

From: s22
To: s22
Subject: RE: Fraud Risk Assessments due for review [SEC=UNCLASSIFIED]
Date: Tuesday, 9 May 2017 11:02:26 AM

UNCLASSIFIED

Dear s22 ,

Thank you so much for your coordination of the documents.

Kind Regards

s22

From: s22
Sent: Tuesday, 9 May 2017 10:43 AM
To: s22
Cc: s22
Subject: Fraud Risk Assessments due for review [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi s22

As discussed on the phone, please see attached "Fraud Assessments" cleared by Belinda with the track changes (as requested).

Kind Regards

s22

Children and Schooling Management Section
Schooling Policy and Delivery Branch | Education Community Safety and Health Division
Department of the Prime Minister and Cabinet
Email Address: s22 [i@pmc.gov.au](mailto:s22@pmc.gov.au)
Phone (s22
www.dpmc.gov.au, www.indigenous.gov.au
Centraplaza, 16 Bowes Place, WODEN ACT

The Department acknowledges the traditional owners of country throughout Australia and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to the elders both past and present.

From: s22
Sent: Monday, 8 May 2017 3:22 PM
To: s22
Subject: RE: Fraud Risk Assessments due for review [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi s22

No problems at all and thank you so much for getting in touch.

Regards

s22

From: s22
Sent: Monday, 8 May 2017 3:13 PM
To: s22
Cc: s22
Subject: Fraud Risk Assessments due for review [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi s22

I am coordinating "Fraud Risk Assessment" for the Division. Previously s22 was handling this task.

Sorry for the delay, as soon as Belinda clears the assessments with track changes, I will forward them to you. Please let me know if you have any queries.

Thanks for your patience.

Kind Regards

s22

Children and Schooling Management Section
Schooling Policy and Delivery Branch | Education Community Safety and Health Division
Department of the Prime Minister and Cabinet
Email Address: s22
Phone s22
www.dpmc.gov.au, www.indigenous.gov.au
Centraplaza, 16 Bowes Place, WODEN ACT

The Department acknowledges the traditional owners of country throughout Australia and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to the elders both past and present.

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:10 PM
To: s22

Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi All

It's that time of year again where we need to review our Fraud Risk Assessments for the Programme 2.2 Children and Schooling, please see attached sub sectors:

- Early Childhood
- Higher Education
- Remote School Attendance
- Schooling
- VET

Could you please review the information, if you have any updates please return them in tracked changes, if no changes required please email back with a 'Nil' response.

This is due by COB Friday 4th of May.

Thank you for your assistance in advance.

Regards

Children and Schooling

10.1.2 Higher Education

Fraud Risk Category	Programme funding		Reference	10.1.2
RISK DESCRIPTION	Funding is not used for the purpose for which it is provided or intended			
Likelihood Rating	Consequence Rating	Further Treatment Required?	OVERALL RISK LEVEL	
Possible	Minimal	No	MINOR	

CONTRIBUTING FACTORS	DESCRIPTION OF CONSEQUENCES
<ul style="list-style-type: none"> Inadequate or lack of proper, contract <u>and/or program</u> management by PM&C staff which could encourage fraudulent behaviour by providers. Provider deliberately expends funds inappropriately and undermines the objective of the program. Service providers falsely acquitting funds that were not used under the terms and conditions of the programme guidelines or Departmental instructions. Service providers may provide false information (invoices) pertaining to expenditure of funds that were not used for the purpose they were intended: <ul style="list-style-type: none"> Intentional misreporting of the number of student enrolments or numbers of eligible who are seeking or who have been awarded a scholarship to attract higher payments; Enrolment of students through deceptive, misleading and unconscionable conduct; Ghost names / forge False identities and personal details of non-genuine students in order to attract payment; recruiting students from foster homes; women's refuges; aged care homes and drug rehabilitation centres; Induce non-genuine students with gifts such as laptops to enrol in courses in order for them to attract payment; <u>and</u> Create HECS-HELP VET FEE — HELP debt for non-genuine students without the <u>student</u> knowing. Submission of false periodic financial and or performance reports. Deliberate non-reporting of changed circumstances in order to receive ongoing funding. Fraudulent delegate approval of release of funding for personal gain. Lack of availability of documentary evidence for claims retained by providers. Inadequate program management / assurance resources. 	<ul style="list-style-type: none"> Loss of confidence in <u>HEVET</u>'s programmes as fewer <u>UniversityVET</u> students are finishing their courses due to poor performance. <u>Low level of apprenticeship starting and finishing may damage the reputation of the Sector</u> Failure could result in not achieving Indigenous children and schooling programme targets. Financial loss to the Commonwealth. Damage to reputation of <u>the Government</u>, PM&C and the Minister <u>and the Department of Education & Trainings and its Minister</u>. Negative flow on effects on other programmes (Closing the Gap policy, Stronger Futures). Exposure to negative findings/criticism in evaluation reports and audit reports. Indigenous stakeholders become disillusioned with government. Breach of Commonwealth Grant Guidelines. Breach of PS Act, PS Values and Code of Conduct resulting in dismissal or demotion. Breach of PGPA Act. The need for legal action, civil or criminal. Decrease in staff morale. Adverse media exposure. Pressure on staff and the University sector to deal with aftermath of programme failure. Repeated failures permanently damage relationships between the Department, the University sector <u>and governments</u>.

