



Australian Government

**Office of the Australian Building and
Construction Commissioner**

Finance Direction 5

Risk Management & Fraud Control

Process Owner: Chief Financial Officer
Version Number: 2.0
Effective Date: 22/8/2011

Change History

Update the following table as necessary when this document is changed:

Date	Nature of Change
June 2007	Procedure Drafted
December 2007	Approved version
June 2009	Approved version
August 2011	Procedure Updated for New Organisational Structure

Table of Contents

1. Commissioners Instructions (CI)	1
1.1 Risk Management	1
1.2 Fraud Control	1
2. Introduction & Objectives	1
3. Supporting Information	1
3.1 Related References & Pronouncements	1
3.2 Process Overview	2
3.3 Responsible Officers and Contacts	2
3.4 Definitions & Terms	2
4. Guidelines	3
4.1 Risk	3
4.2 Fraud	3
4.3 Business Continuity	4

1. Commissioners Instructions (CI)

1.1 Risk Management

The Audit Committee is responsible for ensuring that the risk management and related plans are reviewed every three years, or more frequently if a significant new function, process or activity is introduced.

1.2 Fraud Control

The Audit Committee is responsible for ensuring that a fraud risk assessment is undertaken and the fraud control plan reviewed at least every two years or more frequently if there are significant changes within the ABCC.

A Delegated Official is responsible for fraud reporting.

2. Introduction & Objectives

The purpose of this procedure is to provide general guidance on the ABCC's risk management and fraud control framework. The procedure should be read in conjunction with:

- ABCC Business Risk Assessment, Business Continuity Plans, Emergency Response Plans and Crisis Management Plans
- ABCC Fraud Risk Assessment and Fraud Control Plan
- ABCC Fraud Policy Statement

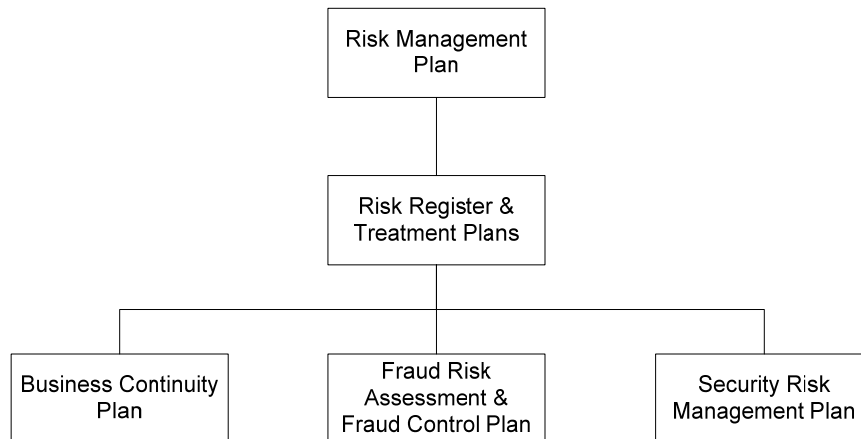
3. Supporting Information

3.1 Related References & Pronouncements

FMA Act 1997:	<ul style="list-style-type: none"> ■ Section 45
FMA Regulations:	<ul style="list-style-type: none"> ■ Regulations 19 & 20
Related Finance Directions:	<ul style="list-style-type: none"> ■ Finance Direction 3 – Audit Committee
Other References:	<ul style="list-style-type: none"> ■ Commonwealth Fraud Control Guidelines ■ ANAO Better Practice Guide: Business Continuity Management – Keeping the wheels in motion, 2000 ■ ANAO Better Practice Guide: Fraud Control in Australian Government Agencies, 2004

3.2 Process Overview

The risk management framework adopted by the ABCC is based on the following broad hierarchy of plans and activities:



3.3 Responsible Officers and Contacts

Position/Title	Responsibility
Audit Committee	<ul style="list-style-type: none"> ▪ Regularly review the risk management plan, business continuity plans and risk register. ▪ Oversee the performance of a risk assessment at least every two years. ▪ Endorse all risk management plans including the fraud control plan, business continuity plans and the security risk management plan. ▪ Monitor implementation of related action plans.
Commissioner	<ul style="list-style-type: none"> ▪ Implementation of fraud control plan ▪ Annual reporting of fraud control activities.
Executive Director, Governance	<ul style="list-style-type: none"> ▪ Implement required action plans. ▪ Ensure the ABCC meets its reporting requirements in relation to risk and fraud. ▪ Maintain the risk register, business continuity plans, fraud control plan and risk treatment plan.
All staff members	<ul style="list-style-type: none"> ▪ Identify, analyse and report significant business risks in activities undertaken. ▪ Be vigilant about fraud indicators and identification, and report all suspected incidents of fraud. ▪ Attend fraud awareness training.

