



Australian Government



Northern Australia Infrastructure Facility

Fraud Control Policy

May 2020

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Document Review and Approval

VERSION	AUTHOR/REVIEWER	REVISION	APPROVAL	DATE OF APPROVAL	NEXT REVIEW DATE
1.0	Manager, Governance, Compliance and Risk	Original	Board	February 2018	February 2019
2.0	Manager, Risk & Compliance	Annual review	CEO	February 2019	February 2020
3.0	Manager, Risk & Compliance	Annual review	Board	May 2020 TBC	May 2021

Document purpose

This policy applies to all NAIF Staff. The NAIF Fraud Control Policy (Policy) is intended to ensure that NAIF Staff understand their role and responsibilities about:

- The objectives of the Policy
- Fraud risks that NAIF faces
- NAIF's approach to fraud prevention and detection
- Other elements that make up NAIF's control strategy

1. Definitions

Fraud means any intentionally dishonest or deceitful act that:

- occasions actual or potential loss to NAIF, its clients or key stakeholders, of property, money, information or reputation; or
- results in a benefit being received by the person or an associate of the person who has committed the act; and
- includes breaches of public trust, bias and misuse of information.

Staff means persons employed by, or operating under an employment or similar contract with NAIF including full time or part time Staff, consultants, contractors and Export Finance Australia personnel under a Service Level Agreement.

2. Policy Statement

The NAIF Board is required, as an accountable authority of a Commonwealth entity, to comply with the *Public Governance Performance and Accountability Rule 2014 (section 10)* which aims to ensure a minimum standard for managing the risk and incidents of fraud.

NAIF publishes this Policy on its website.

Duties and responsibilities of Directors are outlined in the respective Board and Board Audit & Risk Committee Charters and include compliance with relevant law and applicable NAIF policies.

To effectively manage the risk of fraud and to ensure that Staff understand their obligations and responsibilities, NAIF has established this formalised policy of controls and measures to:

- minimise and prevent the incidence of fraud; and
- establish a clear set of procedures for detecting and dealing with instances of fraud.

2.1 Objectives

The objectives of this Policy are defined as:

- communicating the need for an effective fraud control environment within NAIF and to instill in Staff the desire for such an environment;
- defining the responsibilities of Staff in ensuring fraud control measures are in place;
- establishing an on-going system of regular risk assessment and reporting to ensure that NAIF regularly reviews exposure to fraud risk, particularly within the context of industry and organisational change;
- establishing a mechanism for the effective communication to Staff of changes and developments in policies and procedures in relation to fraud; and
- clearly communicating to Staff the processes associated with reporting cases of fraud as well as NAIF's policy of protecting the identity and wellbeing of those who disclose fraud and disciplining those who commit fraud.

2.2 Related Documents

This Policy operates in conjunction with:

- NAIF's AML/CTF Program;
- NAIF's Confidentiality Policy;
- NAIF's Anti-Corruption Policy;
- NAIF's Code of Conduct;
- NAIF's Staff Security Trading Policy;
- NAIF's Public Interest Disclosure Policy;
- NAIF's Conflict of Interest Policy; and
- NAIF's Incident Reporting Policy; and
- Export Finance Australia's Fraud Control Policy.

3. Background

This Policy aims to prevent and discourage illegal and otherwise improper conduct of Staff that may result in:

- financial loss to NAIF;
- damage to NAIF’s reputation or the Commonwealth Government’s, or that of the Queensland, Western Australian or Northern Territory governments; or
- a negative effect on Staff morale.

4. Review and Approval

This Policy will be reviewed annually or more frequently if required, by or on behalf of the Policy owner, to ensure it remains aligned with governing legislation and best practice. The Board approves all material changes and reviews the Policy at least every two years.

The Manager, Risk & Compliance ensures material changes to the Policy are communicated to Staff in a timely manner.

5. Roles and Responsibilities

If Staff have any queries or need any assistance in relation to their responsibilities under this Policy, they should discuss them with the Chief Executive Officer (CEO) or the Policy owner.

