

Policy Statement and Objective

This policy outlines NSW Treasury’s approach to the prevention, identification and reporting of potential and actual instances of fraud and corruption.

The objective of this Policy is to ensure all employees, contractors, consultants, suppliers of labour and the stakeholders, with whom they work, are aware that NSW Treasury¹ including the Long Service Corporation (LSC) has a zero tolerance approach to fraud and corrupt conduct.

- The Fraud and Corruption Control Framework governs fraud and corruption prevention, detection and response.
- All employees are required to adhere to the highest ethical standards in the performance of their duties.
- All employees must familiarise themselves with, and follow, the policies, systems and procedures in place to guard against the risk of fraud and corruption listed in section 8 of this policy. Fraud and corrupt conduct are crimes and will be prosecuted.
- NSW Treasury is committed to an open, “speak up” culture where employees are protected from reprisals when they report in good faith about potential or actual improper conduct.

Scope

This policy applies to all NSW Treasury and Long Service Corporation’s employees, contractors, consultants and suppliers of labour.

Summary

The following table summarises how the policy will work in action.

Item	Topic	Key points
1	Fraud & Corruption Control Framework	The policy governs fraud and corruption prevention, detection and response in NSW Treasury and the LSC. It comprises this TIPP and the Fraud and Corruption Framework. (hyperlink to NSW Treasury Website) TIPP 5.10 Fraud and Corruption Control Framework
2	Responsibility Structures	Outlines the responsibilities of all employees, contractors, consultants, and suppliers of labour in the prevention, detection and reporting of fraud and corruption.
3	Prevention	All employees, contractors, consultants, and suppliers of labour must adhere to NSW Treasury and sector policies outlining ethical standards.

In this Policy, references to “NSW Treasury” include all entities in the NSW Treasury Cluster except TCorp. These entities are listed in Annexure 2 of the Treasury Audit & Risk Committee Charter, at http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0017/123272/Principal_Department_Charter_Sept_2015_-_PDE.pdf

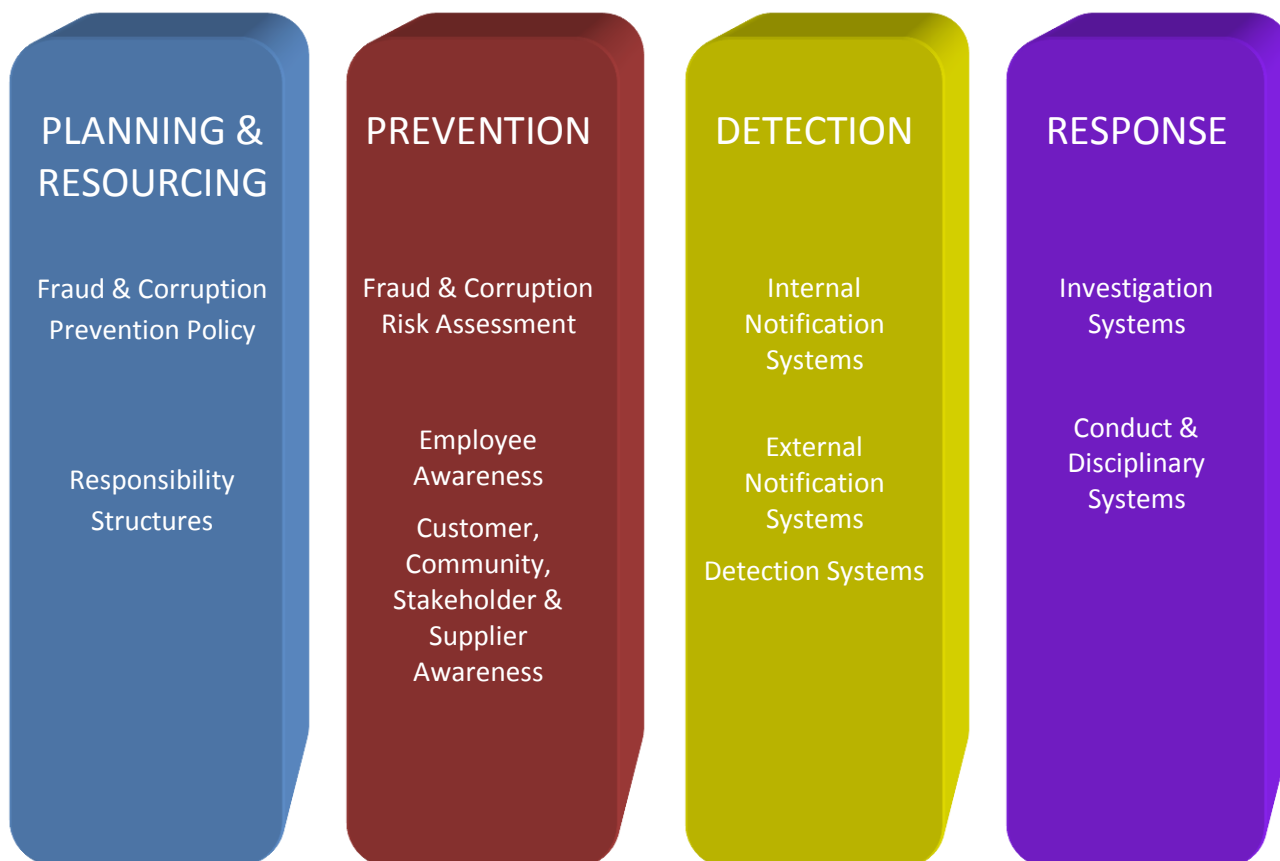
File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

