

FRAUD CONTROL STRATEGY

POLICY®

DOCUMENT SUMMARY/KEY POINTS

- The Sydney Children's Hospitals Network promotes a culture of honesty and integrity. The Network has no tolerance for fraud and has implemented, and regularly reviews, a range of strategies to prevent, detect and respond to the risk of fraud.
- Fraud is defined as dishonestly obtaining a financial or other benefit (either directly or indirectly) by deception.
- All staff have a responsibility to contribute to eliminating fraud.
- If a staff member knows or suspects a fraud has occurred they must report it to Internal Audit or the Chief Executive using the [Reporting Suspected Fraud](#) form.
- Staff should be aware of the provision in section 316(1) of the Crimes Act 1900 which says that a failure to report a serious offence, including fraud, is an offence.
- The Network encourages its stakeholders and suppliers, to report known or suspected fraud or unethical behaviour – refer [Business Ethics](#).
- In addition to the above, a staff member can make a public interest disclosure if they suspect corrupt conduct, maladministration, or serious and substantial waste of public money. Refer SCHN's [Public Interest Disclosures](#).
- The 'Fraud and Corruption Prevention (40022231)' and 'Code of Conduct (39962644)' training modules in [My Health Learning](#) are provided to assist all staff to identify and prevent fraudulent and corrupt conduct in the workplace and to promote ethical behaviour and culture.

This document reflects what is currently regarded as safe practice. However, as in any clinical situation, there may be factors which cannot be covered by a single set of guidelines. This document does not replace the need for the application of clinical judgement to each individual presentation.

Approved by:	SCHN Policy, Procedure and Guideline Committee	
Date Effective:	1 st November 2022	Review Period: 3 years
Team Leader:	Internal Audit Executive	Area/Dept: Executive and Internal Audit

Date of Publishing: 24 October 2022 12:52 PM

Date of Printing:

Page 1 of 10

K:\CHW P&P\Policy\Oct 22\Fraud Control Strategy.docx

This Policy/Procedure may be varied, withdrawn or replaced at any time. Compliance with this Policy/Procedure is mandatory.

CHANGE SUMMARY

- July 2022 – updated to provide additional information and bring the policy more in line with best practice (Audit Office Fraud Control Policy).

READ ACKNOWLEDGEMENT

- All staff should be aware of this document and how to report suspected fraud.
- Managers of official resources should read and acknowledge this document.

This document reflects what is currently regarded as safe practice. However, as in any clinical situation, there may be factors which cannot be covered by a single set of guidelines. This document does not replace the need for the application of clinical judgement to each individual presentation.

Approved by:	SCHN Policy, Procedure and Guideline Committee	
Date Effective:	1 st November 2022	Review Period: 3 years
Team Leader:	Internal Audit Executive	Area/Dept: Executive and Internal Audit

TABLE OF CONTENTS

1	Policy Statement	4
2	The Fraud Control	4
2.1	Leadership (Prevention).....	4
2.2	Ethical Framework (Prevention and Response).....	5
2.3	Responsibility Structures (Prevention, Detection and Response)	5
2.4	Fraud Control Policy (Prevention).....	5
2.5	Prevention Systems (Prevention)	5
2.5.1	<i>Fraud and corruption risk assessments</i>	5
2.5.2	<i>Fraud control plan</i>	6
2.5.3	<i>Fraud register</i>	6
2.5.4	<i>Ethical workforce</i>	6
2.6	Fraud Awareness (Prevention and Detection).....	6
2.6.1	<i>Staff awareness</i>	6
2.7	Third Party Management Systems (Prevention and Detection).....	8
2.8	Notification Systems (Detection and Response)	8
2.8.1	<i>Fraud allegations made by a staff member</i>	8
2.8.2	<i>Public Interest Disclosures</i>	8
2.9	Detection Systems (Detection)	9
2.9.1	<i>Internal control</i>	9
2.9.2	<i>Risk based internal audit</i>	9
2.10	Investigation Systems (Response)	10
2.10.1	<i>Conduct standards</i>	10
2.10.2	<i>Disciplinary standards</i>	10
2.10.3	<i>Confidentiality</i>	10
2.10.4	<i>Documenting and reporting fraud</i>	10

1 Policy Statement

The Sydney Children's Hospitals Network (Network) has no tolerance for fraud. The Network promotes a culture of honesty and integrity, and has implemented, and regularly reviews, a range of strategies to prevent, detect and respond to the risk of fraud.