Role	Responsibility
NAIF Board and Board Audit & Risk Committee (BARC)	The Board is responsible for approving this Policy in line with Section 8 of this Policy. The BARC is responsible for reviewing this Policy and endorsing it for Board approval.
Chief Executive Officer (CEO)	<ul style="list-style-type: none">• implementing the controls described in this Policy to deter, prevent and detect fraud;• implementing appropriate remedial action for any failure to comply with this Policy;• ensuring that appropriate consequences of any breach of this Policy are communicated to NAIF Staff; and;• allocating appropriate resources to implement, develop and maintain this Policy.
Manager, Risk & Compliance	<ul style="list-style-type: none">• maintaining the currency of this Policy;• maintaining the currency of the fraud control strategy;• maintaining an issues register including reports of fraud where appropriate;• arranging training for NAIF Staff on this Policy;• providing advice to NAIF Staff on the implementation of this Policy; and• monitoring the effectiveness of this policy and reporting on this Policy to BARC.
All Staff	<ul style="list-style-type: none">• Undertake induction and ongoing fraud awareness training;• Report any allegations, suspicions or incidents of fraud in accordance with NAIF’s procedures;• At all times acting in a manner consistent with this Policy.

6. Key Elements

The key elements of this Policy include:

- assignment of responsibility for implementing this Policy;
- implementation of NAIF’s fraud control strategy including measures to:
 - prevent fraud;
 - detect and report fraud;
 - investigate reports of fraud;
 - protect those who disclose fraud; and
 - discipline those who commit fraud;
- training for new and existing Staff to heighten awareness of fraud prevention.

7. Fraud Risks

NAIF's Risk Management Framework captures both internal and external fraud risk assessments:

Risk Name	Risk Description
Conduct Risk	Inappropriate, unethical or unlawful behaviour breaching the Code of Conduct by NAIF representatives leading to reputational damage and undermining the confidence of stakeholders.
External Fraud	Failure to identify or prevent fraudulent transactions by external parties.

The nature of NAIF's operations means that it faces broad internal and external fraud risks in the following areas.

7.1 Internal Fraud Risks

Despite NAIF's best efforts, there remains opportunity for unscrupulous or opportunistic Staff to attempt to obtain a financial advantage or benefit through fraud. Some of the more serious fraud risks are set out below.

Conflicts of interest

Where Staff are involved in dealings with an organisation in which they have an interest and they use that involvement to create a personal advantage or benefit for themselves or others. For further information on the definition and management of conflicts of interest, refer to NAIF's Conflicts of Interest Policy.

Misrepresentation or concealment of material facts

Where Staff provide false statements and/or deliberately conceal material facts to induce NAIF to take a particular action in relation to:

- Financial assistance requests and applications
- claims for drawdowns under NAIF financial assistance

Theft

Where Staff could take money or property from NAIF without consent. This potentially includes by:

- processing false information in relation to financial assistance requests or applications;
- independently varying financial assistance requests or applications;
- diverting finance funds into personally controlled bank accounts;
- accessing customer files to obtain sensitive and / or confidential information;
- submitting false credit card receipts; and
- colluding with Directors, Staff or third parties to steal money or property from NAIF.

Bribery

Where Staff are put in a position where they are offered an object of value to influence their business decision or behaviour. An object of value is not necessarily cash or money. Gifts and entertainment may be considered bribes if they are offered with the intent to influence a decision or the behaviour of Staff. For further information, Staff should read the NAIF Anti Corruption Policy and Gifts and Benefits Policy.

7.2 External Risks

False Information

There are opportunities available to all third parties to supply false information to NAIF, including false and misleading information by an applicant to induce the NAIF Board to approve financial assistance.

Bribery

An Australian resident, citizen or corporation in respect of whom NAIF has provided, or is considering providing, financial assistance could be engaged in conduct that constitutes bribing a public official. This is a criminal offence under Australian law.