Item	Topic	Key points
4	Awareness	All employees, contractors, consultants and suppliers of labour must be made aware of NSW Treasury and sector policies that prescribe behaviour standards.
5	Notification and Detection	Employees, contractors, consultants and suppliers of labour reporting requirements. Complainants will be protected from any form of reprisal and/or prejudice in employment.
6	Investigation Systems	All complaints of alleged fraud and corruption are overseen by the NSW Treasury Investigations Committee and outcomes reported to the Secretary NSW Treasury, who may refer matters externally for further investigations(eg ICAC, Police)
7	Conduct and Disciplinary Systems	Fraud and corrupt conduct by employees, contractors, consultants and suppliers of labour will result in disciplinary action.
8	NSW Treasury Policies and Procedures	Lists the NSW Treasury policies and procedures with which employees, contractors, consultants and suppliers of labour should familiarise themselves to avoid inadvertent instances of fraud and corruption.
9	Relevant Legislation and Sector Policies	Lists the relevant legislation and sector policies which also govern employees, contractors, consultants and suppliers of labour.
	Attachment	NSW Treasury Investigations Committee Terms of Reference

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

NSW Treasury Fraud & Corruption Control Framework*

The [TIPP 5.10 NSW Treasury Fraud and Corruption Control Framework](#) governs fraud and corruption prevention, detection and response in NSW Treasury. The 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*.



1 Definition

- 1.1 “Fraud” is a crime that involves dishonestly obtaining a benefit by deception. The Independent Commission Against Corruption’s (ICAC’s) definition of corruption includes fraud.
- 1.2 “Corruption” means improper acts or omissions, improper use of influence or position and/or improper use of information. Corrupt conduct extends to activities which might directly or indirectly interfere with the carrying out by a public official of his or her functions, including official misconduct, bribery, fraud or violence.
- 1.3 Fraud and Corruption can occur whenever a person supplies or has access to resources or information or has responsibility for decision making.

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

1.3 Categories of fraud or corruption include:

- theft or misuse of physical assets such as equipment, consumables or funds. This could include unauthorised use of staff resources, building access cards or credit cards.
- theft or misuse of knowledge assets such as information or intellectual property. This could include theft or unauthorised use of system passwords, corporate identity or confidentiality.
- falsification/fabrication of official information, e.g. leave and attendance records, travel claims, petty cash claims, academic qualifications, records of work experience, purchase orders and payment vouchers
- accepting undeclared gifts or bribes
- some breaches of the NSW Treasury Code of Ethics and Conduct.

2 Responsibility Structures

2.1 The Secretary is responsible for ensuring:

- NSW Treasury has in place a policy and procedures to address fraud and corruption risks as outlined in TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector
- all complaints of fraud and corruption are investigated and where substantiated or where there is enough evidence to warrant further inquiry, reported to ICAC. Where appropriate, matters will be referred to the NSW Police or Audit Office of NSW.
- NSW Treasury employees and its contractor reporting improper conduct are protected from reprisals.

2.2 The Extended Leadership Team is responsible for:

- ensuring effective risk management and internal control systems are operating in areas where risk has been identified, which give reasonable assurance that fraud and corruption will be minimised or quickly detected
- demonstrating a leadership role in promoting ethical behaviour and building an ethical culture
- supporting the Secretary in protecting employees who make reports.

