

Policy

Fraud and Corruption Control Policy

November 2022

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1. Purpose of this policy

The purpose of this policy is to provide staff with a clear understanding of their obligations and duties to prevent, detect and respond to fraud and corruption.

2. Policy Statement

Fraud and corruption have the potential to impede our ability to perform. It could waste our funds and resources, affect our reputation and the reputation of all staff working with us. The OCG has no tolerance for corrupt conduct, fraudulent activities or maladministration. We will continue to promote a culture of honesty, transparency and integrity within our organisation and is committed to:

- minimising the opportunities for fraud and corrupt conduct to take place
- implementing a robust, risk-based approach to identify and manage opportunities to prevent fraudulent activities occurring
- detecting, investigating and disciplining fraud and corrupt conduct
- reporting fraud and corrupt conduct to the Independent Commission Against Corruption (ICAC), the NSW Ombudsman or other external parties where appropriate.

Fraud is defined as dishonestly obtaining a financial benefit or other benefit (either directly or indirectly) by deception. Fraud includes deliberate and premeditated deception to gain advantage from a position of trust and authority. This includes acts of omission, theft, making false statements, evasion, manipulation of information and numerous other acts of deception.

Corruption is defined in the Independent Commission Against Corruption Act 1988 as ‘conduct that includes the dishonest or partial exercise of official functions by a public official.’ In general terms corruption involves improper acts or omissions, improper use of influence or position and/or improper use of information.

3. Fraud and Corruption Control

Our Fraud and Corruption Control Policy is based on Standards Australia AS8001-2008 Fraud and Corruption Control and incorporates the ten key attributes of fraud control contained in the [NSW Auditor-General Better Practice Guide Fraud Control Improvement Kit](#).

Table 1 The 10 attributes of fraud control

Attribute		Theme
Attribute 1	Leadership	Prevention
Attribute 2	Ethical Framework	Prevention, Detection, Response
Attribute 3	Responsibility Structures	Prevention, Detection, Response
Attribute 4	Policy	Prevention
Attribute 5	Prevention Systems	Prevention
Attribute 6	Fraud Awareness	Prevention, Response
Attribute 7	Third Party Management Systems	Prevention, Response
Attribute 8	Notification Systems	Detection, Response
Attribute 9	Detection Systems	Detection

3.1 Attribute 1: Leadership

A successful fraud and corruption control framework is led by a committed and accountable executive.

The Children's Guardian has ultimate responsibility for fraud and corruption control and endorses the control activities within the OCG. The Children's Guardian is supported by the executive leadership, the Audit and Risk Committee, Finance and Risk Committee, and Corporate Services.

The Finance and Risk Committee, and Executive Leadership Forum are responsible for monitoring the implementation of the fraud and corruption control framework.

3.2 Attribute 2: Ethical framework

We have clear policies setting out acceptable standards of ethical behaviour and these are available to staff on the intranet. These policies are reviewed regularly to ensure that they are up to date and in line with the relevant standards.

Staff are required to annually evidence their commitment to acceptable standards of ethical behaviour. This is undertaken by reading and acknowledging their acceptance of the Code of Ethics and Conduct as part of our mandatory training, via the myCareer portal. Executive leaders and managers are responsible for ensuring that their staff have completed this mandatory training.

3.3 Attribute 3: Responsibility structures

3.3.1 Responsibilities within the OCG

The **Children's Guardian** has ultimate responsibility for the fraud and corruption control framework and is authorised to receive reports of fraud and corruption.

The **Executive Leadership Forum** is responsible for approving the Fraud and Corruption Control Policy, promoting it within the OCG, demonstrating ethical behaviour and supporting the Children's Guardian.

The **Director, Corporate Services** has a central role in dealing with reports made by staff and:

- is authorised to receive reports of fraud and corruption
- assesses reports of fraud and corruption and refers them within the OCG
- ensures external agencies, e.g. the NSW Police Force and ICAC are advised about fraud and corruption committed by staff when required
- advises the Manager, People and Culture of allegations of fraud and corruption when appropriate
- ensures that investigations are conducted thoroughly.