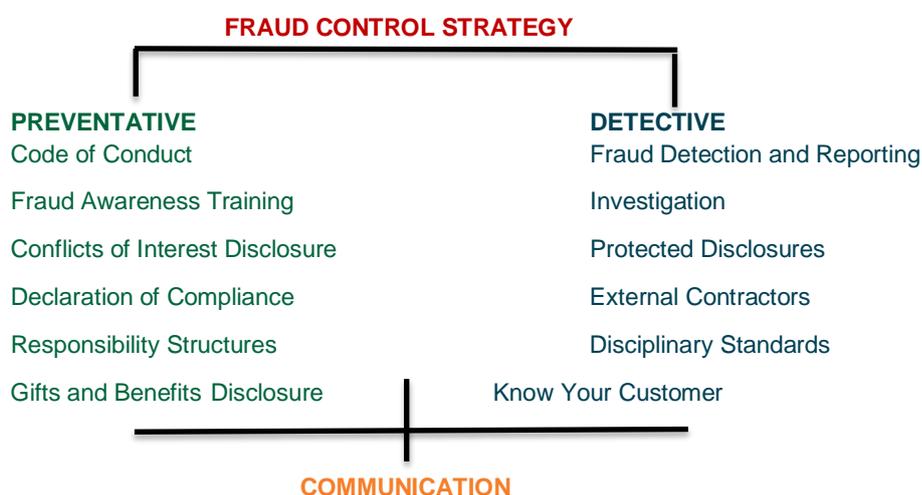
8. Fraud Control Strategy

8.1 Overview

NAIF will manage its fraud risk exposure by using a combination of preventive and detection strategies. Preventive strategies are actions planned and implemented which are designed to counter the risk of fraud and prevent it occurring. Preventive measures are “signposts” which clearly signal to those who may contemplate fraud that it is not acceptable. They also ensure that there are mechanisms in place to detect fraud and take action because this in itself has a deterrent effect.

Detection strategies principally relate to a program which identifies, investigates and penalises those who choose to ignore the preventive measures and commit fraud. Detection strategies form an important component of an overall fraud prevention strategy. As preventive measures are concerned with informing Staff of their obligations and warning them against fraud, detection strategies focus on having processes and penalties in place to detect and punish those who choose to ignore the signposts.

Investigations and sanctions confirm and punish detected incidences of fraud, have a deterrent effect on the individual and create a fraud aware culture within NAIF. The diagram below depicts the major components of NAIF’s fraud control strategy.



8.2 Preventative Strategies

NAIF has implemented the following fraud prevention strategies to help manage its fraud risk exposure.

Code of Conduct

NAIF has established a Code of Conduct which outlines the obligations and responsibilities of Staff in relation to their employment with NAIF. The Code of Conduct states the expectations of Staff in performing their duties. Staff have a responsibility to be aware of all aspects of the Code of Conduct to ensure they perform their duties in an appropriate manner.

Fraud Awareness Training

Training will be held at induction for new Staff and periodically for existing Staff to heighten fraud awareness and help create a control consciousness within NAIF.

Training will provide information to Staff that:

- makes them aware that fraud does occur;
- explains how fraud could occur;
- explains what they as Staff should do about suspected fraud;
- identifies what their roles are in relation to the prevention and detection of fraud; and
- describes mechanisms NAIF has in place to deal with fraud.

The Manager, Risk & Compliance will be responsible for overseeing and co-ordinating appropriate fraud awareness training.

Conflicts of Interest Disclosure

NAIF's Code of Conduct requires all Staff to disclose interests which may be perceived by NAIF to influence them in the performance of their job. In accordance with this requirement, all Staff are required to declare any personal interest that is, or may become, in conflict with the interests of NAIF. If a Staff member is unsure as to whether a conflict exists, the situation should be declared regardless. For further information on the definition and management of conflicts of interest, refer to NAIF's Conflicts of Interest Policy.

