Fraud and Corruption Control Policy

Purpose of this policy

The Department of Planning and Environment (the department) has zero tolerance for fraud and corruption. Failure to control fraud and corruption can have major impacts at both an organisational and an individual level, including reputational damage, financial loss, litigation, dismissal and referral to the NSW Police and/or Independent Commission Against Corruption.

To whom this policy applies

This policy applies to all employees, consultants and contractors of the department. It also applies to employees, consultants and contractors of all DPIE Cluster entities that have people employed in or though the department.

Policy statement

The Fraud and Corruption Control (FCC) Framework outlines the arrangements (including this policy) through which the department minimises the incidence and impact of fraud and corruption. These arrangements operate across four continuous Activity Sets: Prepare and Oversight, Prevent, Detect and Respond.

FCC Activity Sets

Figure 1: Activity sets
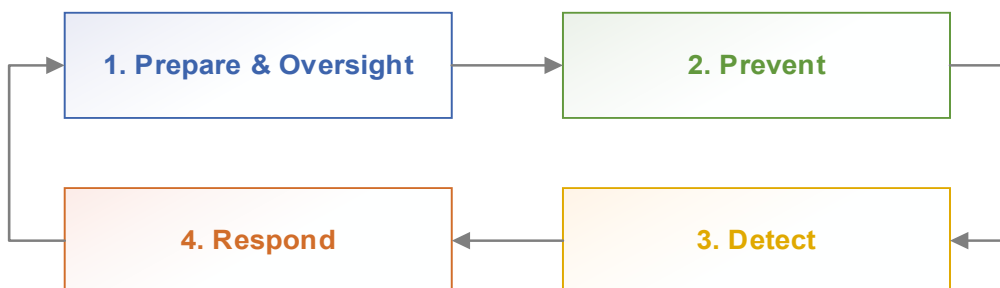
The following sections specify the department's arrangements across the four Activity Sets. Additional detail is provided in the separate FCC Program document.

Activity Set 1 – Prepare and Oversight

The department will confirm the ongoing appropriateness of its FCC arrangements by undertaking the following activities at least once per year:

Prepare

- The Executive Director Governance will ensure FCC Framework guidance is available through the department's intranet and internet and reflects contemporaryrequirements.
- Group Heads will ensure fraud and corruption risks are identified and mechanisms established for their appropriate management (Governance Division will provide support as required).

- The Group Deputy Secretary People, Culture and Communications will ensure employee engagement and performance management templates incorporate FCC requirements. At a minimum, this will include pre-employment screening, and a formal obligation to comply with the department's Code of Ethics and Conduct once engaged.
- The Group Deputy Secretary Corporate Services will ensure supplier engagement guidance and templates include appropriate measures and advice for both employees and suppliers.

Oversight

- The department's Leadership Team will consider an annual FCC report from the Executive Director Governance which includes:
  - summary data and analysis of –
    - o any incidents of fraud and corruption
    - o FCC Program activities conducted
    - o changes to governmental guidance in respect to FCC
    - o changes to the department's risk profile
  - advice from the department's Partnership Committee and Audit and Risk Committees (ARCs)
  - any changes recommended to the FCC Framework.
- The ARCs will consider an annual FCC report from the Executive Director Governance.
- All senior executive employees will complete an attestation, which includes fraud and corruption matters, as part of the NSW Audit Office annual financial statements audit.
- The Chief Finance Officer (CFO) will make a certification to the Secretary in respect to the system of control underpinning the department's financial information, in accordance with NSW Treasury Policy TPP17-06: Certifying the Effectiveness of Internal Controls over Financial Information.
- The Secretary of the department will provide to the:
  - Auditor General and Lead Cluster Ministers – a statement that the financial report exhibits a true and fair view of the financial position and financial performance of the department (which presupposes no material impact from fraud and corruption)
  - NSW Treasury –
    - o a certification as to the accuracy of the revised estimates, budget and forward estimates, and to having ensured that there is an effective system of internal control over the financial and related operations of the department (as per TPP17-06 noted above)
    - o an attestation of compliance with NSW Treasury Policy TPP20-08: Internal Audit and Risk Management Policy for the General Government Sector
    - o an attestation of compliance with the NSW Public Sector Cyber Security Policy and AS ISO/IEC 27001:2015 (Information technology - Security techniques - Information security management systems – Requirements).
- The department's Partnership Committee will consider a quarterly FCC status report from the Executive Director Governance so as to provide oversight and advice throughout the year.

