

# Code of Conduct

## Audit and Risk Committee Chairs and Members

This document outlines values and principles that guide Audit and Risk Committee (ARC) chair and member behaviour. It also provides ethical and accountability-related information and advice.

These guidelines apply to members of Audit and Risk Committees established in accordance with the requirements of NSW Treasury Policy Paper *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP20-08), which is also the primary source of information on the ARC's role and functions.

Each Audit and Risk Committee member should adopt this code of conduct to define their values and behaviour. Members should also act in accordance with the Government sector core values, as outlined in section 7 of the *Government Sector Employment Act 2013*.

### 1. Principles of Conduct

ARC chairs and members must uphold standards of conduct and ethics that maintain public confidence and trust, demonstrate integrity and competence, and treat all stakeholders equally, fairly and reasonably. They further must agree to the general principles of conduct consistent with those that apply to public sector employees, executives and boards. These include:

Independence and impartiality	ARC chairs and members must be qualified to provide independent and objective advice and review to public sector agencies. It is therefore important that any impediments or conflict of interests are communicated, removed, or managed so that they are not affecting decision making. If necessary, assistance must be sought from the Accountable Authority or Governing Board of a statutory body. Keeping track of all conflict of interest declarations is the chair's responsibility.
Honesty, integrity and loyalty to public interest	ARC chairs and members must promote the integrity of public administration in their duties. They should always act honestly and in the public interest, rather than in their own interest. They should only use their authority, resources, and information for work-related purposes.
Consider people equally	ARC chairs and members will treat colleagues and others fairly and consistently, in a non-discriminatory manner with due regard to their rights and obligations.
Responsive service	ARC chairs and members should understand the role of the committee as well as the business nature and role of the organisation to which they have been appointed.
Care, skill and diligence	ARC chairs and members should strive to improve the effectiveness and efficiency of the committee to enhance the performance of their organisations.

Taking responsibility for decisions and actions	ARC chairs and members must act lawfully and respect government policies and decisions. They will carry out their duties in a professional and responsible manner, ensuring that decisions and actions are reasonable, fair and appropriate to the circumstances, based on relevant facts, and supported by adequate documentation.
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ARC chairs and members must understand their duties and responsibilities and carry out the committee’s purpose without exceeding their authority.

**2. Accountability and Decision-making**

Public sector work requires a high standard of accountability, transparency and fairness. ARC chairs and members should attend all ARC meetings and allow sufficient time for preparation. Decisions, the reasons for those decisions, and processes of the ARC must be documented as minutes. Minutes of all official meetings must be prepared and retained as official records.

**3. Use of Public Resources**

The relevant agency will provide the ARC chairs and members with all necessary resources to perform their duties. The use of those resources is limited to ARC work and subject to guidelines or rules.

**4. Use of Official Information**

ARC chairs or members must not disclose official information acquired through ARC membership except as required by law or when given appropriate authority to do so.

**5. Public Comments**

ARC chairs and members will not make “Public Comments” on the function and operations of the ARC and must restrict all external discussion of government-related topics to public material.

“Public Comments” include public speaking engagements (including radio and television comments), letters to the press, books or notices in which it is reasonably anticipated that the comment will be published or circulated in public.

**6. Gifts and Benefits**

ARC chairs and members are required to perform their functions with integrity, impartiality and honesty. ARC chairs and members must not accept gifts or benefits that could place them under actual or perceived financial or moral obligations to other organisations or individuals. Gifts or hospitality of token or nominal value may only be accepted in some circumstances. Accepting such gifts or benefits is essentially a matter of judgement.

In order to ensure that gifts are received and disposed in an open and transparent manner, it is recommended to maintain a Register of Gifts. Information recorded should include:

- who made the offer
- who received the gift or benefit
- the date
- the estimated value
- the decision made on its allocation.

ARC chairs and members must ensure that their position will not be compromised or appear to be compromised by accepting a gift or benefit. Agency guidelines must also be considered. It is illegal to offer money or gifts in order to obtain a benefit or favour. This is called bribery and is a form of corruption, as is seeking or accepting a bribe.

## 7. Disclosure of Interests

ARC chairs or members must disclose their interests (including positions and remunerations) in corporations, partnerships, or other government agencies that may relate to the ARCs activities.

The interest of an ARC chair or member may include those of an associate or close relative. A register of such interest disclosures should be maintained by the organisation.

## 8. Recognising and Managing Conflicts of Interest

ARC chairs and members are appointed for their expertise and skill, as well as their impartial perspective as external members. They may face potential conflicts of interest between their ARC duties and other personal and work interests (including duties or interests of others).

A conflict of interest may arise, for example, from:

- any government appointment or employment
- professional and business interests and associations
- a prior personal or business relationship with a Head of Authority
- family relationships

ARC chairs and members should be familiar with Clause 3.1.8 of TPP20-08, which outlines threats to independence as well as relationships to avoid. The Accountable Authority must be notified immediately if a real or perceived threat to independence arises.

### Disclosure of Interests

ARC chairs or members are required to declare any private interests that may impact ARC decisions. In the event of an issue, they must, as soon as practicable, disclose in writing full and accurate details of the interest or issue to the ARC, and to NSW Treasury where it affects more than one ARC.