Declaration of Compliance

Staff are required to submit an annual declaration of compliance which confirms that they have complied with the Fraud Control Policy, and undertaken training relevant to their role, including the requisite fraud awareness training.

Responsibility Structures

All Staff are subject to ongoing monitoring and oversight in their roles, according to NAIF's responsibility structures and reporting lines.

Gifts and Benefits Disclosure

Staff may be offered Gifts or Benefits during their employment with NAIF. The NAIF Gifts and Benefits Policy aims to ensure Staff are meeting public expectations of integrity, accountability, independence, transparency and professionalism in relation to Gifts and Benefits and should be read in conjunction with this Policy and the Code of Conduct. In accordance with the Gifts and Benefits Policy, a Gifts and Benefits Register is published on the NAIF website at or around the end of each financial quarter.

8.3 Detection Strategies

The following fraud control strategies are to be implemented to assist NAIF in the detection and investigation of fraud.

Fraud Detection and Reporting

All Staff are obliged to report cases of suspected fraud to the CEO or General Counsel as soon as practicable in accordance with this Policy and the Incident Reporting Policy.

The cases to be reported include, but are not limited to:

- submission of false statements or documents in connection with:
 - an application or request for NAIF financial assistance;
 - a claim for a drawdown under financial assistance;
 - a general insurance claim;
- theft of property belonging to NAIF or under NAIF's control;
- unauthorised use of equipment belonging to NAIF or otherwise under NAIF's control including plant, and computing equipment;
- disclosure of confidential information obtained during the course of employment to any person not entitled to receive such information;
- deliberate falsification of any entry made by an employee in any document, record or computer data base maintained by or on behalf of NAIF;
- corruptly soliciting or receiving a secret commission, kickback or gratuity from any person in connection with his or her employment with NAIF; and
- an Australian resident's, citizen's or corporation's, as the case may be, or its agent's, involvement in bribery in relation to contracts in respect of which NAIF has provided, or is considering providing, financial assistance.

Investigation

All Staff must report any suspicion or allegation of fraud in accordance with the NAIF's Incident Reporting Policy.

All cases involving credible evidence of suspected fraud are, subject to the Commonwealth Fraud Control Framework, to be reported to the Australian Federal Police.

The CEO will periodically communicate to Staff any recent instances of fraud, the sanctions that have been applied and reiterate NAIF's intolerance of fraud.

All Staff are to co-operate fully in the investigation process.

Protected Disclosures

NAIF is committed to supporting those who report fraud and corruption in good faith.

To the extent possible, informants will be kept anonymous during the investigation process, where this has been requested, and will be fully informed of the outcome of the investigation, including any reasons for not furthering the investigation. If a disclosure leads to disciplinary proceedings, the informant's identity will only be revealed as is required by legislation, the Australian Federal Police or the relevant court.

NAIF will not allow informants to be victimised. Where possible, such behaviour will result in disciplinary action against those involved.

External Contractors

External Contractors and other third parties are able to notify NAIF of potential fraud by contacting the CEO or General Counsel.

Disciplinary Standards

Any Staff member against whom clear evidence of fraud has been obtained, will be:

- dismissed without compensation; and
- reported to the Australian Federal Police.

Know Your Customer (KYC)

Customer identification procedures are applied by NAIF before it provides a designated service. Detailed KYC identification procedures are set out in NAIF's AML/CTF Program.

8.4 Reporting to Board or BARC

If, for any reason, a Staff member feels that reporting an allegation of fraud in accordance with the Incident Reporting Policy or Public Interest Disclosure Policy would be inappropriate, the Staff member may report the allegation directly to the Chair of the Board or BARC.

8.5 Sanctions against Third Parties

Where an entity, or its agent, has been or is involved in bribery in relation to contracts in respect of which NAIF has provided, or is considering providing, financial assistance, NAIF may:

- if the financial assistance is yet to be approved, refuse to approve the financial assistance; and
- if the financial assistance has been approved, refuse to provide the financial assistance, cancel the financial assistance or accelerate repayments, as the case may be.