporting and managing public interest disclosures
 - investigations
- work procedures and instructions for activities that have inherently high fraud and corruption risks, such as procurement, disposal of assets, and information management.

These supporting documents establish minimum requirements, standards of conduct and controls to enforce the organisation's values, especially in specific corruption risk areas like conflicts of interest or the receipt of gifts and benefits. These additional documents should also be referred to in the Plan.

In addition, the supporting documents that underpin each of the Policy's component elements (e.g. internal controls, investigations, reporting) may in turn rely on their own supporting procedures to explain and give effect to the outcomes required of these policies.

Developing policies, plans and procedures

Fraud and corruption are multi-faceted drivers of dishonest conduct. Therefore, developing good fraud and corruption control policies, plans and procedures requires an in-depth knowledge of an organisation's operations, a clear understanding of the relevant issues, and a good grasp of the ethical principles that underpin the policy objectives in each area.

Developing frameworks for effective fraud and corruption control requires a detailed understanding of the things the organisation does (such as financial and other reporting) and the things the organisation has (assets both tangible and intangible) that others may find valuable.

Dishonest advantage can be gained by people through disingenuous communications designed to mislead or mask the truth. Because of this, the organisation also needs to consider how to prevent fraudulent or corrupt mis-statement of facts or information for dishonest purposes in such things as the Annual Report, financial statements, press releases and other forms of external or internal communications.

A thorough understanding of these issues puts the organisation in the best place to determine the components of the policy, critically analyse where the controls that should protect these assets and processes are weak, and then detail the necessary controls and accountabilities in a plan.

For these reasons, the development of a fraud and corruption control policy and plan and the related procedures is best carried out by a specifically nominated position (E.g. Risk Manager) or a small taskforce with the support of a suitable planning and review committee. The responsible person or group should have suitable experience in risk management and policy formulation as well as practical operational experience.

Because good fraud and corruption policies and plans involve risk management issues, the responsible people should be active members of the organisation's corporate governance or risk management committee, or should have ready access to risk management expertise (either internally or externally).

The impact of the Policy and Plan should be felt at all levels throughout the organisation, so the development person or team must therefore be seen to carry appropriate authority, and will most likely be drawn from the senior management level.

Policy should never be developed in isolation, and employees are critical in the development process. Wide consultation with employees will make it possible to formulate material that not only is suitable for the purpose but also carries grassroots support.

The Policy and Plan should be subjected to searching review by management. Input from key stakeholders should also be sought through a consultative process.

Having these attributes will maximise the opportunities for developing sound, logical policies that are practical and fit for purpose.

Finally, the Policy and the Plan need to carry the full support of management, and should be universally promoted and accepted, endorsed by any relevant fraud and corruption control committee or coordinator/manager, and approved by the CEO.

Fraud and corruption control oversight

Every organisation will need to ensure that certain management and oversight functions are in place. Key functions are shown in the diagram below. The size of the organisation and the risks it faces will determine the appropriate level of resourcing for each function. In larger organisations these functions might be performed by committees, but in smaller organisations some or all of the functions might be performed by an individual. Regardless of the size of the organisation it is important that management shows its commitment by providing adequate resources for the program and the activities identified in it.

The following diagram gives an overview of key components for oversight of the program.

Figure 4: Fraud and corruption control oversight



Source: KPMG.

Leadership

The Policy and Plan need to be endorsed and supported at the highest level of the organisation, and it is critical that the senior executives are seen to support them in practical ways.

Executive accountability and leadership

The CEO is accountable for fraud control within the organisation and for ensuring that appropriate governance mechanisms and fraud control frameworks are in place and operating as designed.

Corporate Governance oversight

Every organisation needs to have a group of people who have responsibility for monitoring the framework of rules and practices used by the organisation to ensure accountability and transparency in its operations. In the case of a large organisation, this may be a subset of the executive committee or Board of Directors. For smaller organisations it may be the Senior Executive Group (for example, the CEO, CFO, directors, corporate services and HR managers).

As members of this group are likely to have been heavily involved in the development of the Policy and Plan, this is also a useful group to involve in the process of monitoring the implementation and application of the Policy and Plan.

Fraud and corruption control advice

The CEO and executive or board will generally require assistance to fulfil their corporate governance and oversight responsibilities, including: financial reporting, internal control systems, risk management systems, internal and external audit, and fraud and corruption control processes.

