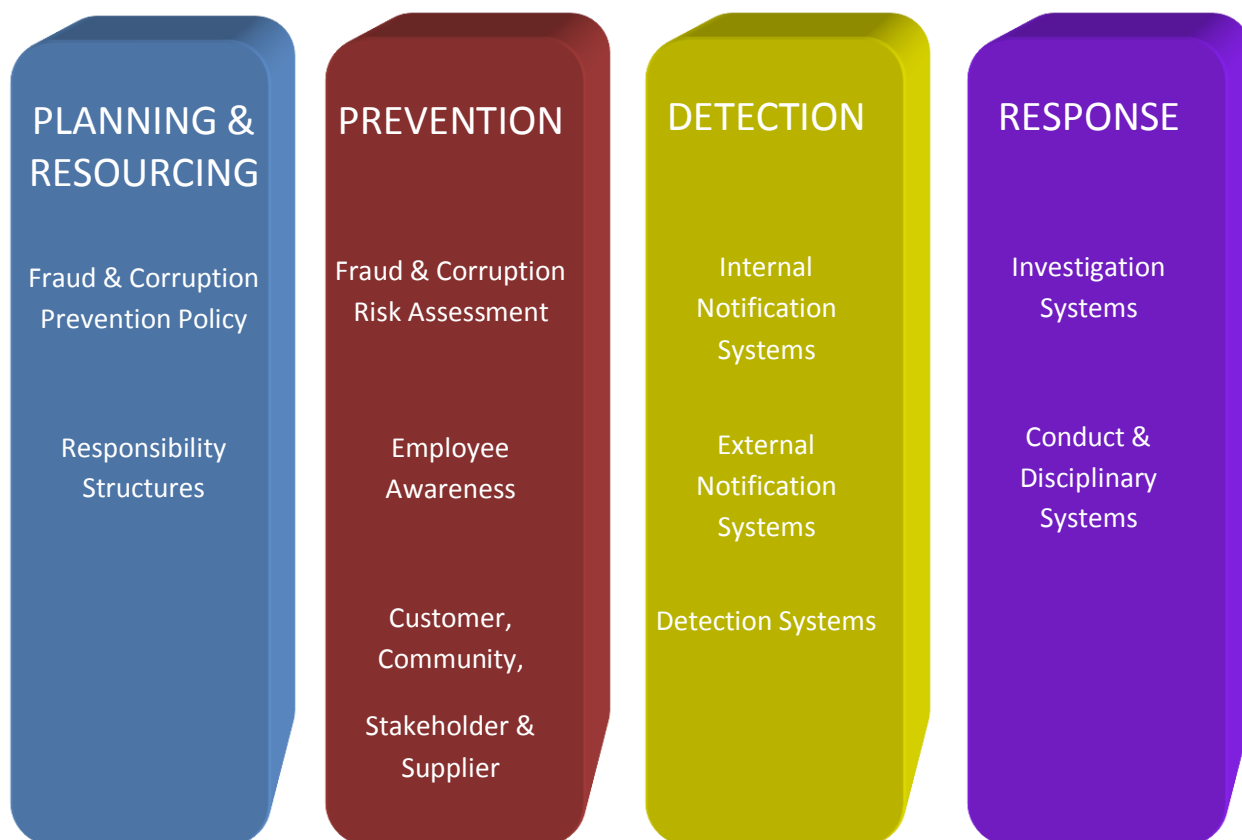


The Treasury Fraud and Corruption Control Framework is based on *Standards Australia AS8001-2008 Fraud and Corruption Control* and incorporates the ten attributes of fraud control contained in the *NSW Auditor-General Better Practice Guide Fraud Control Improvement Kit*.

Treasury Fraud & Corruption Control Framework



The Risk Unit is responsible for the implementation of the Fraud and Corruption Control Framework. This framework applies to all Treasury and Long Service Corporation (LSC) employees, contractors and consultants including entities that are part of the principle department led shared arrangements for audit and risk committees.

The implementation and effectiveness of strategies to promote ethical behaviour and the minimisation of corrupt conduct are monitored by the Audit and Risk Committees and the Treasury Fraud and Corruption Investigations Committee.

*This framework was developed originally by the NSW Department of Education and Communities Audit Directorate 2013. It is reproduced and has been adapted for NSW Treasury with their permission.

Planning & Resourcing

1. Fraud and Corruption Prevention Policy

Treasury's Fraud and Corruption Prevention Policy outlines the procedures in place to minimise fraud and corruption. These procedures are proportionate to the fraud and corruption risks faced by Treasury and the LSC.

The Treasury Risk Register contains a fraud risk category and is reviewed at least annually by the Leadership Team and the Audit and Risk Committee. The Register's identified risks form part of our internal audit program and a range of other risk treatments including improved fraud and corruption controls.

