



Australian Government
**Department of Industry,
Innovation and Science**

Dr Heather Smith PSM

Secretary
Department of Industry, Innovation and Science
Industry House
10 Binara Street
CANBERRA CITY ACT 2601

Dear Secretary

Fraud control measures

Paragraph 17AG(2)(b) of the Public Governance, Performance and Accountability Rule 2014 requires that the department's annual report includes certification from the accountable authority that fraud risk assessments and fraud control plans have been prepared, appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud are in place, and all reasonable measures have been taken to deal appropriately with fraud.

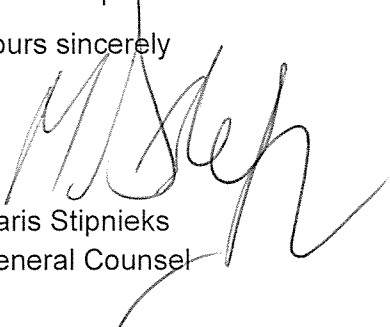
The enclosed Fraud Control Report will be presented to the Executive Board in September 2019. It describes that the department has:

1. A 2018-20 Fraud and Corruption Control Plan,
2. Conducted fraud risk assessments and established measures to mitigate identified fraud risks, and
3. Established mechanisms to prevent, detect, investigate, record and facilitate reporting of fraud incidents, including:
 - a. A strategic assessment of the department's fraud control framework and methodology
 - b. Development of an active detection capability, and
 - c. An enterprise fraud risk profile.

The Fraud Control Report has been submitted to Audit and Assurance Committee and for discussion at their meeting of 30 August 2019.

The Fraud Control Report demonstrates that the department has undertaken all reasonable measures to deal appropriately with fraud in 2018-19, and I recommend that you sign the fraud compliance statement.

Yours sincerely


Maris Stipnieks
General Counsel

30 August 2019

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MINUTE

Corporate Division

To: Secretary: Dr Heather Smith	Through: Janean Richards, Chief Operating Officer David Williamson, Deputy Secretary
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For Information

Fraud Control Measures 2018-19

Recommendation

That you note the information in this minute.

Purpose

To outline the department's fraud control activities to support your certification, in the letter of transmittal of the Department's annual report to Ministers, about the appropriateness of the department's fraud control activities.

Background

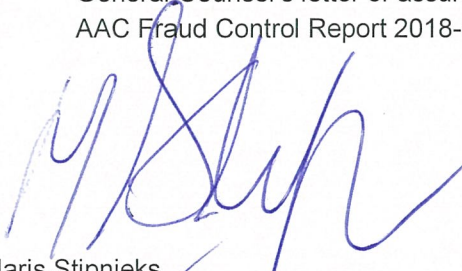
Paragraph 17AG(2)(b) of the *Public Governance, Performance and Accountability Rule 2014*, requires the department's annual report include certification from the accountable authority that fraud risk assessments and fraud control plans have been prepared, appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud are in place, and all reasonable measures have been taken to deal appropriately with fraud.

Issues

Attachment A is my letter of assurance, as General Counsel, that the department has undertaken all reasonable measures to deal appropriately with fraud relating to the department. The attached Fraud Control Report 2018-19 details those measures and will be tabled at the Assurance and Audit Committee meeting on 30 August 2019 (attachment B), and will be submitted to the Executive Board on 3 September 2019.

Attachments

- A General Counsel's letter of assurance to the Secretary
- B AAC Fraud Control Report 2018-19



Maris Stipnieks
General Counsel

2/9/19

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ASSURANCE AND AUDIT COMMITTEE FOR ENDORSEMENT

Title	Annual certification for preventing, detecting and dealing with fraud.
Purpose/Issue	To advise that the department has appropriate mechanisms and processes in place to prevent, detect, and effectively respond to fraud so the accountable authority can provide certification of compliance with PGPA Rule 17AG(2)(b).
Recommendation(s)	That the Committee: <i>Note the mechanisms in place to prevent, detect and respond to fraud.</i>
Attachment(s)	<p>A – Certificate of Compliance Report demonstrating compliance with legislative requirements</p> <p>B – High fraud risks by division Chart of which risk each division assessed as a high risk</p> <p>C – Enterprise fraud risk profile List of identified fraud risks and the average fraud risk ratings</p> <p>D – High fraud risk treatments Chart of the treatments proposed by each division to control high risk</p>
Prepared by	Section 47F Fraud Control Officer
Sponsored by	Janean Richards, Chief Operating Officer

Background

This Fraud Control Report demonstrates that the department has undertaken a number of measures to deal appropriately with fraud in 2018-19. The 2018-19 Certificate of Compliance is at **Attachment A**.