Fraud is defined as dishonestly obtaining a financial or other benefit (either directly or indirectly) by deception.

2 The Fraud Control

The Network's fraud control policy is based on ten attributes within the overarching themes of Prevention, Detection and Response.



2.1 Leadership (Prevention)

The Chief Executive and Senior Management at the Network are committed to managing the risk of fraud. Where appropriate, responsibility for managing fraud risks are contained within the position descriptions and individual performance appraisals of Executive, Senior Managers and staff.

2.2 Ethical Framework (Prevention and Response)

The Network has clear policies and procedures which set out the acceptable standards of ethical behaviour. These policies are available to staff via the Intranet under '[Resources – Employee need to know](#)' and via [ePolicy](#). These policies are reviewed regularly to ensure they are up to date and in line with relevant policies and legislation.

Staff are expected to undertake their work in a way that upholds the Network's and NSW Health's values at all times.

2.3 Responsibility Structures (Prevention, Detection and Response)

The Chief Executive has ultimate responsibility for fraud control and is responsible for approving the Fraud Control Policy.

Internal Audit is responsible for maintaining the Fraud Control Policy, undertaking fraud risk assessments with the executive and management, and is authorised to receive and investigate reports of fraud.

Managers of official resources are nominated Fraud Prevention Managers and must ensure fraud risks in their area are managed.

All staff have a role in preventing and detecting fraud and must report known or suspected fraud to Internal Audit as soon as possible.

The Audit and Risk Committee is responsible for providing reasonable assurance to the Chief Executive that the SCHN is maintaining effective control against fraud.

2.4 Fraud Control Policy (Prevention)

This Fraud Control Policy and associated controls have been designed to minimise the risk of fraud. These controls are proportionate to the fraud risks faced by the Network.

2.5 Prevention Systems (Prevention)

2.5.1 Fraud and corruption risk assessments

Fraud and corruption risk assessments are a proactive approach to identify risks, evaluate effectiveness of controls, and determine actions required to bring the risks within the Network's risk appetite.

The fraud and corruption risk assessment *will be* carried out at least every 3 years.

Fraud and corruption risks are managed in line with the Network's risk management framework.

2.5.2 Fraud control plan

The Fraud Control Plan constitutes the controls and risk treatments identified in the Fraud Risk Assessment. Fraud related controls and risk treatments are regularly assessed and outcomes reported to the Executive and the Audit and Risk Committee as part of the schedule of internal audits.

2.5.3 Fraud register

All reports of fraud, action taken and outcomes are managed by Internal Audit. A fraud register has been established to record all incidents of fraud.

2.5.4 Ethical workforce

Criminal checks and pre-employment screening are conducted for all new employees.

2.6 Fraud Awareness (Prevention and Detection)

2.6.1 Staff awareness

Every employee has a responsibility to contribute to eliminating fraud.

1. Code of conduct

The Code of Conduct requires all staff to “Report to a more senior member of staff and / or to the appropriate external statutory body any misconduct by others of which they become aware, such as corruption, fraud, maladministration, and serious or substantial waste.”

2. Staff training

The ‘Fraud and Corruption Prevention (40022231)’ and ‘Code of Conduct (39962644)’ training modules in [My Health Learning](#) are provided to assist all staff to identify and prevent fraudulent and corrupt conduct in the workplace and to promote ethical behaviour and culture.

3. Ethical behaviour policies

The Network and NSW Health have a range of ethical behaviour policies to support staff that are available on the [SCHN Intranet](#), [ePolicy](#), and [NSW Health Intranet](#):

Network	NSW Health
Code of Conduct	PD2015_049
Resolving Workplace Grievances	PD2016_046
Managing for performance	PD2016_040
Managing misconduct	PD2018_031
Workplace bullying - prevention and management	PD2021_030
Corrupt Conduct - Reporting to the ICAC	PD2016_029
Public Interest Disclosures	PD2016_027
Risk Management	PD2022_023
Internal Audit	PD2022_022
Fraud Control	
Conflict of interest and gifts and benefits	PD2015_045
Business Ethics	

4. Awareness raising

The SCHN intranet "[Employee need-to-know](#)" includes code of conduct, conflicts of interest, gifts and benefits, internal audit, misuse of official resources, public interest disclosures, business ethics and fraud control pages. *An annual communication will be sent out via Chief Executive Update.*

The fraud risk assessment (2.5.1) *will be* updated with subject matter experts to discuss practical scenarios / situations / risks in their work areas and the key controls to manage the risk of fraud.