The **Manager, Corporate and Strategic Coordination:**

- administers the Fraud and Corruption Control Policy
- ensures the Fraud and Corruption Control Policy is reviewed and updated every two years
- reviews and updates the Fraud Risk Assessment every two years
- conducts a Fraud and Corruption Control Health Check every two years
- ensures key developments in fraud and corruption control are incorporated into our policies and business processes
- provides an annual status report to the Executive Leadership Forum, and Audit and Risk Committee on the fraud and corruption strategy and details of any investigations conducted during the year
- maintains a Fraud and Corruption Control Plan to ensure that key actions, responsibilities and timeframes are identified and reported on.

The **Manager, People and Culture:**

- ensures the welfare of staff involved in an allegation of fraud or corruption and that any breaches of conduct and behaviour are properly managed within the disciplinary system
- oversees the implementation of a fraud education program.

Managers, Team Leaders and Supervisors:

- should be aware that fraud and corruption can happen and may occur within their area of responsibility
- must report known or suspected fraud and corruption to the Children’s Guardian, Director, Corporate Services or Manager, Corporate and Strategic Coordination as soon as possible
- must ensure internal controls are operating in their areas
- must be aware of their responsibilities for managing fraud and corruption risks.

All staff have a role in preventing and detecting fraud and corruption and must report known or suspected fraud and corruption to the Children’s Guardian, Director, Corporate Services or Manager, Corporate and Strategic Coordination as soon as possible.

3.3.2 Audit and Risk Committee responsibilities

The Audit and Risk Committee provides independent assistance to the Children’s Guardian by monitoring and providing advice on the adequacy of the fraud and corruption control framework and the processes and systems in place to capture and effectively investigate fraud and corruption related information. This includes periodically reviewing the Fraud and Corruption Control Policy and other strategies and their implementation.

3.3.3 Internal audit and reviews

All staff must be alert to the possibility of fraud within the OCG. Internal reviews assist in deterring fraud by examining and evaluating the adequacy and effectiveness of internal controls. It is also expected to evaluate whether the senior management is properly overseeing the fraud and corruption control policies and practices.

Internal audit is not specifically responsible for detecting fraud and corruption but is expected to obtain assurance that any material control deficiencies are detected. Internal audit must report known or suspected fraud to the Children’s Guardian, Director, Corporate Services or Manager, Corporate and Strategic Coordination if they detect it.

Internal reviews are undertaken annually.

3.4 Attribute 4: Fraud and corruption control policy

The Fraud and Corruption Control Policy does not operate in isolation and has strong links to the Code of Ethics and Conduct and other related policies. It sets out the system of fraud and corruption control and covers the responsibilities for managing fraud and corruption within the OCG.

The fraud and corruption control framework is proportionate to the internal and external risks faced by us.

3.5 Attribute 5: Prevention systems

Our prevention systems contain several components including:

3.5.1 Fraud Risk and Corruption Assessment

The Fraud and Corruption Assessment is a proactive effort:

- to identify areas where fraud and corruption risk exist
- to evaluate how effective controls are to mitigate those risks
- determine actions necessary to eliminate any gaps.

The Fraud and Corruption Assessment includes responsibilities and timeframes for action and reporting.

The Fraud and Corruption Assessment is carried out when there is a substantial change in the function, structure or activities of the OCG and at least every two years.

The Manager, Corporate and Strategic Coordination is responsible for monitoring the results over time and for reporting the results of the Fraud and Corruption Assessment to the Executive Leadership Forum, and Audit and Risk Committee.

3.5.2 Fraud and Corruption Control Plan

The Fraud and Corruption Control Plan contains all the key control activities of the OCG, responsibilities and timeframes for action and information on review mechanisms. It is linked to the Fraud and Corruption Risk Assessment and other fraud and corruption control activities (such as Fraud and Corruption Health Check and training program) and contains details of the risks requiring treatment, controls and mitigation strategies in place. The Fraud and Corruption Control Plan is regularly reviewed and updated, and its outcomes and results reported to the Executive Leadership Forum, and the Audit and Risk Committee.

3.5.3 Ethical workforce

We are committed to employing staff that support ethical values. Pre-employment screening is used to verify information supplied by candidates on their resumes and applications and includes two reference checks prior to a position being offered and a Working with Children Check and a criminal history check prior to the start of employment.