- Scheduled release of funds may result in delays in identifying fraud as financial reports, performance indicators and financial reconciliations are undertaken retrospectively.
- Scheduled release of new funds to service providers despite existing funds not being acquitted or accounted for.
- Failure of service providers to report change in circumstances (in order to continue to receive funding).
- Service providers may lack proper financial controls with potential for misappropriation of funds or poor management of funds. These may include poor governance structures, performance, recordkeeping and other accountability systems. These potential threats may lead to an organisation failing and result in administration.
- Conflict of interest.
- Unrealistic timelines for the design and implementation of Programmes and policy may result in mismanagement, poor programme outcomes and opportunity for fraud.
- Poor program design leaves it exposed to non-compliance or fraud:
 - Fraudulent applications for funding/claims for assistance;
 - Inadequate security safeguards;
 - Inappropriate provider validation; and
 - Collusion between parties.

CONTROLS & MITIGATING PRACTICES

- The nominated delegate must approve the level of funding for the funding period.
- Programme guidelines which clearly articulate requirements for providers to deliver services.
- Programme guidelines set out the reports that must be provided to the Department and/or the Department of Education & Training. This includes the requirement for audited final reconciliations and acquittals.
- Calculated funding amount on payment systems checked to ensure that it is for the correct amount and the payment is in fact due.
- Once milestones are completed and assessed by the relevant officer, the nominated delegate is required to assess and approve the financial and performance reports prior to release of further payments.
- Delegates are not required to make payments if funding recipients are in breach of the programme guidelines.

CONSEQUENCE PRACTICES

Preventative:

- Whistleblower / PID Act
- Hotline – Internal and external
- Fraud Awareness Training
- Fraud reviews

Detection:

- Internal audit
- Audit logs
- System controls

Deterrent:

- Disciplinary action;

CONTROLS & MITIGATING PRACTICES

- All providers are required to provide **annual** Audited Financial Acquittal reports **and a performance report** minimising the risk of fraud. Annual audited acquittals are checked by PM&C funding agreement managers and reviewed for consistency and any issues.
- PM&C also relies on Department of Education & Training mandatory reporting completed on the whole University sector. Any discrepancies are immediately reported to PM&C.
- Funding is paid into a bank account with an authorised deposit taking institution authorised under the *Banking Act 1959* to carry out banking in Australia. It also requires funding recipients to notify the department of any account detail changes.
- If an activity manager believes the funding recipient is fraudulent, the Department is able to inspect an organisation's records.
- Monitoring including compliance checks, desktop and site monitoring strategies in place.
- PM&C's Fraud Control and Investigations handles suspected or actual fraud.
- Staff training and development, including APS Values, Code of Conduct, fraud control eLearning, targeted face-to-face fraud awareness training for new starters and regular refresher awareness training for existing staff.
- Mechanisms to detect who makes claims and to detect unauthorised access by provider or staff.
- Annual acquittals are checked by PM&C's funding agreement programme managers (HESA doesn't have funding agreements)
- Department Policy and Procedures on Conflict of Interest are and Form in place.
- Guidelines for receiving gifts and benefits in place.
- Fraud control framework is widely publicised and available to all staff on the Intranet and internet sites:
 - Fraud Policy Statement;
 - Mandatory fraud awareness training for all PM&C staff;
 - Secretary's Instruction 1.2 – Fraud Risk Management and Control; and
 - Policies and Guidelines on managing fraud.

CONSEQUENCE PRACTICES

- Counselling
- Demotion
- Suspension
- Termination
- Prosecution (criminal and civil).
- Recovery of proceeds of fraudulent activity.
- Media exposure of offenders (internal and external).
- Provider may become ineligible to receive any further Commonwealth Government funding for any/all programmes.

Residual Likelihood Rating	Residual Consequence Rating	Residual RISK LEVEL
Possible	Minimal	MINOR

Name of Branch Coordinator: ___s22

Programme Manager sign-off: ___s22

Date: 04/05/2017

Branch Manager sign-off: Belinda Campbell Cleared Date: 08/05/2017

10.1.1 Vocational Education and Training

Fraud Risk Category	Programme funding		Reference	10.1.1
RISK DESCRIPTION	Funding is not used for the purpose for which it is provided or intended			
Likelihood Rating	Consequence Rating	Further Treatment Required?	OVERALL RISK LEVEL	
Possible	Minimal	No	MINOR	

CONTRIBUTING FACTORS	DESCRIPTION OF CONSEQUENCES
<ul style="list-style-type: none"> • Inadequate or lack of proper, contract management or knowledge thereof by PM&C staff which could encourage fraudulent behaviour by providers. • Provider deliberately expends funds inappropriately and undermines the objective of the program. • Service providers falsely acquitting funds that were not used under the terms and conditions of their funding agreement. • Service providers may provide false information (invoices) pertaining to expenditure of funds that were not used for the purpose they were intended: <ul style="list-style-type: none"> ○ Intentional misreporting of the number of students and children / school attendance / enrolments to attract higher payments; ○ Enrolment of students through deceptive, misleading and unconscionable conduct; ○ Ghost names / forge False identities and personal details of non-genuine students in order to attract payment; recruiting students from at vulnerable sites such as employment agencies etc; foster homes; women's refuges; aged care homes and drug rehabilitation centres ○ Induce non-genuine students with gifts such as laptops to enrol in courses in order for them to attract payment; ○ Create VET FEE – HELP debt for non-genuine students without <u>the students' knowledge, them knowing</u> • Submission of false periodic financial and or performance reports. • Deliberate non-reporting of changed circumstances in order to receive ongoing funding. • Fraudulent delegate approval of release of funding for personal gain. 	<ul style="list-style-type: none"> • Loss of confidence in VET's programmes as fewer VET students are finishing their courses due to poor performance. • Low level of apprenticeship starting and finishing may damage the reputation of the Sector. • Failure could result in not achieving Indigenous children and schooling programme targets. • Financial loss to the Commonwealth. • Damage to reputation of <u>the Government</u>, PM&C and the Minister <u>and the Department of Education & Training and its Minister</u>. • Negative flow on effects on other programmes (Closing the Gap policy, Stronger Futures). • Exposure to negative findings/criticism in evaluation reports and audit reports. • Indigenous stakeholders become disillusioned with government. • Breach of Commonwealth Grant Guidelines. • Breach of PS Act, PS Values and Code of Conduct resulting in dismissal or demotion. • Breach of PGPA Act. • The need for legal action, civil or criminal. • Decrease in staff morale. • Adverse media exposure. • Pressure on staff and the community to deal with aftermath of programme failure. • Repeated failures permanently damage relationships between community and governments.