2.3 Directors are responsible for:

- identifying the fraud and corruption risks in their areas of responsibility
- ensuring plans are in place to appropriately manage these risks
- where controls fail, reporting the matter to executive management and taking appropriate and immediate corrective action
- reporting all suspected and/or reported cases of fraud and corruption to the NSW Treasury Investigations Committee for review and investigation
- protecting anyone who makes a report of suspected fraud and corruption, and ensuring their report is also made to one of NSW Treasury's or LSC's Disclosures Officers, whose details can be found in [TIPP5.4 Public Interest Disclosures Internal Reporting Policy](#), refer Section 9.

2.4 The Director of Audit, in consultation with the Audit & Risk Committee (ARC) and the Leadership Team, is responsible for:

- ensuring regular internal audit assessments of NSW Treasury's controls on fraud and corruption prevention, detection, investigation and management.
- including the management of reporting within and beyond NSW Treasury.

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

2.5 The Director of Risk is responsible for:

- identifying and assessing fraud and corruption risks and their associated controls and maintaining the fraud and corruption risk register.
- including the management of reporting on fraud incidents to the ARC and Leadership Team within and beyond NSW Treasury.

2.6 Employees and Contractors are responsible for:

- performing their duties in accordance with this Policy and the NSW Treasury Code of Ethics and Conduct to ensure the highest standards of accountability in the management of public resources
- complying with the internal control systems that operate in their work area
- actively identifying and reporting any suspected fraud and corruption to their immediate supervisor, Director or other appropriate person as outlined in this policy and the Public Interest Disclosures Internal Reporting Policy.

3 Prevention

3.1 Displaying ethical behaviour

All employees, contractors, consultants and suppliers engaged with our business are required to maintain the highest standards of ethical behaviour. All employees and contractors, consultants and suppliers must understand, respect and work within our organisational values to maintain our strong ethical culture:

- We strive for excellence in everything we do
- We display integrity at all times
- We hold ourselves accountable in our responsibilities
- We show trust in all our relationships.

3.2 Acting honestly

All staff are required to act honestly in their use of public resources and to maintain the highest ethical standards. TIPP 2.5 Code of Ethics and Conduct and the TIPP 5.4 Public Interest Disclosures Internal Reporting Policy, set out the standards of conduct and reporting that are required at work.

3.3 Reporting

Any suspected corrupt and/or fraudulent behaviour must be reported and investigated.

3.4 Decision making

All employees, contractors and consultants are required to exercise ethical decision making in carrying out their duties. All new employees and contractors are required to:

- undergo pre-employment screening involving criminal record, qualification and referee checks
- complete an “Ethics in Practice” course.

3.5 Private Interests and Conflict of Interests disclosures

Senior Executives must on appointment to a new role, annually and when a change in interests occurs, declare any of their private interests that may conflict with their work at NSW Treasury or the LSC.

Staff, contractors and consultants must also declare any conflict of interests that may arise whilst undertaking their work at NSW Treasury or the LSC. Both declarations are made using this [declaration form](#). Higher risk projects such as transactions have in place specific due diligence /probity processes to further safeguard the integrity of the process.

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

3.6 Business Relationships

NSW Treasury's [TIPP 6.6 Consultant and Contractor Policy](#) and the [NSW Government Code of Practice for Procurement](#) set the framework for conducting business relationships with Treasury and the LSC. Contractors, consultants and suppliers are expected to conduct all procurement and business relationships with honesty and fairness.

3.7 Investigation outcomes and reporting

Investigation outcomes or reports of alleged fraud and/or corruption completed under the direction of the Investigations Committee must be tabled with the ARC to enable continuous improvement of internal controls.

3.8 Risk Management

The [TIPP 5.2 Risk Management Framework and Policy](#) govern the Treasury approach to risk management. Fraud and Corruption risk assessments are undertaken by NSW Treasury in accordance with industry standards and quantify the level, nature and form of risks to be managed.

4 Awareness

Every employee has a responsibility to contribute to eliminating fraud and corruption. NSW Treasury's TIPP 2.5 Code of Ethics and Conduct, induction and training programs are provided to assist NSW Treasury employees in understanding the expected standards of ethical conduct.

[NSW Treasury's Guarantee of Service](#) and [NSW Procurement Policy Framework for NSW Government Agencies](#) outlines our commitment to fairness, ethical behaviour and transparency in meeting our obligations to the community, customers, stakeholders and suppliers.

All contractors, consultants and suppliers of labour are to be advised about and supplied with policies related to fraud and corruption, procurement and gifts and benefits prior to their engagement.