3.5.4 IT Security Strategy

The Information and Security Policy supports our interests by defining management requirements for safeguarding its information assets and assuring the continued delivery of services.

3.6 Attribute 6: Fraud and corruption awareness

A key element of the fraud and corruption control strategy is:

- creating awareness about the different parts of the strategy among staff, stakeholders and suppliers
- creating awareness about what activities are considered fraudulent or corrupt
- providing information on how to respond if fraud and corruption is suspected.

3.6.1 Staff awareness

Staff need to understand fraud and corruption is not tolerated and the consequences should it be detected. They need to be aware:

- what is fraud and corruption
- common types of fraud and corruption they may encounter
- their responsibilities
- how to report suspected fraud and corruption.

Staff have a responsibility to contribute to eliminating fraud and corruption.

3.6.2 Staff training

All staff must undertake our Induction Program. This program includes an overview of the fraud control framework and is linked to the Code of Ethics and Conduct mandatory training.

Corporate Services conducts a Fraud and Corruption Risk Assessment and Fraud and Corruption Health Check every two years. Staff are asked to get involved with the Fraud and Corruption Health Check and provide views on their understanding of the Fraud and Corruption Control Policy and how we are managing fraud and corruption. It is used to identify areas of concern. The results of the risk assessment and the health check will be published on the intranet and promoted to all staff.

3.6.3 Ethical behaviour policies

We have a range of ethical behaviour policies and other policies/guidance to support staff that are available on the intranet including:

- Code of Ethics and Conduct
- Conflicts of Interest Policy
- Gifts and Benefits Policy
- ICT Acceptable Use Policy
- Internal Reporting - Public Interests Disclosure Policy.

3.6.4 Post induction

To ensure all staff are aware and kept up to date and continue to be reminded of their responsibilities regarding fraud and corruption, the following approaches will be taken:

- release periodic news alerts on the intranet to include the results of the latest Fraud and Corruption Risk Assessment and Fraud and Corruption Health Check updates and responsibility reminders
- all staff are required to complete the Code of Ethics and Conduct mandatory training annually
- all role descriptions to include the capability of acting with integrity
- regular awareness raising initiatives are undertaken
- this policy is regularly reviewed, updated and promoted to staff.

3.6.5 Stakeholder and supplier awareness

We are committed to ensuring that our stakeholders and suppliers are aware of our commitment to ethical behaviour. We have a Statement of Business Ethics that sets out our position on fraud and corruption and expected standards of behaviour in business relationships with external parties. It will be published on our website, along with the Fraud and Corruption Control Policy and Gifts and Benefits Policy.

We will report on the implementation of the fraud control framework in the annual report. This includes broad details of any identified fraud and corruption that has occurred and actions that have been taken to prevent similar incidents occurring.

3.7 Attribute 7: third party management systems

We will ensure specific internal controls relating to third parties, such as segregation of duties, are in place to manage our dealings with third parties. We will provide a copy of our Statement of Business Ethics setting out our expected standards of behaviour and mutual obligations of all parties, to our stakeholders and suppliers.

We are committed to complying with PBD-2017-07 Conduct by suppliers (Procurement Board Direction) by ensuring that:

- our tendering processes require tenderers to comply with the relevant policies and procedures as listed in the direction and provide information concerning any findings of dishonest, unfair, unconscionable, corrupt or illegal conduct against the tenderer, its director or management
- we are aware of any adverse findings against a supplier and report such findings to the NSW Procurement Board when such findings become known to us.

Third party management also covers managing staff conflicts of interest. The Code of Ethics and Conduct and Conflicts of Interest Policy set out how staff should manage conflicts of interest, including secondary employment. All staff are required to complete a Conflicts of Interest Declaration should they become aware of a real or perceived conflict of interest. All secondary employment approvals must be reviewed and reapproved annually.

3.8 Attribute 8: notification systems

We require staff and encourages its stakeholders and suppliers to report known or suspected fraud

and corruption or unethical behaviour.

Staff should be aware of the provisions in section 316(1) of the *Crimes Act 1900* which says that a failure to report a serious offence, including fraud, is an offence.