- Lack of availability of documentary evidence for claims retained by providers.
- Inadequate program management / assurance / contract management resources/[knowledge](#).
- Scheduled release of funds may result in delays in identifying fraud as financial reports, performance indicators and financial reconciliations are undertaken retrospectively.
- Scheduled release of new funds to service providers despite existing funds not being acquitted or accounted for.
- [Fraudulent external auditors signing off on audit reports etc.](#)
- Failure of service providers to report change in circumstances (in order to continue to receive funding).
- Service providers may lack proper financial controls with potential for misappropriation of funds or poor management of funds. This may include poor governance structures, performance, recordkeeping and other accountability systems. These potential threats may lead to an organisation failing and result in administration.
- Conflict of interest.
- Unrealistic timelines for the design and implementation of programmes and policy may result in mismanagement, poor programme outcomes and opportunity for fraud.
- Poor program design leaves it exposed to non-compliance or fraud:
 - Fraudulent applications for funding/claims for assistance.
 - Inadequate security safeguards.
 - Inappropriate provider validation.
 - Collusion between parties.

CONTROLS & MITIGATING PRACTICES

- The nominated delegate must approve the level of funding for the funding period.
- Funding Agreements and associated programme guidelines set out the reports that must be provided to the Department. This includes the requirement for audited financial statements ([from reputable external auditors](#)) from funding recipients for each project funded and funding period.
- Operational manuals set out details of programmes and their operation.
- Once milestones are completed and assessed by the relevant officer, the nominated delegate is required to assess and approve the financial and performance reports prior to release of further payments.

CONSEQUENCE PRACTICES

Preventative:

- Whistleblower / PID Act
- Hotline – Internal and external
- Fraud Awareness Training
- Fraud reviews

Detection:

- Internal audit
- Audit logs

CONTROLS & MITIGATING PRACTICES

- Calculated funding amount on payment systems checked to ensure that it is for the correct amount and the payment is in fact due.
- Strict controls on how underspends are dealt with in the payment system.
- Delegates are not required to make payments if funding recipients are in breach of their funding agreement.
- All providers are required to provide independently (~~reputable~~) Audited Financial Acquittal reports minimising the risk of fraud. Annual audited acquittals are checked by PM&C funding agreement managers and reviewed for consistency and any issues.
- Per capita based funding arrangements are based on enrolment data sourced through nationally conducted data collections.
- Only pay accounts after department has independently verified that all reports have been delivered and accepted.
- Funding is paid into a bank account with an authorised deposit taking institution authorised under the *Banking Act 1959* to carry out banking in Australia. It also requires funding recipients to notify the department of any account detail changes
- In accordance with the funding agreement, each provider has an obligation regarding spending funding, including not using funding as security without the Department's agreement and repaying any overpayments or amounts that were not spent in accordance with the agreement
- If an activity manager believes the funding recipient is fraudulent, the Department is able to inspect an organisation's records without providing notice.
- Monitoring including compliance checks, desktop and site monitoring strategies in place.
- During a monitoring visit, if a contract manager suspects that inconsistencies and possible fraudulent actions have been occurring; as a result of credible information discovered or disclosed and reports same to their immediate Manager, action will be taken to formally investigate and inspect an organisation's records without providing notice.
- If a Manager is given credible information concerning possibly fraudulent activities through a field report/monitoring report; they must take immediate steps to escalate/address the issue.
- PM&C's Fraud Control and Investigations handles suspected or actual fraud.
- Staff training and development, including APS Values, Code of Conduct, fraud control eLearning, targeted face-to-face fraud awareness training for new starters

CONSEQUENCE PRACTICES

- System controls
- Deterrent:**
- Disciplinary action;
 - Counselling
 - Demotion
 - Suspension
 - Termination
 - Prosecution (criminal and civil)
 - Recovery of proceeds of fraudulent activity
 - Media exposure of offenders (internal and external)