5 Notification and Detection

All employees, contractors and consultants are required to report any instances of suspected fraud or corruption to their immediate supervisor, Director, a member of the Extended Leadership Team or the Director of Risk. Individuals are encouraged to provide a written summary of the matter.

NSW Treasury is committed to an open "speak up culture" where all employees can confidently report any suspected improper conduct without fear of reprisal. Employees and contractors making reports will be protected from any form of reprisal and /or prejudice in their employment. Employees who consider they have been disadvantaged by reporting allegations of fraud and corruption should raise their concerns with the Executive Director Human Resources or to the relevant Chair of the ARC, who is an independent person with direct access to the Secretary.

The TIPP 5.4 Public Interest Disclosures Internal Reporting Policy explains how employees can report suspected fraud and corruption in such a way as to obtain protection under the [Public Interest Disclosures Act 1994](#). The Manager of Parliamentary Services can provide advice as to whether the matter should be dealt with as a Public Interest Disclosure or as an employee grievance under the [TIPP 2.9 Maintain a Harmonious Workplace - Addressing Workplace Issues](#) policy.

Where employees do not wish to use internal reporting options reports can be made directly to [ICAC](#) , [NSW Police](#), [Audit Office of NSW](#), [NSW Ombudsman](#).

Complaints against the Secretary of the NSW Treasury should be referred to the Secretary of the Department of Premier and Cabinet.

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

All employees are required to report fraud and corruption to their immediate supervisor and/or Director of Risk. Under certain limited circumstances, employees may communicate in writing to the independent Chair of the relevant ARC. These circumstances are in regard to potential fraud or misappropriation, weaknesses in internal controls, or the adequacy or accuracy of information being provided within the organisation to senior managers or the Secretary of NSW Treasury.

They should explain whether the matters have previously been discussed with the employee's manager and/or Director of Risk, and if not, why the employee has chosen to contact the Chair without taking that step. These written communications will be treated as confidential. However employees should be aware reporting matters to the Chair of the ARC does not constitute a Public Interest Disclosure.

All suspected instances of fraud and/or corruption which come to the attention of a manager (or the Chairs of the ARC) must be reported to the NSW Treasury Investigations Committee. Where there are reasonable grounds to suspect corruption or a criminal offence has occurred or is about to occur, the Committee must report the matter to the appropriate external body. NSW Treasury will ensure all reported allegations of fraud and/or corruption are reviewed and dealt with appropriately.

All managers are responsible for implementing control mechanisms that minimise the risk of fraudulent transactions and corrupt behaviour. Internal audits/reviews regularly examine samples of medium and high risk processes across the agency to assess the adequacy of controls and to detect irregularities. Outcomes of audits/reviews are reported to the ARC when reports are finalised, and recommendations are then monitored. Reviews by the Public Accounts Committee, the Auditor- General, the Ombudsman, ICAC and the Office of the Information Commissioner all occur from time to time. Their recommendations concerning NSW Treasury are also monitored by the ARC.

Quarterly reports will be provided to the relevant Chair of the ARC advising of any notifications of alleged:

- corrupt conduct
- maladministration
- serious and substantial waste of public money
- contravention of the *Government Information (Public Access) Act 2009* (GIPA Act).

6 Investigation Systems

6.1 Investigations Committee

NSW Treasury's Investigations Committee (see attached Terms of Reference), is responsible for:

- reviewing all complaints of alleged corrupt activities to determine whether the matter warrants investigation
- where an investigation is warranted, determining how it will be conducted (e.g. at Directorate level, by NSW Treasury's internal audit contractor or by an independent investigator)
- ensuring the Secretary has formally advised ICAC of all complaints requiring this notification.
- ensuring the relevant levels of management take corrective action when internal controls are compromised.

6.2 Investigations

Investigations are coordinated by the NSW Treasury Investigations Committee according to accepted investigation standards. This minimises the risk that prosecutions and/or disciplinary action fails. Information about investigation outcomes relating to NSW Treasury employees is provided to the Secretary NSW Treasury.

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

All complaints of alleged corrupt activities will be treated confidentially. Information will only be provided to parties that have a legitimate role in the review /investigation process. At the conclusion of the investigation the complainant will be advised of the outcome recommended by the Committee.

Where the Committee finds that internal controls have been compromised, the Director of Risk and the Director of Audit are notified to ensure that appropriate corrective action is taken by the relevant level of management.