Further information is available from the Audit Office of NSW resources, Fraud Control Improvement Kit and Guides to Better Practice.

5. Induction

The NSW Health Code of Conduct is provided to each new staff member on employment. All new employees are required to acknowledge acceptance of the Code of Conduct prior to commencement of their employment with the SCHN. New staff orientation programs include references to the Code of Conduct.

6. Post induction

To remind staff of their ongoing responsibilities the Network:

- Releases periodic alerts on the Intranet of Fraud Control Policy updates with a responsibility reminder
- Performs the fraud risk assessment (2.5.1) with subject matter experts

7. Stakeholder and supplier awareness

The [Business Ethics](#) policy provides guidance to customers, suppliers and the community by setting out the expected high standards of integrity and ethical behaviour required when conducting business with employees at the Network.

2.7 Third Party Management Systems (Prevention and Detection)

The Network has controls in place to manage our dealings with third parties, such as segregation of duties, conflict of interest, and gifts and benefits policies. We provide a copy of our [Business Ethics](#) policy setting out expected standards of behaviour and mutual obligations of all parties.

2.8 Notification Systems (Detection and Response)

The Network requires staff and encourages its stakeholders and suppliers to report known or suspected fraud or unethical behaviour.

Staff should be aware of the provision in section 316(1) of the Crimes Act 1900 which says that a failure to report a serious offence, including fraud, is an offence.

2.8.1 *Fraud allegations made by a staff member*

If a staff member knows or suspects a fraud has occurred they must report it to Internal Audit or the Chief Executive using the [Reporting Suspected Fraud](#) form.

2.8.2 *Public Interest Disclosures*

In addition to the above, a staff member can make a public interest disclosure if they suspect corrupt conduct, maladministration, or serious and substantial waste of public money. Refer SCHN's [Public Interest Disclosures](#).

2.9 Detection Systems (Detection)

2.9.1 Internal control

The SCHN management is responsible for implementing control mechanisms that minimise the risk of fraudulent transactions and corrupt behaviour.

Internal controls that manage the risk of fraud are included in the Fraud Control Plan (2.5.2) include, but are not limited to:

- segregation of duties
- approvals and authorisation
- reconciliations
- management reviews
- management report
- risk assessments
- physical and logical security
- reviews by accreditation bodies
- internal and external audits

2.9.2 Risk based internal audit

Internal Audit regularly examines risk processes across the Network to detect irregularities. Outcomes of audits are recorded in the audit recommendation tracker, followed up and reported to the Audit and Risk Committee on a quarterly basis.

2.10 Investigation Systems (Response)

Suspected or alleged fraud will be investigated by Internal Audit unless it does not have the necessary knowledge, skills, and experience in the subject area.

Internal Audit will be guided by the Internal Audit Charter (SCHN22/1391) and Internal Audit Manual (SCHN22/1950) when investigating allegations of fraud.

Investigations may involve co-operation with an external investigation authorities (e.g. NSW Police Service and the ICAC).

If at any point there is reasonable evidence that a criminal offence has been committed, internal investigations will cease, and a recommendation made to the Chief Executive to refer the matter to the Police.

2.10.1 Conduct standards

The standards of personal conduct expected of staff are clearly set out in the Code of Conduct.

2.10.2 Disciplinary standards

Where an allegation of fraud is substantiated, the Manager Internal Audit will make a recommendation to the Chief Executive.

The Chief Executive will determine the nature of any disciplinary action.

2.10.3 Confidentiality

Internal Audit's Authority and Confidentiality is established in the Internal Audit Charter.

2.10.4 Documenting and reporting fraud

The Manager Internal Audit will report to the Audit and Risk Committee on fraud investigations and outcomes.