CONTROLS & MITIGATING PRACTICES		CONSEQUENCE PRACTICES	
<p>and regular refresher awareness training for existing staff.</p> <ul style="list-style-type: none"> All providers are required to provide independently Audited Financial Acquittal reports. Annual audited acquittals are checked by PM&C's funding agreement managers. Department Policy and Procedures on Conflict of Interest are and Form in place. Guidelines for receiving gifts and benefits in place. Fraud control framework is widely publicised and available to all staff on the Intranet and internet sites: <ul style="list-style-type: none"> Fraud Policy Statement. Mandatory fraud awareness training for all staff; Secretary's Instruction 1.2 – Fraud Risk Management and Control; Policies and Guidelines on managing fraud. 			
Residual Likelihood Rating	Residual Consequence Rating	Residual RISK LEVEL	
Possible	Minimal	MINOR	

Name of Branch Coordinator: s22

Programme Manager sign-off: s22

Date: 04/05/2017

Branch Manager sign-off: Belinda Campbell cleared this assessment

Date: 08/05/2017

10.3.2 Remote School Attendance

Fraud Risk Category	Programme funding		Reference	10.3.2
RISK DESCRIPTION	Funding is not used for the purpose for which it is provided or intended			
Likelihood Rating	Consequence Rating	Further Treatment Required?	OVERALL RISK LEVEL	
Possible	Medium	No	MODERATE	

CONTRIBUTING FACTORS	DESCRIPTION OF CONSEQUENCES
<ul style="list-style-type: none"> • Inadequate security guidelines allow fraudulent payments to service providers or staff (IT payment systems) • Inadequate or lack of proper, contract management by PM&C staff which could mean fraudulent behaviour from providers. • Provider deliberately expends funds inappropriately and undermines the objective of the program. • Service providers falsely acquitting funds that were not used under the terms and conditions of their funding agreement • Service providers may provide false information pertaining to expenditure of funds that were not used for the purpose they were intended. • Submission of false periodic financial and or performance reports • Deliberate non-reporting of changed circumstances in order to receive ongoing funding • Fraudulent delegate approval of release of funding for personal gain • Deliberate manipulation of contractual requirement or agreement or performance analysis and management data to alter performance ratings • Lack of availability of documentary evidence for claims retained by providers • Improper movement of funds from one account to another • Inadequate program management / assurance / contract management resources • Scheduled release of funds may result in delays in identifying fraud as financial reports, performance indicators and financial reconciliations are undertaken 	<ul style="list-style-type: none"> • Failure could result in not achieving Indigenous children and schooling programme targets • Financial loss to the Commonwealth • Damage to reputation of PM&C and the Minister • Negative flow on effects on other programmes (Closing the Gap policy, Stronger Futures) • Exposure to negative findings/criticism in evaluation reports and audit reports • Indigenous parents become disillusioned with government • Breach of Commonwealth Grant Guidelines • Breach of PS Act, PS Values and Code of Conduct resulting in dismissal or demotion • Breach of PGPA Act • The need for legal action, civil or criminal • Decrease in staff morale • Adverse media exposure • Pressure on staff and the community to deal with aftermath of programme failure • Repeated failures permanently damage relationships between community and governments and possible termination of contract of FA

CONTRIBUTING FACTORS	DESCRIPTION OF CONSEQUENCES
<p>retrospectively</p> <ul style="list-style-type: none"> • Scheduled release of new funds to service providers despite existing funds not being acquitted or accounted for • Failure of service providers to report change in circumstances (in order to continue to receive funding) • Service providers may lack proper financial controls with potential for misappropriation of funds or poor management of funds. These may include poor governance structures, performance, recordkeeping and other accountability systems. These potential threats may lead to an organisation failing and result in administration • Conflict of interest • Inadequate record keeping and file notes • No formal process between service providers and key stakeholders (MOUs, SLA's) 	

CONTROLS & MITIGATING PRACTICES	CONSEQUENCE PRACTICES
<ul style="list-style-type: none"> • Funding agreement or contractual guidelines which clearly articulate requirements for providers to deliver services to continue receiving payments • Funding Agreements set out the reports that must be provided to the Department. This includes the requirement for audited final statements from funding recipients for each project funded • Billed amount on payment systems or invoice checked to ensure that it is for the correct amount and the payment is in fact due, as stated in the contract schedules • Once milestones are completed and assessed by the relevant officer, the nominated delegate is required to assess and approve the release of payments. Once delegate approves the payment, it is electronically work flowed through for release of payments • Delegates are not required to make payments if funding recipients are in breach of their funding agreement • All providers are required to provide independently Audited Financial Acquittal reports minimising the risk of fraud. Annual audited acquittals are checked by PM&C 	<p>Preventative:</p> <ul style="list-style-type: none"> • Whistleblower / PID Act • Hotline – Internal and external • Fraud Awareness Training • Fraud reviews <p>Detection:</p> <ul style="list-style-type: none"> • Internal audit • Audit logs • System controls <p>Deterrent:</p> <ul style="list-style-type: none"> • Disciplinary action; <ul style="list-style-type: none"> ○ Counselling ○ Demotion