This role will include:

- reviewing whether management has in place a current and comprehensive enterprise risk management framework and associated procedures designed to ensure that the identification and management of the organisation's business and financial risks, including fraud, are effective
- reviewing the organisation's fraud control arrangements to satisfy itself the organisation has appropriate processes or systems in place to capture and effectively investigate fraud-related information
- reviewing reports on fraud from the organisation's fraud and corruption control coordinator/manager that outline any identified allegations of fraud, the status of any ongoing investigations, and any changes to identified fraud risk in the organisation
- providing comment on recommendations for change to the internal control structure as a result of liaising with both the internal and external auditors.

This is generally done by an audit committee which would include:

- a Chairperson who is ideally external to the organisation and appointed for periods not less than three years
- the internal auditor
- the head of Corporate Services, and
- (usually) two other staff with recognised and relevant formal or informal qualifications relating to accounting, finance and/or business risk management (ideally not the Risk Management Committee Chairperson).

Treasury Audit Committee Guidelines (Section 3.3) states that it is desirable to have at least two members of the audit committee external to the agency.

The audit committee meetings would also be attended by the external auditor who reports to the committee on the progress of the external audit engagement.

The audit committee has no authority to direct the activities of staff.

In a small organisation the audit committee role might be undertaken by the internal auditor, the corporate services manager, or the finance manager.

The provision of advice by the audit committee or internal auditor does not diminish the responsibility of management or the CEO in the proper execution of their activities.

Risk management oversight

This includes:

- overseeing the development and implementation of a systematic and coordinated risk management framework
- developing a register of risk factors, a risk management plan and controls
- assessing whether the organisation maintains effective risk management practices across all its activities
- ensuring that continuity plans are in place and appropriate, and that the plans are tested and the tests are meaningful

- monitoring the risk environment, and assessing the impact of any changes on the organisation's risk profile
- integrating fraud and corruption matters with the organisation's overall risk profile
- reporting to senior management on risk-related issues
- initiating assessments of how successful the organisation is in embedding an ethical culture.

Normally this will be performed by a committee, comprising:

- a Chairperson who ideally is external to the organisation and appointed for periods not less than three years
- the internal auditor
- the head of Corporate Services
- in-house legal counsel, and
- (usually) two other staff with recognised and relevant formal or informal qualifications relating to business risk management.

In a small organisation this role might be undertaken by a risk management coordinator or Internal Audit.

The Risk Management Committee has no authority to direct the activities of staff. The provision of advice by the Risk Management Committee does not diminish the responsibility of management or the CEO in the proper execution of their activities.

Internal Audit plays a critical role in reviewing an organisation's systems of internal control by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes, with particular regard to fraud and corruption. This should include auditing the organisation's fraud risk register to ensure risks are being correctly identified, treated and monitored. The Internal Audit Charter should detail Internal Audit's responsibilities in relation to the management of fraud and corruption risks.

Fraud and corruption control coordination

Clear lines of responsibility and accountability in relation to the coordination, monitoring, review and promotion of the fraud control framework need to be established within an entity to either an individual position or a committee/team appointed for the purpose. This can be achieved through the appointment of a central point of contact for all fraud-related matters. This central point of contact is often referred to as the "fraud manager".

A fraud manager is the individual with delegated responsibility from the CEO/Board for fraud control within an entity. A fraud manager's responsibilities need to be articulated in a fraud control plan and understood by the organisation as a whole. Where such a position is employed, an appropriate line of reporting is directly to the CEO/Board.

It is critical that the fraud manager has appropriate skills and experience, and be given the authority, time and other resources to discharge this responsibility properly.

Roles would include:

- developing the Policy and Plan and related procedures
- taking ownership of and administering the fraud and corruption control policy
- ensuring that policy changes and procedural recommendations arising from periodic reviews are appropriately prioritised and implemented
- monitoring the performance of staff responsible for implementing the fraud control plan.

A larger organisation, or one with high risk exposure (for example, one that engages with external suppliers for the procurement of goods, services or capital works, or for disbursing grant monies), may also establish a fraud and corruption control committee to deal specifically with fraud and corruption issues.

This committee should have a broad-based (cross-functional) membership to ensure that it can cover at least the areas of highest risk. It should carry a clearly defined responsibility for overseeing the effective implementation of fraud and corruption control measures. This committee has no authority to direct the activities of staff.