Activity Set 2 – Prevent

The department will seek to reduce the occurrence of fraud and corruption by undertaking the following activities:

Opportunity reduction

- Executive Directors will review all business process for which they are responsible to confirm the processes are resilient to fraud and corruption. The review will be risk focussed and:
  - occur annually or whenever a specific process is substantially changed or introduced
  - be supported with advice and guidance by the Governance Division (as required)
  - be conducted with reference to the FCC Framework and Australian Standard 8001: 2020 Fraud and Corruption Control.
- The Group Deputy Secretary Corporate Services will ensure the security of the department's physical (persons, premises, property etc.) and virtual business operations is maintained to the appropriate level (in accordance with contemporary Governmental direction and standards).

Awareness and deterrence

- The Executive Director Governance will ensure (including by working with relevant Group Heads) that all departmental employees are:
  - Aware of their FCC responsibilities, including through –
    - o provision of support to the Secretary and Group Heads in issuing twice yearly statements on FCC, and
    - o provision of support (e.g. core materials) and/or attendance at business unit meetings workshops and planning days (on request) to present on and discuss FCC matters.
  - Provided with the skills and knowledge required to meet their FCC responsibilities, including through the-
    - o maintenance of current FCC information (consisting of and/or based on the FCC Framework elements) on the internet and intranet, and
    - o delivery of or input into training activities (such as the Code of Conduct module).
  - Able to access timely, expert advice and guidance from Governance Division and other areas in respect to FCC matters.
- The Group Deputy Secretary Corporate Services and Group Deputy Secretary People, Culture and Communications will ensure that employees and suppliers to the department are provided with advice and guidance about the high-risk activities for which they are accountable e.g. procurement, finance and recruitment.
- The Secretary and Group Heads will issue statements to their employees on a biannual basis (via email and Workspace) which emphasise the importance of understanding and complying with the department's Code of Ethics and Conduct (which includes FCC).
- The Group Deputy Secretary People, Culture and Communications will ensure employee induction courses include a module on the department's Code of Ethics and Conduct (including FCC).

- Executive Directors will ensure that their Division holds an annual interactive workshop session where staff focus on understanding and applying the Code of Ethics & Conduct (with specific reference to FCC) within their area of operation.
  — workshops may be held at the Branch level at the discretion of the Executive Director
  — the Executive Director Governance Division will assist by providing advice and core workshop materials as required.

Activity Set 3 – Detect

The department will seek to identify all instances of fraud and corruption (including failed attempts)
by undertaking the following activities:

- Group Heads will ensure that all business processes for which they are responsible incorporate appropriate FCC measures (with specific focus on activities assessed as high- risk):
  — real-time – such as separated powers of approval and mandatory review and recording of key data within the approval document
  — post-activity – such as checks by a person not involved in the activity of key decisions (either on a total or random basis)
  — audits – formal audits may be commissioned as necessary (advice is to be sought from the Executive Director Governance Division).
- Group Heads must consider a report at least annually on the conduct of these measures, which will inform their annual attestation as required under Activity set 1 (Prepare and Oversight) above.
- The CFO will ensure departmental financial activity is assessed on an ongoing basis to identify indicators of fraud and/or corruption.
- The Executive Director Governance Division will identify indicators of fraud and/or corruption by:
  — including high-risk business activities in the annual departmental internal audit program
  — reviewing the reports of all major audits and reviews
  — reviewing the outcomes of complaints and investigations.
- The Executive Director Governance Division will ensure mechanisms are available which encourage and facilitate the reporting of fraud and/or corruption (including anonymously):
  — Employees will be able to report –
  — through a PID Officer or the online Public Interest Disclosure and Whispli forms
    o direct to Governance Division
    o to other agencies as relevant (e.g. ICAC).
  — External persons, including suppliers and members of the public, will be able to report (including anonymously) to:
    o the department (directly or via the Your Feedback internet widget)
    o other agencies as relevant (e.g. ICAC).