CONTROLS & MITIGATING PRACTICES

- funding agreement managers and reviewed for consistency and any issues.
- Only release payments after department has independently verified that all milestones have been met
- Funding is paid into a bank account with an authorised deposit taking institution authorised under the *Banking Act 1959* to carry out banking in Australia. It also requires funding recipients to notify the department of any account detail changes
- In accordance with the funding agreement, each provider has obligations regarding spending funding, not using funding as security without the Department's agreement and repaying any overpayments or amounts that were not spent in accordance with the agreement
- If an activity manager believes the funding recipient is fraudulent, the Department is able to inspect an organisation's records without providing notice
- Monitoring including compliance checks, desktop and site monitoring strategies in place
- During a monitoring visit, if a contract manager suspects that inconsistencies and possible fraudulent actions have been occurring; as a result of credible information discovered or disclosed and reports same to their immediate Manager, action will be taken to formally investigate and inspect an organisation's records without providing notice.
- If a Manager is given credible information concerning possibly fraudulent activities through a field report/monitoring report; they must take immediate steps to escalate/address the issues.
- PM&C's Fraud Control and Investigations handles suspected or actual fraud
- Staff training and development, including APS Values, Code of Conduct, fraud control eLearning, targeted face-to-face fraud awareness training for new starters and regular refresher awareness training for existing staff
- Mechanisms to detect who makes claims and to detect unauthorised access by provider or staff
- Random spot checks Regional Network staff/ Compliance Operations staff. All providers are required to provide independently Audited Financial Acquittal reports

CONSEQUENCE PRACTICES

- Suspension
- Termination
- Prosecution (criminal and civil)
- Recovery of proceeds of fraudulent activity
- Media exposure of offenders (internal and external)

CONTROLS & MITIGATING PRACTICES

- Annual audited acquittals are checked by PM&C’s employment’s funding agreement managers
- Accurate detailed Grant Assessment Risk Profile tool
- Additional conditions are identified and applied through the contract negotiation process.
- Discussions between the Department and all staff working with a provider on a project (not just the key contact or project manager) to ensure objectives are understood at all levels.
- Face to face monitoring meetings (where appropriate) to build a trusting relationship between Contract managers and project staff to increase the likelihood of early detection of and self-reporting of issues.
- Department Policy and Procedures on Conflict of Interest and Form in place
- Guidelines for receiving gifts and benefits in place
- Fraud control framework is widely publicised and available to all staff on the Intranet and internet sites:
 - Fraud Policy Statement
 - Secretary’s Instruction 1.2 – Fraud Risk Management and Control
 - Policies and Guidelines on managing fraud
 - Audit of training records to ensure all staff have undertaken the mandatory fraud training.

CONSEQUENCE PRACTICES

Residual Likelihood Rating	Residual Consequence Rating	Residual RISK LEVEL
Unlikely	Medium	MODERATE

Name of Branch Coordinator: _____ Programme Manager sign-off: _____ Date: _____

Branch Manager sign-off: _____ Date: _____

10.2.1 Early Childhood

Fraud Risk Category	Programme funding		Reference	10.2.1
RISK DESCRIPTION	Funding is not used for the purpose for which it is provided or intended			
Likelihood Rating	Consequence Rating	Further Treatment Required?	OVERALL RISK LEVEL	
Possible	Medium	No	MODERATE	

CONTRIBUTING FACTORS	DESCRIPTION OF CONSEQUENCES
<ul style="list-style-type: none"> • Inadequate security guidelines allow fraudulent payments to service providers or staff (IT payment systems) • Inadequate or lack of proper, contract management by PM&C staff which could mean fraudulent behaviour from providers. • Provider deliberately expends funds inappropriately and undermines the objective of the program. • Service providers falsely acquitting funds that were not used under the term and conditions of their funding agreement • Service providers may provide false information (invoices) pertaining to expenditure of funds that were not used for the purpose they were intended: • Intentional misreporting of the number of children / school attendance / enrolments to attract higher payments • Submission of false periodic financial and or performance reports • Fraudulent delegate approval of release of funding for personal gain • Deliberate manipulation of contractual requirement or agreement or performance analysis and management data to alter performance ratings. • Lack of availability of documentary evidence for claims retained by providers • Improper movement of funds from one account to another • Inadequate program management / assurance / contract management resources • Scheduled release of funds may result in delays in identifying fraud as financial reports, performance indicators and financial reconciliations are undertaken retrospectively • Scheduled release of new funds to service providers despite existing funds not being acquitted or accounted for • Service providers may lack proper financial controls with potential for 	<ul style="list-style-type: none"> • Failure could result in not achieving Indigenous children and schooling programme targets • Financial loss to the Commonwealth • Damage to reputation of PM&C and the Minister • Negative flow on effects on other programmes (Closing the Gap policy, Stronger Futures) • Exposure to negative findings/criticism in evaluation reports and audit reports • Indigenous parents become disillusioned with government • Breach of Commonwealth Grant Guidelines • Breach of PS Act, PS Values and Code of Conduct resulting in dismissal or demotion • Breach of PGPA Act • The need for legal action, civil or criminal • Decrease in staff morale • Adverse media exposure • Pressure on staff and the community to deal with aftermath of programme failure • Repeated failures permanently damage relationships between community and governments

misappropriation of funds or poor management of funds. These may include poor governance structures, performance, recordkeeping and other accountability systems. These potential threats may lead to an organisation failing and result in administration

- Conflict of interest
- Unrealistic timelines for the design and implementation of Programmes and policy may result in mismanagement, poor programme outcomes and opportunity for fraud
- Poor program design leaves it exposed to noncompliance or fraud:
 - Fraudulent applications for funding/claims for assistance.
 - Inadequate security safeguards.
 - Inappropriate provider validation
 - collusion between parties.