Where an organisation is too small to have a fraud and corruption control committee, it may have a fraud and corruption control coordinator or manager instead. This role is usually performed by the CFO, but can also be the Internal Auditor or the head of Corporate Services.

Again, the existence of a fraud and corruption control committee or coordinator does not diminish the responsibility of management or the CEO in the proper execution of their activities.

The following table summarises the functions and accountabilities of key positions.

Function	Position
<p>Accountability for fraud and corruption control Responsibility for ensuring appropriate governance mechanisms and fraud control frameworks are in place and operating as designed.</p>	<p>CEO</p>
<p>Leadership Endorsement and support for the fraud and corruption control policy and plan.</p>	<p>CEO and Executives or Board</p>
<p>Corporate Governance oversight</p> <ul style="list-style-type: none"> Monitoring the implementation and application of the Policy and Plan. Monitoring the framework of rules and practices used by the organisation to ensure accountability and transparency in its operations. 	<p>Corporate Governance committee</p> <p>In a large organisation, this may be a sub-set of the Executive Committee or Board of Directors.</p> <p>For smaller organisations it may be the Senior Executive Group (for example, the CEO, CFO, directors, Corporate Services and HR managers)</p>
<p>Risk management oversight Independent and objective review and advice regarding risk management, including:</p> <ul style="list-style-type: none"> overseeing the development and implementation of a systematic and coordinated risk management framework developing a register of risk factors, risk management plan and controls assessing whether the organisation maintains effective risk management practices across all its activities ensuring that continuity plans are in place and appropriate, and that the plans are tested and that the tests are meaningful monitoring the risk environment, and assessing the impact of any changes on the organisation's risk profile integrating fraud and corruption matters with the organisation's overall risk profile 	<p>A large organisation would have a risk management committee</p> <p>This committee would include:</p> <ul style="list-style-type: none"> a Chairperson who ideally is external to the organisation and appointed for periods not less than three years the internal auditor the head of Corporate Services in-house legal counsel, and (usually) two other staff with recognised and relevant formal or informal qualifications relating to business risk management. <p>A small organisation might allocate these roles to a risk management coordinator or to the internal auditor.</p> <p>A risk management coordinator has no authority to direct the activities of staff.</p>

Function	Position
<ul style="list-style-type: none"> reporting to senior management on risk-related issues assessing whether the organisation is successfully embedding an ethical culture. <p>The provision of advice by the Risk Management Committee does not diminish the responsibility of the CEO in the proper execution of their activities.</p>	
<p>Fraud and corruption control coordination A central point of contact with clear lines of responsibility for all fraud-related matters.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> developing the fraud and corruption control policy and plan and related procedures taking ownership of and administering the fraud and corruption control policy ensuring that policy changes and procedural recommendations arising from periodic reviews are appropriately prioritised and implemented monitoring the performance of staff responsible for implementing the fraud control plan. <p>The existence of a fraud control manager or committee does not diminish the responsibility of the CEO in the proper execution of their activities.</p>	<p>Fraud control manager or coordinator</p> <ul style="list-style-type: none"> an individual with delegated responsibility from the CEO/Board for fraud control and reporting directly to the CEO/Board responsibilities need to be articulated in a Plan and be understood by the whole organisation <p>In a small organisation, this role is usually performed by the CFO, but can also be the Internal Auditor, or the head of Corporate Services.</p> <p>Larger organisations, or ones with higher levels of fraud risk, (for example, one that engages with external suppliers for the procurement of goods, services or capital works, or for disbursing grants money) may also establish:</p> <ul style="list-style-type: none"> a fraud and corruption control committee and/or a unit. It should have a broad-based (cross-functional) membership to ensure that it can cover at least the areas of highest risk, and carry a clearly defined responsibility for overseeing the effective implementation of fraud and corruption control measures. <p>This committee has no authority to direct the activities of staff.</p> <ul style="list-style-type: none"> a fraud control unit that is responsible for fraud prevention, detection and response activities.
<p>Independent assurance and advice to the CEO/Board regarding fraud and corruption The CEO/Board will generally require assistance to fulfil their corporate governance and oversight responsibilities, including: financial reporting, internal control systems, risk management systems, internal and external audit, and fraud and corruption control.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> reviewing whether management has in place a current and comprehensive enterprise risk management framework and associated procedures designed to ensure that the identification and management of the organisation's business and financial risks, including fraud, are effective reviewing the organisation's fraud control arrangements and satisfying itself that the organisation has appropriate processes or systems in place to capture and effectively investigate fraud-related information 	<p>Audit Committee This committee would include:</p> <ul style="list-style-type: none"> a Chairperson who ideally is external to the organisation and appointed for periods not less than three years the internal auditor the head of Corporate Services, and (usually) two other staff with recognised and relevant formal or informal qualifications relating to accounting, finance and/or business risk management (ideally not the Risk Management Committee Chairperson). <p>The Audit Committee meetings would also be attended by the external auditor who reports to the committee on the progress of the external audit engagement.</p> <p>In a small organisation the Audit committee role might be undertaken by the internal auditor, the corporate services manager, or the finance manager.</p> <p>The Audit Committee has no authority to direct the activities of staff.</p>