Activity Set 4 – Respond

The department will address all instances of fraud and/or corruption by undertaking the following activities:

- The Executive Director Governance will maintain, publish and promote procedures for both employees and external persons to report all suspected instances (including failed attempts) of fraud and corruption to Governance.

- The Executive Director Governance will maintain, publish and promote procedures which mandate the approach to be taken in response to a report, including –

  — An initial assessment as to whether there is a reasonable suspicion that fraud and/or corruption may have occurred.

  — Where reasonable suspicion is not demonstrated, addressing of the matter/s raised by other means.

  — Where suspicion is demonstrated, conduct of a formal investigation by Governance Division.

  — Where fraud and/or corruption is confirmed, the process for determining the appropriate actions to be taken, noting these may include counselling or dismissal of employee, termination of contracts, legal action and/or referral to the NSW Police, Ombudsman or ICAC.

    o Actions will be determined in consultation with the relevant Group Head/s.

    o Relevant ARCs will be notified of any confirmed cases within their areas of responsibility

    Note – formal consideration will be given to notifying any third party which is thought to have been adversely (and materially) affected by a confirmed incident.

- The Executive Director Governance will maintain an incident tracking register and ensure all:

  — Reported instances are recorded (including how they were managed to conclusion).

  — instances are reported (with analysis) in accordance with Activity set 1 (Prepare and Oversight) above.

- Group Heads will:

  — ensure their employees comply with the requirements of the procedures for reporting wrongdoing (which includes fraud and corruption)

  — assist the Executive Director Governance in determining and progressing (as appropriate) actions to be taken where fraud and/or corruption is confirmed.

Failure to comply with this policy

Failure to comply with this policy may lead to action in accordance the Code of Ethics and Conduct, including disciplinary action and referral to the NSW Police and/or the NSW Independent Commission Against Corruption.

Review timeframe

Governance Division will review this policy no later than one year from the date the document is approved. The document may be reviewed earlier in response to post-implementation feedback, changes to legislation, or as necessary

Related documents

Departmental Fraud and Corruption Control

- Fraud and Corruption Control Framework
- Fraud and Corruption Control Program
- Fraud and Corruption Control Procedures (incorporated in the following) –
  - Reporting of Suspected Wrongdoing
  - Management of Wrongdoing Incidents
  - Oversight of Wrongdoing Management

Other departmental Resources

- Code of Ethics and Conduct
- Risk Management
- Public Interest Disclosure Policy

Other Resources

- NSW Treasury Circular TC18-02: NSW Fraud and Corruption Control Policy
- Australian Standard 8001: 2020 Fraud and Corruption Control
- NSW Audit Office Fraud Control Improvement Kit February 2015
- NSW Treasury Policy TPP 20-08: Internal Audit and Risk Management Policy for the General Government Sector
- *Independent Commission Against Corruption Act 1988*
- *Public Interest Disclosure Act 1994*
- *Government Sector Employment Act 2013*
- *Government Sector Finance Act 2018*
- Commonwealth Attorney General's Fraud Control Framework Guidance – 'Resource Management Guide No. 201 - Preventing, detecting and dealing with fraud'