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CONTROLS & MITIGATING PRACTICES

- Funding agreement or contractual guidelines which clearly articulate requirements for providers to deliver services before making claims
- Funding Agreements set out the reports that must be provided to the Department. This includes the requirement for audited final statements from funding recipients for each project funded
- Billed amount on payment systems or invoice checked to ensure that it is for the correct amount and the payment is in fact due, as stated in the contract schedules
- Once milestones are completed and assessed by the relevant officer, the nominated delegate is required to assess and approve the release of payments. Once delegate approves the payment, it is electronically work flowed through for release of payments
- Delegates are not required to make payments if funding recipients are in breach of their funding agreement
- All providers are required to provide annual expenditure reports. Expenditure reports or audited acquittals are checked by PM&C funding agreement managers and reviewed for consistency and any issues.
- In accordance with the funding agreement, each provider has an obligations regarding spending funding, not using funding as security without the Department’s agreement and repaying any overpayments or amounts that were not spent in accordance with the agreement

CONSEQUENCE PRACTICES

Preventative:

- Whistleblower / PID Act
- Hotline – Internal and external
- Fraud Awareness Training
- Fraud reviews

Detection:

- Internal audit
- Audit logs
- System controls

Deterrent:

- Disciplinary action;
 - Counselling
 - Demotion
 - Suspension
 - Termination
- Prosecution (criminal and civil)
- Recovery of proceeds of fraudulent activity
- Media exposure of offenders (internal and external)

CONTROLS & MITIGATING PRACTICES

- If an activity manager believes the funding recipient is fraudulent, the Department is able to inspect an organisation's records without providing notice
- Monitoring including compliance checks, desktop and site monitoring strategies in place
- During a monitoring visit, if a contract manager suspects that inconsistencies and possible fraudulent actions have been occurring; as a result of credible information discovered or disclosed and reports same to their immediate Manager, action will be taken to formally investigate and inspect an organisation's records without providing notice.
- If a Manager is given credible information concerning possibly fraudulent activities through a field report/monitoring report; they must take immediate steps to escalate/address the issue.
- PM&C's Fraud Control and Investigations handles suspected or actual fraud
- Staff training and development, including APS Values, Code of Conduct, fraud control eLearning, targeted face-to-face fraud awareness training for new starters and regular refresher awareness training for existing staff
- Mechanisms to detect who makes claims and to detect unauthorised access by provider or staff
- Random spot checks Regional Network staff/ Compliance Operations staff. All providers are required to provide annual expenditure reports and may be required to provide independently Audited Financial Acquittal reports.
- Audited report required at the end of the Agreement
- Department Policy and Procedures on Conflict of Interest and Form in place
- Guidelines for receiving gifts and benefits in place
- Fraud control framework is widely publicised and available to all staff on the Intranet and internet sites:
 - Fraud Policy Statement
 - Secretary's Instruction 1.2 – Fraud Risk Management and Control
 - Policies and Guidelines on managing fraud

CONSEQUENCE PRACTICES

Name of Branch Coordinator: _____ Programme Manager sign-off: _____ Date: _____

Branch Manager sign-off: _____ Date: _____

10.3.1 Schooling

Fraud Risk Category	Programme funding		Reference	10.3.1
RISK DESCRIPTION	Funding is not used for the purpose for which it is provided or intended			
Likelihood Rating	Consequence Rating	Further Treatment Required?	OVERALL RISK LEVEL	
Possible	Minimal	No	MINOR	

CONTRIBUTING FACTORS	DESCRIPTION OF CONSEQUENCES
<ul style="list-style-type: none"> Inadequate security guidelines allow fraudulent payments to service providers or staff (IT payment systems) Inadequate or lack of proper, contract management by PM&C staff which could mean fraudulent behaviour from providers. Provider deliberately expends funds inappropriately and undermines the objective of the program. Service providers falsely acquitting funds that were not used under the term and conditions of their funding agreement Service providers may provide false information (invoices) pertaining to expenditure of funds that were not used for the purpose they were intended: <ul style="list-style-type: none"> Intentional misreporting of the number of children / school attendance / enrolments to attract higher payments Submission of false periodic financial and or performance reports Deliberate non-reporting of changed circumstances in order to receive ongoing funding Fraudulent delegate approval of release of funding for personal gain Deliberate manipulation of contractual requirement or agreement or performance analysis and management data to alter performance ratings. Lack of availability of documentary evidence for claims retained by providers Improper movement of funds from one account to another Inadequate program management / assurance / contract management resources Scheduled release of funds may result in delays in identifying fraud as financial reports, performance indicators and financial reconciliations are undertaken retrospectively Scheduled release of new funds to service providers despite existing funds not being 	<ul style="list-style-type: none"> Failure could result in not achieving Indigenous children and schooling programme targets Financial loss to the Commonwealth Damage to reputation of PM&C and the Minister Negative flow on effects on other programmes (Closing the Gap policy, Stronger Futures) Exposure to negative findings/criticism in evaluation reports and audit reports Indigenous parents become disillusioned with government Breach of Commonwealth Grant Guidelines Breach of PS Act, PS Values and Code of Conduct resulting in dismissal or demotion Breach of PGPA Act The need for legal action, civil or criminal Decrease in staff morale Adverse media exposure Pressure on staff and the community to deal with aftermath of programme failure Repeated failures permanently damage relationships between community and governments