Function	Position
<ul style="list-style-type: none"> • reviewing reports that outline any identified allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the organisation • providing comment on recommendations for change to the internal control structure as a result of liaising with both the internal and external auditors. 	

Communication

Development of the Policy, Plan and related procedures is only part of the overall process of implementing an effective fraud and corruption control program. Communication of the policy, plan and procedures is critical.

The organisation's officers and other stakeholders are more likely to embrace the underlying ethical principles of a fraud and corruption control policy if they believe that there is a universal commitment to high standards of integrity. The Policy thus needs to be seen to carry the wholehearted endorsement of senior management.

The Plan should be made available to all officers of the organisation. This is usually done by placing the Plan on the organisation's intranet.

The organisation should provide training to develop awareness in employees, stakeholders and the community that fraud and corruption are not acceptable, and that the organisation operates on a zero-tolerance basis.

A communication program designed to suit the various staff levels and job roles, and to cater for regional factors and operational cultures within a single organisation is recommended. The communication activities should send a clear message that responsibility for implementing the policy extends to all levels throughout the organisation.

Ultimately, the goal of policy training and communication is to influence and elevate the organisation's culture by making ethical behaviour the accepted norm. (See Chapter 9.)

The organisation should make its Plan readily available to all stakeholders, including the general public, bearing in mind any confidentiality and security implications. Outlining the measures that have been adopted to prevent and detect both internal and external fraud and corruption should raise the level of awareness of the organisation's business philosophy among suppliers, clients and the community. (See Chapter 10.)

Reviews

The Policy and Plan and each of the subsidiary policies and procedures need to be reviewed regularly to assess performance against predetermined objectives (or targets), and identify any reasons for non-compliance in order to pinpoint any deficiencies and identify improvements. The Australian Standard AS8001:2008 recommends a comprehensive review of the fraud and corruption control plan at least every two years.

Reviews may be appropriate more frequently depending on the organisation's operating environment. An organisation that is affected by rapidly changing legislation, or has to cope with changes in organisational structure (such as following a machinery of government change) and fast-moving technology, may need more frequent reviews than one operating under less turbulent conditions, as these factors may create increased opportunities or incentives to perpetrate and conceal fraud.

Reviews should also be conducted whenever a significant fraud or corruption event or corrupt conduct is detected. Learnings from these may dictate changes in policies and procedures.

The organisation needs to ensure that policy changes and procedural recommendations arising from periodic reviews are appropriately prioritised and implemented. Once again, the best way to ensure that this is done properly is to make their implementation the responsibility of a specific person or group. Progress in implementing the program should be monitored and evaluated through setting targets and using suitable self-evaluation checklists.