7 Conduct and Disciplinary Systems

The conduct standards for all NSW Treasury employees and contractors are contained in the TIPP 2.5 Code of Ethics and Conduct. Under no circumstances will NSW Treasury tolerate instances of corrupt conduct, attempted or committed by employees or contractors, at any level. Repercussions may render such officer(s) open to charges under the public service rules, criminal code or civil prosecution resulting in the imposition of sanctions such as prison, fine, bond, and/or dismissal from the public service.

The disciplinary standards for NSW Treasury employees are contained in Clause 69 of the [Government Sector Employment Act 2013](#).

All employees and contractors must familiarise themselves with the following policies and procedures.

- [TIPP 2.5 Code of Ethics and Conduct](#)
- [TIPP 2.9 Managing Grievances](#)
- [TIPP 5.2 Risk Management in Treasury](#)
- [TIPP 5.4 Public Interest Disclosures Internal Reporting Policy](#)
- [TIPP 6.6 Consultant and Contractor Policy](#)
- [TIPP 5.7 Cab charge Cards and Taxi eTickets](#)
- [TIPP 5.10 Treasury Fraud and Corruption Control Framework](#)
- [TIPP5.11 Treasury Delegations Manual](#)
- [Audit and Risk Committee Charter](#)

8 Relevant Legislation and Sector Policies

The following legislation and sector policies must be adhered to:

- [Public Finance and Audit Act 1983](#)
- [Independent Commission Against Corruption Act 1988](#)
- [Government Sector Employment Act 2013](#)
- [Ombudsman Act 1974](#)
- [Public Interest Disclosures Act 1994](#)
- [Internal Audit and Risk Management Policy for the NSW Public Sector \(TPP15-03\)](#)
- [NSW Procurement Policy Framework for NSW Government Agencies](#)

Version	Date	Name	Details of changes made to TPD
1	21/03/2013	Kerrie Stokes.	Adapted DEC Fraud and Corruption Control Framework and Procedures
2	04/04/2013	Karen Somers	Edit Policy Statement and Objective to comply with correct template
3	02/10/2015	Aman Chand	Minor changes for change in titles and revised policy links
4	29/08/16	Virginia Tinson	Minor changes for change in titles and revised policy and legislation links

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018

Objective

The Committee oversees the investigation of complaints relating to alleged corrupt activities attempted or committed by employees of any level and reports the outcome of all notifications to the Secretary of NSW Treasury. The Committee ensures all complaints of alleged corrupt activities are competently investigated according to sound corporate governance principles.

Roles and Responsibilities

To achieve its stated objective the Investigations Committee:

- reviews all complaints of alleged corrupt activities to determine whether the matter warrants investigation
- where an investigation is required, decides how it will be conducted (e.g. at a Directorate level, by NSW Treasury's internal audit contractor or by an independent investigator).
- liaises with appropriate external bodies as required
- develops the terms of reference for the investigation including the reporting timetable
- reports to the Secretary about the investigation(s) in progress
- following notification of the complaint, immediately informs the relevant Directorate manager, unless it is agreed by the Secretary that such action could be prejudicial to the satisfactory resolution of the complaint
- ensures that the Secretary has formally advised ICAC of the complaint where required
- where the matter is of a criminal or material nature, makes arrangements on behalf of the Secretary (if not already done) for the police and/or the Auditor-General to be notified
- where the committee finds that internal controls have been compromised, notifies the Director of Audit to ensure that appropriate corrective action is taken by the relevant level of management.

Membership

The Committee shall be comprised of the Executive Director, Corporate who will act as convenor, the Director of Audit, the Executive Director, Human Resources, Director of Risk and the Manager Parliamentary Services. A quorum will comprise three (3) members.

Meetings

The Committee shall be convened at such times as required by the Secretary or convenor to consider complaints made in respect of suspected or alleged corrupt behaviour within NSW Treasury.

Confidentiality

Information about the work of the committee is confidential and should only be provided on a 'need to know' basis. It should not be provided to third parties who have no legitimate involvement in the process.

Inappropriate release of information to any third party with no legitimate involvement in the process may be dealt with as misconduct.

Accountabilities

The convenor of the Investigations Committee is responsible for the maintenance of minutes of all meetings. The convenor is also responsible for the register of all complaints. The register summarises details of each matter and the action taken. The minutes, register and other documents are confidential records and may only be viewed by the Committee or any other person authorised by the Secretary.

At the conclusion of an investigation, the Committee submits to the Secretary of NSW Treasury a covering report together with the investigator's report.

Subject to the Secretary's approval, the Committee advises the complainant of the outcome.

File number	Authorised by	Issued on	To be reviewed on
T14/04573	Director of Risk	02/09/2016	30/09/2018