### Avoiding or Managing a Conflicts of Interest

ARC chairs and members are responsible for disclosing conflicts of interests as soon as possible to the committee. They further need to ensure that the actions taken to resolve the conflict are recorded in ARC minutes. Actions for managing conflicts of interest might include:

- excluding the chair or member from the meeting during discussions concerning the issue;
- ensuring that no information is provided to the member in relation to the matter.

The following actions may be considered when managing a conflict of interest is likely to cause significant disruption to the ARCs operation:

- resignation of the ARC chair or member;
- divestment of the conflicting interest / issue, such as selling shares;
- resignation from a conflicting position within an organisation or government department.

## 9. Reporting Suspected Corrupt Conduct

ARC chairs and members are urged to report suspected corrupt conduct, maladministration, and serious and substantial waste of public resources. Public officials (including independent contractors) who voluntarily disclose suspected corruption are protected against reprisal (but not vexatious or malicious allegations) by the Public Interest Disclosures Act 1994.

Corrupt conduct is the dishonest or partial exercise of public official functions. It may also involve the conduct of non-public officials that negatively affect the honest and impartial performance of a public official's duties. The ICAC Act defines corruption as a conduct that involves a criminal or disciplinary offence, grounds for dismissal or, in the case of Members of Parliament, a substantial breach of their Code of Conduct.

ARC chairs and members can make protected disclosures either to the principal officer of the relevant public authority or to one of the three external investigative bodies. The Independent Commission Against Corruption deals mostly with corrupt conduct, while maladministration disclosures should be addressed to the NSW Ombudsman and serious and substantial waste of public funds should be reported to the NSW Auditor General.

ARC chairs or members must report as soon as they reasonably suspect that corrupt conduct may have occurred or may be occurring. The report should be made:

- regardless of any duty of secrecy or other restriction on disclosure
- without informing the person(s) to whom the report relates to
- and without publicity.

## 10. Sanctions

ARC chairs and members must agree to this Code of Conduct to qualify for the Prequalification Scheme and the engagement to ARCs. A breach of this code could result in removal from the ARC and Prequalification Scheme.

### Relevant Legislation

- Anti-Discrimination Act 1977
- Government Information (Public Access) Act 2009
- Independent Commission Against Corruption Act 1988
- Work Health and Safety Act 2011
- Ombudsman Act 1974
- Public Interest Disclosures Act 1994
- Government Sector Finance Act 2018
- Government Sector Employment Act 2013
- Government Sector Employment Regulation 2014

### Helpful Resources

- Department of Premier and Cabinet NSW: Conduct Guidelines for Members of NSW Government Boards and Committees
- Audit Office NSW: On Board: Guide to Better Practice for Public Sector Governing and Advisory Boards
- Public Service Commission: Behaving ethically: A Guide for NSW government sector employees

## Sources of Information / Advice

<p><b>NSW Department of Premier and Cabinet</b> 52 Martin Place, Sydney NSW 2000 Telephone: (02) 9228 5555 Website: <a href="http://www.dpc.nsw.gov.au">www.dpc.nsw.gov.au</a></p>	<p>Information on public sector employment, policy and guidelines; board and committee appointments and remuneration.</p>
<p><b>NSW Public Service Commission</b> Level 4, 255 George Street, Sydney NSW 2000 Telephone: (02) 9272 6000 Website: <a href="http://www.psc.nsw.gov.au">www.psc.nsw.gov.au</a></p>	<p>Responsible for identifying reform opportunities for the public sector workforce and to advise the NSW Government on policy innovations and strategy in those areas of reform and other matters related to the public sector workforce.</p>
<p><b>Australian Institute of Company Directors New South Wales Office</b> 18 Jamison Street, Sydney NSW 2000 Telephone: (02) 8248 6600 Website: <a href="http://www.aicd.com.au">www.aicd.com.au</a></p>	<p>Australian professional organisation for company directors providing education, information and advocacy.</p>
<p><b>NSW Independent Commission Against Corruption (ICAC)</b> Level 7, 255 Elizabeth Street, Sydney NSW 2000 Telephone:(02) 8281 5999 Website: <a href="http://www.icac.nsw.gov.au">www.icac.nsw.gov.au</a></p>	<p>Information concerning corruption prevention, investigation and ethics.</p>
<p><b>NSW Ombudsman</b> Level 24, 580 George St, Sydney NSW 2000 Telephone: 1800 451 524 (toll free) Website: <a href="http://www.ombo.nsw.gov.au">www.ombo.nsw.gov.au</a></p>	<p>Investigates and reports on complaints about the administrative conduct of NSW government agencies and their employees.</p>
<p><b>The Audit Office of New South Wales</b> Level 19, Darling Park Tower 5, 201 Sussex St, Sydney NSW 2000 Telephone: (02) 9275 7100 Website: <a href="http://www.audit.nsw.gov.au">www.audit.nsw.gov.au</a></p>	<p>Information concerning public sector accountability requirements and corporate governance.</p>
<p><b>Institute of Public Administration Australia (IPAA) NSW Division</b> Level 15, 175 Liverpool St, Sydney NSW 2000 Telephone: (02) 8066 1900 Website: <a href="http://www.nsw.ipaa.org.au">www.nsw.ipaa.org.au</a></p>	<p>Association for professionals in the public sector. IPAA runs conferences, courses, and programs concerning public administration issues including a one-day course on corporate governance for members of government boards, committees and trusts.</p>