3.8.1 Fraud and corruption allegations made by a staff member

If a staff member knows or suspects another staff member has acted fraudulently or corruptly they must report it to either the:

- Manager, Corporate and Strategic Coordination
- Director, Corporate Services
- Children's Guardian.

For guidance on how to report suspected fraud or corruption refer to the Internal Reporting - Public Interests Disclosure Policy. Staff are encouraged to make a report in writing, as this helps to avoid and confusion or misinterpretation, but reports can be made orally.

In most instances' reports can be dealt with internally. However, if staff have concerns that their report of fraud or corruption will not be dealt with appropriately then they have the option of reporting directly to ICAC.

If staff suspect that another organisation or person is defrauding the OCG, the suspicion can be discussed with their manager in the first instance or directly with the Manager, Corporate and Strategic Coordination, Director, Corporate Services or the Children's Guardian.

3.8.2 Public interest disclosure

In addition to the above notification on fraud or corrupt allegations, a staff member can make a public interest disclosure in respect of internal corrupt conduct, maladministration or serious and substantial waste of public money. For more detailed information refer to the Internal Reporting - Public Interest Disclosure Policy that includes details of the categories of behaviour covered by the *Public Interest Disclosures Act 1994*.

3.8.3 Fraud allegations about the OCG made by our stakeholders and suppliers

Our stakeholders and suppliers and members of the public are encouraged to report suspected cases of fraud, misconduct or unethical behaviour by staff members of the OCG. The Complaints Management Policy and Procedures that is available on our website outlines how to make reports.

Any substantial fraud or corruption will be referred to the relevant external body, the NSW Police Force, the Crown Solicitor's Office, the Director of Public Prosecutions, the NSW Ombudsman or the ICAC. Where, on reasonable grounds, there is suspicion that corrupt conduct has occurred, the Children's Guardian has a duty under section 11 of the *Independent Commission Against Corruption Act 1988* to report it to ICAC as soon as the suspicion arises. This is irrespective of how significant or minor the allegation.

3.9 Attribute 9: detection systems

Internal controls are effective at detecting fraud and corruption. We maintain appropriate controls including:

- segregation of duties and decision making
- approvals and authorisation
- verification
- reconciliations
- management reviews
- data mining tools
- risk assessments
- physical security
- job rotation

- independent reviews like internal and external audits and peer reviews.

3.9.1 Risk-based internal audit program

We engage external providers to undertake internal audits, which regularly examines risk processed across the OCG to detect irregularities. We generally select, in consultation with the Executive Leadership Committee and Audit and Risk Committee, three areas to focus on. Internal audit recommendations are recorded and are followed up regularly, with responsibility assigned to individuals and clear timetables set for response. Outcomes of reviews are reported to the Executive Leadership Forum and the Audit and Risk Committee. Management uses internal audit findings as an opportunity to improve systems and processes.

The Executive Leadership Forum and Audit and Risk Committee regularly review the internal audit program.

In addition, as part of the outsourced shared services arrangements in place for certain OCG corporate services, the OCG regularly receives and assess self-attestations from its provided. Annually, these self-attestations are assessed by an external provider appointed by the Department of Customer Service, currently Deloitte.

3.9.2 Protection against reprisals

We will not tolerate any reprisal action against staff and will ensure appropriate action is taken to protect staff who report suspected fraud and corruption (internal reporter).

If someone believes detrimental action is or is likely to be taken against them, or the internal reporter, they should tell:

- their manager
- Manager, People and Culture
- Director, Corporate Services, or
- Children's Guardian.

We will make sure that the internal reporters are supported and encouraged to access the professional support service they may need because of the reporting process – such as stress management, counselling service or legal advice.

3.10 Attribute 10: investigation systems

3.10.1 Preliminary assessment

When an allegation of fraud or corruption is made against a member of staff (the alleged perpetrator) the Director, Corporate Services, Manager, People and Culture or the Children's Guardian will discuss the matter with the internal reporter. The internal reporter may be asked to make a written statement regarding the allegations.

The alleged perpetrator may be interviewed during this preliminary stage and can be accompanied by their manager or other nominated staff member during the interview.