<p>acquitted or accounted for</p> <ul style="list-style-type: none"> • Failure of service providers to report change in circumstances (in order to continue to receive funding) • Service providers may lack proper financial controls with potential for misappropriation of funds or poor management of funds. These may include poor governance structures, performance, recordkeeping and other accountability systems. These potential threats may lead to an organisation failing and result in administration • Conflict of interest • Unrealistic timelines for the design and implementation of Programmes and policy may result in mismanagement, poor programme outcomes and opportunity for fraud • Poor program design leaves it exposed to noncompliance or fraud: <ul style="list-style-type: none"> ◦ Fraudulent applications for funding/claims for assistance. ◦ Inadequate security safeguards. ◦ Inappropriate provider validation ◦ collusion between parties. • <u>Disbursed contract management across National Office and Regional Network Offices can result in inconsistent treatment and requirements of providers</u> • <u>Staff turnover, loss of corporate knowledge and inadequate training can be manipulated for provider benefit</u> 	
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Commented [WL1]: Repeat of dot point seven

CONTROLS & MITIGATING PRACTICES	CONSEQUENCE PRACTICES
<ul style="list-style-type: none"> • Funding agreement or contractual guidelines which clearly articulate requirements for providers to deliver services before making claims • Funding Agreements set out the reports that must be provided to the Department. This includes the requirement for audited final statements from funding recipients for each project funded • Billed amount on payment systems or invoice checked to ensure that it is for the correct amount and the payment is in fact due, as stated in the contract schedules • Once milestones are completed and assessed by the relevant officer, the nominated delegate is required to assess and approve the release of payments. Once delegate approves the payment, it is electronically work flowed through for release of payments • Delegates are not required to make payments if funding recipients are in breach of their funding agreement 	<p>Preventative:</p> <ul style="list-style-type: none"> • Whistleblower / PID Act • Hotline – Internal and external • Fraud Awareness Training • Fraud reviews <p>Detection:</p> <ul style="list-style-type: none"> • Internal audit • Audit logs • System controls

CONTROLS & MITIGATING PRACTICES

- All providers are required to provide annual expenditure reports. Expenditure reports or audited acquittals are checked by PM&C funding agreement managers and reviewed for consistency and any issues.
- In accordance with the funding agreement, each provider has an obligations regarding spending funding, not using funding as security without the Department's agreement and repaying any overpayments or amounts that were not spent in accordance with the agreement
- If an activity manager believes the funding recipient is fraudulent, the Department is able to inspect an organisation's records without providing notice
- Monitoring including compliance checks, desktop and site monitoring strategies in place
- During a monitoring visit, if a contract manager suspects that inconsistencies and possible fraudulent actions have been occurring; as a result of credible information discovered or disclosed and reports same to their immediate Manager, action will be taken to formally investigate and inspect and organisation's records without providing notice.
- If a Manager is given credible information concerning possibly fraudulent activities through a field report/monitoring report; they must take immediate steps to escalate/address the issue.
- PM&C's Fraud Control and Investigations handles suspected or actual fraud
- Staff training and development, including APS Values, Code of Conduct, fraud control eLearning, targeted face-to-face fraud awareness training for new starters and regular refresher awareness training for existing staff
- Mechanisms to detect who makes claims and to detect unauthorised access by provider or staff
- Random spot checks Regional Network staff/ Compliance Operations staff. All providers are required to provide annual expenditure reports and may be required to provide independently Audited Financial Acquittal reports.
- Audited report required at the end of the Agreement
- Department Policy and Procedures on Conflict of Interest and Form in place
- Guidelines for receiving gifts and benefits in place
- Fraud control framework is widely publicised and available to all staff on the Intranet and internet sites:
 - Fraud Policy Statement
 - Secretary's Instruction 1.2 – Fraud Risk Management and Control

CONSEQUENCE PRACTICES

Deterrent:

- Disciplinary action;
 - Counselling
 - Demotion
 - Suspension
 - Termination
- Prosecution (criminal and civil)
- Recovery of proceeds of fraudulent activity
- Media exposure of offenders (internal and external)

CONTROLS & MITIGATING PRACTICES	CONSEQUENCE PRACTICES
<ul style="list-style-type: none"> o Policies and Guidelines on managing fraud 	

Residual Likelihood Rating	Residual Consequence Rating	Residual RISK LEVEL
Possible	Minimal	MINOR

Name of Branch Coordinator: __s22

Programme Manager sign-off: __s22

_____ Date: 28/04/2017

Branch Manager sign-off: _____ Date: _____

From: s22
To: [Children and Schooling Programme](#)
Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Friday, 5 May 2017 1:42:34 PM

UNCLASSIFIED

Hi s22

As discussed, nil from my area.

s

s22

| s22

Youth Employment and Tailored Assistance

Strategic Priorities Branch

Indigenous Employment and Recognition Division

Department of the Prime Minister and Cabinet

p. 02 s22 | m. s22

e. s22 [@pmc.gov.au](mailto:s22@pmc.gov.au)

www.dpmc.gov.au | www.indigenous.gov.au

GPO Box 6650 CANBERRA ACT 2601

From: s22

Sent: Thursday, 4 May 2017 3:25 PM

To: Children and Schooling Programme

Cc: s22

Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Good afternoon

Please find attached the Fraud Risk Assessment for Higher Education and VET. s22 – I'm not sure whether you've received a copy of this, but you may wish to look over the VET one and see if you have anything to add.

Kind regards,

s22

| s22

Tertiary Education | Education Policy and Coordination Branch

Education, Community Safety and Health Division | Indigenous Affairs

Department of the Prime Minister and Cabinet

p. 02 s22 | Ext: s22

e s22 [o@pmc.gov.au](mailto:s22o@pmc.gov.au)

GPO Box 6500 Canberra ACT 2600

*Please note I work Monday, Tuesday, Thursday and Friday

The Department acknowledges the traditional owners of country throughout Australia and their continuing connection to land, sea and community. We pay our respects to them and their cultures and to their elders both past and present.