Policy metadata

Table 1. Policy metadata

Category	Description
Status	Final
Date of approval	07 May 2021
Approver	Chief Legal Counsel
Group	Legal and Governance
Division	Governance
Policy owner	Executive Director Governance
Branch	Ethics
Document location	DPE Intranet and Internet
Next review date	November 2022
Associated procedure	See Section. Related documents
Any additional applicability	N/A
Superseded document	DFSI Fraud and Corruption Internal Reporting Policy DPE Fraud and Corruption Control Policy FACS Fraud and Corruption Prevention Framework FACS Fraud and Corruption Control Policy FACS Fraud and Corruption Prevention Control Policy OEH Fraud and Corruption Prevention Strategy
Further information	ethics@dpie.nsw.gov.au
Document Reference	DOC20/689013

Version control

Table 2. Version Control

Version	Date issued	Change
1	01 July 2021	New policy
1.1	3 May 2022	Updated to reflect new branding and name change.

Appendices

Appendix 1 – Definitions

Appendix 2 - Roles and responsibilities

Appendix 1 – Definitions

Table 3 - Definitions

Term	Definition
Audit & Risk Committees (ARC)	ARCs are committees established in accordance with NSW Treasury Policy TPP20-08 (Internal Audit and Risk Management Policy) to monitor, review and provide advice about the department's governance processes, risk management and internal control frameworks, and external accountability obligations.
Corruption (Corrupt Conduct)	Corrupt conduct is – a. any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or b. any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or c. any conduct of a public official or former public official that constitutes or involves a breach of public trust, or d. any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person. [Refer Sections 7-9 of the *ICAC Act 1988* for additional detail]
Employee	A person employed in ongoing, term, temporary, casual or other employment by, or on secondment to, the department. For the purposes of this Policy, employee also includes contingent labour and volunteers appointed through a formal mechanism. [Refer also the definition of Contractor, and Section 3 of the *GSE Act 2013* for additional detail]

Term	Definition
Fraud	Dishonestly obtaining a benefit, or causing a loss, by deception or other means. Examples include theft; accounting fraud (e.g. false invoices, misappropriation); misuse of Government credit cards; unlawful use of property (including information), equipment, material or services. [Refer NSW Treasury Circular TC18-02 and Commonwealth Attorney General Resource Management Guide No. 201]
Public Official	For the purposes of this Policy, refer to definition of Employee. [Refer also Section 3 of *ICAC Act 1988*]
Supplier	A person or organisation formally engaged to provide goods, services or construction to the department, in accordance with procurement guidance.
Third Party	Persons or organisations which may be directly or indirectly impacted by a fraud or corruption incident, including customers and clients; other Government agencies; local communities and community groups; suppliers; and specific industries.

Appendix 2 - Roles and responsibilities

Table 4: Roles and responsibilities

Role	Responsibilities
Chief Finance Officer	FCC financial matters, including: • Provide the Secretary with an annual certification in respect to the system of internal control underpinning the department's financial information. • Ensure departmental financial systems, processes and activity are assessed on an ongoing basis to identify indicators of fraud and/or corruption.
Chief Legal Counsel	• Approve the FCC Policy, ensuring alignment with the FCC Framework • Provide advice and leadership on FCC legal matters
Audit & Risk Committees	Provide independent advice to the Secretary on FCC matters within the department, specifically through consideration of the annual FCC report.
Department Leadership Team	Support the Secretary in meeting their responsibilities, specifically through consideration of the annual FCC report and ensuring that their risk registers and management include identified fraud and corruption risks and appropriate control measures
Partnership Committee	Oversight the FCC Framework throughout each year to ensure it is structured and operates in accordance with the Leadership Team's direction (through consideration of FCC reports).
Employees	Reflective of the department's zero tolerance for fraud and corruption, all employees within the department are required to: • Comply with the requirements of the FCC Framework • Comply with specific FCC business process requirements • Report any suspected fraud or corruption instances in accordance with the published procedures for reporting wrongdoing, and • Attend FCC training or other educational activities as required