The Director, Corporate Services:

- will acknowledge the report of fraud or corruption within ten working days of receipt (and no later than 45 days) providing the name and contact details of the people who can provide further updates or information
- will organise a preliminary assessment of the allegations and provide details to the internal reporter of any decisions and how the allegations will be progressed
- may, if the allegation is serious and the evidence is compelling, recommend to the Children's Guardian that the matter be immediately referred to an external body. A full investigation may still be undertaken even though another agency, such as the NSW Police Force or the ICAC, is also investigating.

3.10.2 Full investigation

Following the preliminary assessment, the Director, Corporate Services may recommend to the Children's Guardian a full investigation by an appropriate qualified external investigator. Any internal investigation should be conducted in accordance with ICAC's Fact Finder – A guide to conducting internal investigations, where considered appropriate.

The internal reporter will be advised of the decisions and any actions that will be taken. When further action is to be taken, the alleged perpetrator may also be notified.

During the investigations the Manager, People and Culture will be involved to ensure the disciplinary policies are properly followed and to ensure that any personnel issues affecting the staff members involved are fairly addressed.

Proper and full records will be kept during the investigation and any evidence gathered will be secured and preserved.

3.10.3 Conduct standards

The standards of personal conduct expected of staff are clearly set out in the Code of Ethics and Conduct. The code requires that staff act with professionalism, respect and are courteous. Staff are expected to be honest, fair and compassionate.

3.10.4 Disciplinary standards

Where the allegation is proved because of an admission by the staff or because of an investigation, the Director, Corporate Services will make a recommendation to the Children's Guardian regarding disciplinary action or referral to an external body.

The Children's Guardian will determine the nature of any disciplinary action.

3.10.5 Maintaining confidentiality

Every endeavour will be made to ensure that any allegations of fraud or corruption and subsequent investigations are handled confidentially. This is designed to help prevent any action being taken against internal reporters. However, there may be situations where confidentiality may not be possible or appropriate. This will be discussed with the internal reporter.

While anonymous reports are not encouraged, there may be situations where someone may not want to identify themselves. We will accept anonymous reports. However, anonymity may limit our ability to seek further information to assess the report adequately or report back to the internal reporter on any finding or decisions. When the identity of the internal reporter is known, we can obtain any further information, provide the person with protection and support and give feedback about the outcome of any investigation into the allegations.

3.10.6 Making vexatious, frivolous or misleading allegations

Any report that turns out to be vexatious, frivolous or misleading will result in disciplinary action being taken against the internal reporter.

3.10.7 Documenting reporting fraud and corruption

The Manager, Corporate and Strategic Coordination will maintain records of all reports of suspected fraud and corruption. The Director, Corporate Services and the Children's Guardian are responsible for providing the Manager, Corporate and Strategic Coordination with the details of all reports of suspected fraud and corruption. These records will help us determine where it should focus its efforts and where changes to controls, policies or procedures are required.

4. Scope

This policy should be read in conjunction with the other ethical behaviour policies published on the

intranet. The OCG has no tolerance to fraud and corruption and disciplinary and/or legal action will be taken against those who are proven to have acted fraudulently or corruptly.

5. Legislative context

This policy is based on the Audit Office's Better Practice Guide, Managing your fraud control obligations.

The Better Practice Guide itself was developed with reference to:

- Australian Standard 8001-2008 Fraud and Corruption Controls
 - *Public Interest Disclosure Act 1994*
 - ICAC's act Finder – a guide to conducting internal investigations
 - *Independent Commission Against Corruption Act 1988*
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6. Contact point

The Manager, Corporate and Strategic Coordination is the contact for this policy. See section 2.8 on who to contact and how to report suspected or actual fraud, corruption or unethical behaviour.

7. Review

This policy is reviewed every two years or earlier if significant new information, legislative or organisations change warrants an update.

Policy metadata (Table 1)

Category	Description
Status	FINAL
Date of approval	21 November 2022 (minor changes only)
Approver	Director, Corporate Services
Directorate	Corporate Services
Policy owner	Manager, Corporate and Strategic Coordination
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Appendices

Nil.

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