Paragraph 17AG(2)(b) of the *Public Governance, Performance and Accountability Rule 2014*, requires that the department's annual report includes certification from the Accountable Authority that:

- fraud risk assessments have been undertaken and fraud control plans have been prepared;
- that there are appropriate mechanisms for preventing, detecting, investigating or otherwise dealing with fraud;
- that alleged fraud is recorded or reported upon; and
- all reasonable measures have been taken to deal appropriately with fraud.

Section 47E(a)

Section 47E(a)

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Attachment A – 2018-19 Certificate of Compliance

PGPA Act s26, PGPA Rule s10 Fraud Control	<ul style="list-style-type: none"> A Fraud Control Plan must be implemented in line with the Commonwealth Fraud Control Framework 2017 	<ul style="list-style-type: none"> If a Fraud Control Plan was not implemented in line with the Commonwealth Fraud Control Framework 2017 If instances of fraud were not reported to the Certificate of Compliance inbox when relevant 	Department of Industry, Innovation and Science	Nil to report	Not applicable	All reasonable measures to prevent, detect and deal with fraud relating to the department have been taken during 2018-19. The department's fraud control and anti-corruption measures comply with the mandatory requirements of the PGPA Rule and the better practice measures as outlined in the <i>Commonwealth Fraud Control Framework 2017</i> and the <i>Australian Government Investigation Standards 2014</i> .
				Nil to report	Not applicable	In accordance with 10(a) PGPA Rule the department has conducted fraud risk assessments regularly, and when there was a substantial change in the structure, functions or activities of the department during 2018-19.
						In accordance with 10(b) PGPA Rule the department had developed and implemented <i>Fraud and Corruption Control Plan 2018-20</i> that deals with identified risks. That plan was in place during 2018-19 and was available on the department's internet page and intranet.
						In accordance with 10(c) (i) PGPA Rule the department had appropriate mechanisms for preventing fraud, and making staff aware of what constitutes fraud by developing and advertising the online fraud and corruption awareness online module, by participating in the International Fraud Awareness Week and by ongoing communications utilising the intranet throughout 2018-19.
						In accordance with 10(c) (ii) PGPA Rule, the risk of fraud and corruption was taken into account in planning and conducting activities of the department. This was achieved through the roll-out of fraud and corruption risk assessments across every division, the development of the SES Fraud Risk Management Guidance, Enterprise Fraud Risk Profile and treatment plans for each division.
						In accordance with 10(d) (f) PGPA Rule, the department had in place an appropriate mechanism for detecting incidents of fraud or suspected fraud, including a process for officials of the entity and other persons to report suspected fraud confidentially. These mechanisms included: <i>Passive</i> detection activities including the development and roll-out of new online two-way, anonymous reporting tool (whispli) and streamlining the fraud report process. <i>Active</i> detection - the department engaged an intelligence analyst to develop an active detection capability during 2018-19, Section 47E(a)
PGPA Act s46 Significant instances of non-compliance and the Annual Report for Commonwealth Entities	<ul style="list-style-type: none"> All significant instances of non-compliance to the framework or finance laws reported to the Minister 	<ul style="list-style-type: none"> Have there been any significant instances of fraud identified? 			No	
		<ul style="list-style-type: none"> Have these instances been reported in the department's Annual Report? 			(N/A)	

Appendix B - High fraud risks by division 2018-20

Section 47E(a)

Attachment C – Enterprise fraud risk profile (EFRP) - 2018-20

Section 47E(a)

Attachment D – High fraud risk treatments (consolidated list)

Section 47E(a)

Section 47E(a)

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