

the children's hospital at Westmead

FRAUD CONTROL STRATEGY POLICY[®]

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STATEMENT OF INTENT

NSW Audit Office Report of "Fraud Control: Current Progress and Future Directions (Feb 2005) recommended that the Audit Committee of each agency reviews the agency's fraud control strategy against the 2004 revision of the Audit Office's ten attributes of best practice for fraud control. The CHW Audit and Risk Management Committee completed the review at their meeting on 14 February 2006.

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DOCUMENT SUMMARY/KEY POINTS

Since 1990 NSW agencies have operated under a policy requirement, issued by Premier's Department, to take action to address their risks of fraud (both internal and external).

Because of its significance, the Audit Office of New South Wales in 1994 published detailed guidance material to assist agencies to develop their fraud control strategy. In 2004, the guidance was revised.

To implement the Premier's Department policy directive, the Royal Alexandra Hospital for Children developed and published the Fraud Control Policy in March 1995. This Policy was revised in February 1996, August 1999 and November 2000 in order to have "highly effective" fraud control strategies and better practice.

This Policy was developed featured the following 10 attributes of best practice:

- Integrated Macro Policy
- Responsibility Structures
- Fraud Risk Assessment
- Employee Awareness
- Customer and Community Awareness
- Fraud Reporting Systems
- Protected Disclosures
- External Notification
- Investigation Standards
- Conduct and Disciplinary Standards

Relevant CHW policies (as amended from time to time)

- Code of Conduct
- Fraud Reporting Policy and Procedures
- Reporting of Conflicts of Interest and Received Gifts and Benefits
- Statement of Business Ethics

Introduction

The strategy adopted by the Children's Hospital at Westmead (CHW) is an endeavour to prevent any losses of scarce health resources through fraudulent activities of people, both from within and from outside the organisation. It is based upon guidelines from the Audit Office of New South Wales and has been adopted by the CHW Audit and Risk Management Committee.

Fraud Defined

The NSW Auditor-General's 1993 report to Parliament stated that fraud can be defined as:

A deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The types of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information, numerous acts of deception.

Fraud can be internal or external, sometimes referred to as "customer or client fraud".

Should any staff (please refer to the CHW Code of Conduct on definition of the staff) require more detailed information on what constitutes fraud they may contact their immediate supervisor or the Manager Internal Audit.

Responsibility Structures

The CHW Audit and Risk Management Committee is charged with the responsibility of setting the CHW fraud control strategy and monitoring its effective operation. However, it is management's responsibility to control fraud risk.

Whilst Internal Audit plays a major role in the task of developing, implementing and maintaining an effective fraud prevention strategy, the Audit and Risk Management Committee expects management to take the lead, and to take prime responsibility for ensuring that all reasonable steps are taken to prevent fraud in the CHW.

Managers (means person with responsibility and control of resources; eg Service Director, Chairperson, Departmental Manager, Supervisor and Team Leader etc) are the nominated CHW Fraud Prevention Managers. Their role as Fraud Prevention Managers is to implement and co-ordinate fraud prevention activities at the operational level of the CHW.

Fraud Risk Assessment

Fraud risk assessment is vital element of the control of fraud and is a management responsibility.

Internal Audit will conduct fraud risk assessments during routine audits. However, Managers are primarily responsible for fraud prevention and detection. They should conduct fraud risk assessment on an ongoing basis in their areas of responsibility. A forward plan generated from the fraud risk assessment will subsequently define areas where specific action may be required.

Staff Members Awareness

Staff members are to be made aware that fraud, in any form, is unacceptable to the CHW. Staff should also be made aware of their responsibility to report any fraud situations they may be aware of.

Managers are to ensure that staff members are aware of this document and also ensure that it is readily available to them.

Information regarding the CHW Code of Conduct is to be provided to each new staff member. The matter is included in the agenda on new employee induction program.

Customer and Community Awareness

There is a need to promote community awareness that fraud committed against the CHW is not acceptable. It is in the best interest of the CHW that we demonstrate honest, ethical and professional provision of services to our patients and customers through efficient policies which prevent both internal and external frauds.

Any instance of suspected fraud against the CHW by suppliers of goods and services to the CHW or CHW customers should be promptly brought to the attention of management and appropriate action instigated.

Fraud Reporting System

Reporting fraud is not a matter of "dobbing-in" mates. To ignore fraud (in whatever form) it is tantamount to endorsing it. Ignoring fraud or turning a blind eye can lead to it becoming acceptable behaviour that can taint whole sections of the organisation. Reporting fraud is an obligation imposed by honesty.

Under the Independent Commission Against Corruption Act 1988 Chief Executive of the CHW must report to ICAC every instance of possible corrupt conduct at CHW of which he/she becomes aware. Fraud is but one of many possible forms of corrupt conduct.

It is management's responsibility to ensure that every staff member is aware of the CHW Fraud Reporting Policy and Procedures and understands that the CHW requires all staff to carefully observe and comply with the CHW Fraud Reporting Policy and Procedures.

Information regarding the CHW Fraud Reporting Policy and Procedures is provided to each new staff member. The matter is included in the agenda on new employee induction programs.

The Internal Audit Department is to maintain a record of all allegations forwarded to the Chief Executive.

The Manager Internal Audit is to ensure that the Audit and Risk Management Committee receives reports on fraud investigations, whether performed by the Internal Audit Department or other officers or departments of the CHW.

Whistle Blower Protection

Staff of the CHW are encouraged to come forward and report instances of suspected fraud or other forms of corrupt conduct without prejudice.

Staff who, in good faith, report suspected fraud or corruption will receive support and protection. Any person named in such reports will not be permitted to victimise persons lodging grievances and, if they were to so do, they may be charged with misconduct and be subject to disciplinary action.

The Protected Disclosures Act 1994, offers protection for staff who make a protected disclosure concerning:

- corrupt conduct, or
- maladministration, or
- serious and substantial waste of public money.

Should any staff feel disadvantaged, after reporting suspected fraud or corrupt conduct, she/he may appeal to the Chief Executive, at the discretion of that member of staff.

Investigation Policy

All suspected or alleged frauds will be investigated by the CHW. Such investigations will usually be conducted by the Internal Audit Department. This may involve investigations in co-operation with the external investigation authority (eg NSW Police Service and the Independent Commission Against Corruption).

Where the Chief Executive reasonably believes that a criminal offence has been committed, the matter will be referred to the police. In such cases the CHW will only investigate sufficiently to form this view leaving further investigation to the police.

Only the Chief Executive may determine where no further action on any fraud investigation, including non-referral to the police / ICAC, is required. The Chief Executive will formally document reasons in such cases.

Code of Conduct and Disciplinary Standards

It is management's responsibility to ensure that every staff member is aware of the CHW Code of Conduct and understands that the CHW requires all staff to carefully read, understand, observe and comply with the CHW Code of Conduct.

Information regarding the CHW Code of Conduct is to be provided to each new staff member. The matter is included in the agenda on new employee induction programs.

Fraud against the CHW is unacceptable and offender(s) will face disciplinary action. In appropriate cases, criminal prosecution will be instituted as well as civil action to recover any losses of CHW money and / or property.

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