Best-practice target

- (1) The organisation should have a Policy that clearly states the organisation's zero-tolerance stance on fraud and corruption and provides a holistic control framework.
- (2) The Policy should be based on an integrated risk management approach that caters for areas such as internal controls, public interest disclosures, reporting, investigation and training.
- (3) The organisation should incorporate the 10 components recommended by the CCC into the Policy and Plan.
- (4) The organisation should assign responsibility for development and implementation of the Policy to a nominated senior officer, supported by suitable advisory committees.
- (5) The organisation should develop the Policy in consultation with stakeholders and employees at all levels.
- (6) The organisation should have a Plan that is supported by the corporate plan, internal audit plan and other management plans, and the annual budget, and has appropriate supporting procedures and operating guidelines in place.
- (7) The Policy should be approved by the CEO, and the CEO and senior managers should make their support of the Policy clear to all stakeholders and be seen to be actively implementing the Policy.
- (8) The organisation should establish and resource appropriate management and oversight functions, including: Corporate Governance, an audit committee, a risk management committee and a fraud manager.
- (9) The organisation should make sure the Policy and Plan can be easily accessed by all internal and external stakeholders and should communicate and promote them throughout the organisation so that all stakeholders and the public are aware of the organisation's commitment to eliminating fraud and corruption.
- (10) The organisation should review and evaluate the Policy and Plan frequently to ensure relevance.

Additional readings

- Attorney-General's Department 2017, *Commonwealth fraud control framework 2017*, Australian Government, Canberra
<www.ag.gov.au/CrimeAndCorruption/FraudControl/Documents/CommonwealthFraudControlFramework2017.PDF>
- Attorney-General's Department 2017, *Resource Management Guide No. 201 Preventing, detecting and dealing with fraud 2017*, Australian Government, Canberra.
<www.ag.gov.au/CrimeAndCorruption/FraudControl/Documents/FraudGuidance.pdf>
- Campbell, Nancy, 1998, *Writing effective policies and procedures: a step-by-step resource for clear communication*, American Management Association, New York.
- Department of Finance Risk resources
<www.finance.gov.au/comcover/policy/risk-resources.html>

- New South Wales Audit Office 2015, *Fraud Control Improvement Kit: Managing your Fraud Control Obligations*.
<www.audit.nsw.gov.au/ArticleDocuments/197/D1506583%20%20FINAL%20Fraud_Control_Improvement_Kit_February_2015%20whole%20kit.pdf-updated%20August2015.pdf.aspx?Embed=Y>

Checklist: Coordination mechanisms

The following questions are indicative only. Each organisation should develop its own checklist to reflect its specific needs and risk environment. The checklist should be re-examined and updated periodically, as part of the organisation's program of fraud and corruption control appraisal.

- Does the organisation have a fraud and corruption control policy?
- Does the policy clearly state the organisation's zero-tolerance stance on fraud and corruption?
- Is the policy based on a risk-management approach, which identifies and targets those fraud and corruption risks specific to the entity?
- Does the policy address the following fraud and corruption control elements:
 - coordination mechanisms
 - risk management system
 - internal controls
 - reporting system
 - protections and supports for disclosers
 - organisational reporting
 - investigation management processes
 - code of conduct
 - staff education and organisational culture change program
 - client and community awareness?
- Have all relevant stakeholders been involved in developing the overall policy?
- Does the policy:
 - clearly communicate the organisation's values and business practices
 - articulate the commitment of the CEO and senior management to these principles?
- Is there a person or group designated as owning and administering the fraud and corruption control policy?
- Does the organisation have a fraud and corruption control plan?
- Does the plan reflect the organisation's corruption prevention policy?
- Does the plan include:
 - mechanisms to identify and record threats
 - appropriate responses to identified threats
 - details of the strategies and controls to address identified risks
 - allocation of responsibility for implementing the strategies
 - timeframes for implementing the strategies
 - mechanisms for monitoring the implementation of the strategies?
- Do the fraud and corruption control plan, corporate plan and other management plans support each other?
- Does the organisation have other policies and procedures that support the Plan?
- Do all associated policies and procedures (i.e. associated with fraud and corruption control):
 - reflect the specific needs of the organisation
 - complement each other and operate in an integrated and cohesive manner?
- Has the organisation provided adequate resources for the program?

- Does the fraud control officer monitor the performance of staff responsible for implementing the fraud control plan?
- Does the organisation have appropriate management and oversight functions, including:
 - corporate governance
 - an audit committee
 - a risk management committee
 - a fraud manager?
- Have the policy and plan been reviewed within the last two years?
- Are there standing arrangements to review the policy and plan on a periodic basis?
- Is there a structured approach to implementing significant review recommendations?
- Have the recommendations for any changes or improvements to policy and operational procedures been prioritised or implemented?
- Is the policy easily accessible to all stakeholders?
- Are there effective communication or extension programs to raise awareness of the organisation's fraud and corruption control policy and plan?