From: Sawyers, Fiona

Sent: Thursday, 27 April 2017 3:19 PM

To: s22

Cc: s22

Children and Schooling Programme

Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

s22

Could you please action.

Thanks

Fiona

From: Children and Schooling Programme

Sent: Thursday, 27 April 2017 3:10 PM

To: s22

s22

Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa

Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi All

It's that time of year again where we need to review our Fraud Risk Assessments for the Programme 2.2 Children and Schooling, please see attached sub sectors:

- Early Childhood
- Higher Education
- Remote School Attendance
- Schooling
- VET

Could you please review the information, if you have any updates please return them in tracked changes, if no changes required please email back with a 'Nil' response.

This is due by COB Friday 4th of May.

Thank you for your assistance in advance.

Regards

Children and Schooling

From: s22
To: [Children and Schooling Programme](#)
Cc: s22 [Sawyers, Fiona](#); s22
Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Thursday, 4 May 2017 3:25:07 PM
Attachments: [170502 Higher Education - Risk Management.docx](#)
[170504 Vocational Education and Training - Risk Management Matrix.docx](#)

UNCLASSIFIED

Good afternoon

Please find attached the Fraud Risk Assessment for Higher Education and VET.s22 – I'm not sure whether you've received a copy of this, but you may wish to look over the VET one and see if you have anything to add.

Kind regards,

s22 | s22

Tertiary Education | Education Policy and Coordination Branch
Education, Community Safety and Health Division | Indigenous Affairs
Department of the Prime Minister and Cabinet

p. s22 | Ext: s22

e s22 [o@pmc.gov.au](mailto:s22@pmc.gov.au)

GPO Box 6500 Canberra ACT 2600

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From: Sawyers, Fiona
Sent: Thursday, 27 April 2017 3:19 PM
To: s22
Cc: s22 Children and Schooling Programme
Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

s22

Could you please action.

Thanks

Fiona

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:10 PM
To: s22
s22
Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi All

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- Early Childhood
- Higher Education
- Remote School Attendance
- Schooling

VET

Could you please review the information, if you have any updates please return them in tracked changes, if no changes required please email back with a 'Nil' response.

This is due by COB Friday 4th of May.

Thank you for your assistance in advance.

Regards

Children and Schooling

From: s22
To: [Children and Schooling Programme](#)
Cc: s22
Subject: RE: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Thursday, 27 April 2017 4:03:29 PM

UNCLASSIFIED

Nil response from Youth Policy

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:16 PM
To: s22
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi s22

Can you please response in absence of s22 g

Thanks

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:10 PM
To: s22
s22
Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi All

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This is due by COB Friday 4th of May.

Thank you for your assistance in advance.

Regards

Children and Schooling

From: s22
To: [Children and Schooling Programme](#)
Cc: s22 s22
Subject: no changes needed- : Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Tuesday, 2 May 2017 11:52:28 AM

Think ours is still ok – no changes needed.

s22

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:10 PM
To: s22
s22
Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi All

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- Schooling
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Thank you for your assistance in advance.

Regards

Children and Schooling

From: s22
To: [Children and Schooling Programme](#)
Cc: s22
Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Friday, 28 April 2017 4:25:37 PM
Attachments: [Schooling - 25 October 2016.docx](#)

UNCLASSIFIED

Hi C&S Team,

Please see attached document with track changes from both s22 and myself.

Regards,

s22

From: s22
Sent: Thursday, 27 April 2017 3:33 PM
To: Children and Schooling Programme
Cc: s22
Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi Children and Schooling

Just a few minor comments/suggestions from me.

s22 may have more for Schooling.

Thanks

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:10 PM
To: s22
s22
Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

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- Remote School Attendance
- Schooling
- VET

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Thank you for your assistance in advance.

Regards

Children and Schooling

From: s22
To: [Children and Schooling Programme](#)
Cc: s22
Subject: FW: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Thursday, 27 April 2017 3:32:36 PM
Attachments: [Schooling - 25 October 2016.docx](#)

UNCLASSIFIED

Hi Children and Schooling

Just a few minor comments/suggestions from me.

s22 may have more for Schooling.

Thanks

s22

From: Children and Schooling Programme
Sent: Thursday, 27 April 2017 3:10 PM
To: s22
s22
Cc: Campbell, Belinda; Sawyers, Fiona; Beck, Vanessa
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]

UNCLASSIFIED

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- Higher Education
- Remote School Attendance
- Schooling
- VET

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This is due by COB Friday 4th of May.

Thank you for your assistance in advance.

Regards

Children and Schooling

From: [Children and Schooling Programme](#)
To: s22
Cc: [Campbell, Belinda](#); [Sawyers, Fiona](#); [Beck, Vanessa](#)
Subject: Fraud Risk Assessments due for review by COB 4th May 2017 [SEC=UNCLASSIFIED]
Date: Thursday, 27 April 2017 3:10:14 PM
Attachments: [Early Childhood - 25 October 2016.docx](#)
[Higher Education - 25 October 2016.docx](#)
[Remote School Attendance - 25 October 2016.docx](#)
[Schooling - 25 October 2016.docx](#)
[Vocational Education and Training - 25 October 2016.docx](#)
[Consequence.docx](#)

UNCLASSIFIED

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- Remote School Attendance
- Schooling
- VET

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Regards

Children and Schooling