3.4 Definitions & Terms

Term	Definitions
Fraud	Dishonestly obtaining a benefit by deception or other means

	<i>(Commonwealth Fraud Control Guidelines 2002)</i>
Risk Management	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects. <i>(AS/NZS 4360:2004 – Risk Management)</i>

4. Guidelines

4.1 Risk

- 4.1.1 Under Regulation 19 of the Financial Management and Accountability Regulations (1997) (FMA Act) and the Commonwealth Fraud Control Guidelines 2011 (CFCG) agencies are required to conduct risk assessments and develop a CFCG compliant Fraud Control Plan.
- 4.1.2 ABCC staff should refer to the ABCC Business Risk Assessment, the ABCC Fraud Risk Assessment and Fraud Control Plan and the ABCC Business Impact Assessment Report for further information on the management of risk and fraud within the ABCC.

Risk Assessment

- 4.1.3 The ABCC is to conduct a risk assessment at least once every two years, or more frequently where significant change in the ABCC has occurred. The primary purpose of the risk assessment is to develop a risk management plan. The risk assessment may be conducted internally by a delegated group or by an outsourced agency. The outcome of the risk assessment is to be reported to the Executive Board and Audit Committee.

Risk Register and Treatment Plan

- 4.1.4 A risk register and risk management plan are maintained by the ABCC. Any significant business risks arising from changes to ABCC operations or functions should be notified to the Executive Director, Governance for inclusion on the risk register and reporting to the Audit Committee.

4.2 Fraud

Fraud Control

- 4.2.1 Fraud control in the ABCC is required to be consistent with the requirements of the Commonwealth Government Fraud Control Guidelines (2011) including:
- Undertaking a fraud risk assessment and producing a fraud control plan at least every two years.
 - Routine and minor fraud may be investigated by the ABCC; complex fraud investigation should be referred to the Australian Federal Police (AFP).
 - Training is desirable for those involved in fraud investigations and fraud prevention.
 - The ABCC annual report must include certification by the Commissioner that the ABCC has undertaken a fraud risk assessment and prepared a fraud control plan; has appropriate fraud prevention, detection, investigation and reporting procedures in place; annual fraud control data has been collected and reported; has taken all reasonable

measures to minimise the incidence of fraud in their agency and recover the proceeds of fraud against the ABCC.

- Specified annual fraud data is to be provided to the Attorney-General's Department by 30 September each year for inclusion in the Commonwealth's Annual Fraud Control Report.
- An annual report to the Minister on fraud risk and fraud control measures.
- All ABCC employees should receive training in fraud awareness.

Reporting Fraud

4.2.2 Any fraudulent or unethical behaviour should be reported promptly. Indicators of fraudulent activity can include:

- deliberate non-disclosure of information;
- improper destruction of records;
- lying or misrepresentation of facts;
- falsifying documentation; and
- improper use of Commonwealth resources.

4.2.3 Staff should bring cases of suspected fraud to the attention of their Team Manager or the Executive Director, Governance including allegations of an oral, unsubstantiated or anonymous nature.

4.2.4 Where possible and appropriate, the anonymity of a source of information will be protected, but circumstances could arise where evidence may be required on the matter in court.

4.2.5 When reporting fraud you should:

- ensure that the person or organisation against whom an allegation has been made is not alerted to the investigation;
- cooperate fully with investigations;
- keep any relevant material or documentation in a safe place; and
- maintain a record of any actions you take in relation to the allegation of fraud.

4.2.6 You should not:

- attempt to investigate allegations of fraud yourself;
- discuss the investigation with colleagues, friends or family;
- write on, mark or handle unnecessarily any documentary evidence you have retained.

4.3 Business Continuity

Business Continuity Plan

4.3.1 Business impact assessments, business continuity plans and emergency response plans are to be maintained by the ABCC for each State Office business unit. A crisis management plan is also to be maintained by the ABCC.



- 4.3.2 All business continuity plans, emergency response plans and the crisis management plan are to be reviewed at least annually by relevant business unit managers.
- 4.3.3 The ABCC is to conduct a business impact assessment at least once every three years, or more frequently where significant change to the ABCC has occurred.