2. Responsibility Structures

There is a clear accountability and responsibility structure for the implementation and monitoring of corruption prevention strategies. This structure is made known to employees. The responsibility for the prevention of fraud and corruption rests with senior management. However, all employees have a role to play in effective corruption prevention. All employees are responsible for notifying management of any perceived fraud or corruption by other staff, contractors, consultants or suppliers.

While the primary responsibility for the identification of fraud and corruption rests with management, the Risk Unit and Internal Audit play a key role in the detection and prevention of fraud and corruption. This occurs by having a Compliance and Risk Management framework and assuring management there are adequate internal control systems in place and that they are being properly followed.

Prevention

3. Fraud and Corruption Risk Assessment

Treasury's and the LSC's senior management are committed to controlling fraud and corruption risks. Fraud and corruption risk assessments are in accordance with industry standards and quantify the level, nature and form of the risks to be managed. Improvements to internal control systems are made to mitigate risks identified in fraud and corruption risk assessments and are monitored for effectiveness over time.

A key role of the ARC is to monitor risk, including risk of fraud and corruption and provide independent advice directly to the Secretary where a risk is assessed as too high or too long running.

4. Employee Awareness

All employees are responsible for notifying management of any perceived fraud or corruption by other employees, contractors, consultants or suppliers.

The Treasury *Code of Conduct* and training programs are provided to make clear to all employees the expected standards of ethical conduct. The Public Service Commission surveys all employees to assess the ethical culture and level of awareness. All senior employees are required to annually make a private interests disclosure. The ARC completes a Conflict of Interest Declaration which must be updated annually. Higher risk projects such as transactions have in place specific due diligence processes to safeguard the integrity of the process.

5. Customer, Community, Stakeholder and Supplier Awareness

Treasury's [Guarantee of Service](#) and Treasury's [General Procurement Policy \(TIPP6.5\)](#) outlines our commitment to fairness, ethical behaviour and transparency in meeting our obligations to the community, customers, stakeholders and suppliers.

Detection

6. Internal Notification Systems

Policies, systems and procedures are in place to enable reporting of suspected fraud and corrupt conduct. Fraud and corruption notification systems give the complainant the opportunity to report the suspected fraud or corrupt conduct anonymously. Treasury will not tolerate any reprisal action against employees who report wrongdoing. The *Public Interest Disclosures Act 1994* imposes penalties, including criminal penalties, on people who take detrimental action on a person who has reported wrongdoing. The NSW Treasury Fraud and Corruption Prevention Policy enables managers, employees, contractors, consultants, customers, stakeholders and suppliers to notify the organisation of suspected fraud and, corrupt conduct. A confidential register of all suspected fraud and, corrupt conduct complaints is maintained by the Director of Risk.

7. External Notification Systems

Our policies outline the rights of employees to report suspected fraud and corruption externally. Our policies also identify when fraud and corruption requires reporting to the NSW Police, the Independent Commission Against Corruption, the Audit Office of NSW, and to other external agencies. These policies are supported by the Treasury internal policy on Fraud and Corruption Prevention. External notification takes place as required in light of the above legal and policy requirements.

8. Detection Systems

Systems and data access controls are in place and are regularly monitored to ensure that irregularities and warning signals are identified at an early stage and flagged for further review. All key ERP systems have transactional auditing and transactional history enabled for review. Internal audits/reviews regularly examine samples of medium and high risk processes across Treasury to detect irregularities. Outcomes of audits/reviews are reported to the ARCs which then advise the Secretary. Regular internal audits focussing on fraud and corruption and regular internal control audits are conducted which are likely to identify any anomalies. Treasury receives biannual assurances from GovConnect NSW over its transactions and access controls which are annually checked by the Audit Office. The LSC's is checked by Internal Audit and the Audit Office.

Response

9. Investigation Systems

Treasury's Investigations Committee reviews all complaints of alleged or suspected fraud and corrupt conduct by Treasury and LSC employees and determines how it will be investigated. Investigations are conducted by either senior management, Treasury's internal audit contractor or by an independent investigator reporting to the Committee. Where appropriate, investigations consider what improvements can be made to policies, procedures and systems within Treasury to prevent a reoccurrence or close a risk gap. Information about investigation outcomes relating to Treasury employees or contractors is provided to the Investigations Committee and the Secretary. Notification to external agencies takes place as required in light of legal and policy requirements.

10. Conduct and Disciplinary Systems

The Treasury [Code of Ethics and Conduct](#) is provided to assist Treasury employees in understanding the expected standards of ethical conduct. Disciplinary standards relevant to Treasury and the LSC set out the behaviours that constitute a breach of discipline and how that breach will be dealt with.

Further information

For further information, advice and assistance, contact [Virginia Tinson](#), Director of Risk.