



**Family &  
Community  
Services**

# **Family & Community Services (FACS) Fraud and Corruption Prevention Control Policy**



# Document approval

The FACS Fraud and Corruption Prevention Control Policy has been endorsed and approved by:

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Family & Community Services Cluster  
Executive Board.

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# 1. Purpose

This Policy outlines the Family and Community Services' (FACS) position against fraud and corruption, its approach to combat fraud and corruption, and the responsibilities for its prevention.

*(Reference to 'corrupt conduct' or corruption throughout this Policy includes a reference to fraud. Further, reference to employees throughout this Policy is taken to mean contractors, consultants, committees, board members, all paid employees and volunteer workers.)*

The objectives of the FACS-wide approach to corruption prevention is to:

1. protect public resources, including money, information and property;
2. protect the integrity and good reputation of FACS and the NSW Government;
3. establish a workplace culture where corruption is not acceptable; and
4. establish a workplace processes where employees are actively involved in the anti-corruption process.

corruption diminish FACS' ability to meet its objectives because it results in:

- Increased costs of providing services;
- Poor reputation with clients, customers and stakeholders;
- Lack of credibility and community support;
- Low staff morale and performance; and
- Reduced funds for better infrastructure and work processes.

This Policy has been based on the NSW Audit Office Fraud Control Improvement Kit (February 2015) and the Standards Australia AS8001-2008 Fraud and Corruption Control.

This Policy is supported by, and should be read in conjunction with, the FACS *Fraud and Corruption Prevention Control – Framework* (referred to hereafter as the Framework) and the *Fraud and Corruption Control Plan* (referred to hereafter as the Plan). The Framework outlines the FACS strategy in meeting the best practice requirements in the prevention of corruption, whilst the Plan provides detailed information on what FACS wishes to achieve, processes currently in place and those that are required to be developed within FACS for the detection and prevention of corruption.

This Policy is intended to complement and integrate with other policies and processes within FACS, such as:

- Public Interest Disclosures Policy;
- Code of Ethical Conduct; and
- Enterprise Risk Management Policy.

## 2. Policy Statement

FACS recognises that the management of corruption is an integral part of good governance and management practice.

FACS does not condone nor tolerate corrupt conduct by its staff, stakeholder, client, service providers or volunteers. FACS is committed to mitigating the risk of corruption, through:

- adopting a ‘zero tolerance’ position in respect of corruption;
- mitigating opportunities for corrupt conduct by employees, members of the public, service providers and clients;
- establishing a proactive detection process to identify potential corruption;
- establishing a mechanism for recording and reporting incidents of corruption or suspected corruption;
- investigating all suspected corruption;
- taking action against employees who have acted corruptly;
- active pursuit of the recovery of loss through corruption, provided there is a strong prospect of a net benefit to FACS from such action;
- reporting corrupt conduct to the ICAC and where relevant to NSW Police and other appropriate Bodies;
- promoting an organisation culture which adopts the ‘zero tolerance’ position to corruption;
- provision of training and education promoting awareness of FACS ‘zero-tolerance’ position against corruption and the expectation to act fairly, honestly and ethically ;
- provision of avenues for concerns of suspected fraud and corruption to be reported and handled professionally; and
- taking a risk management approach to the identification and management of corruption risks.

### 3. Definitions

**Business Unit** – Are those areas within FACS that are managed by either an Executive Director or a District Director.

**Corrupt Conduct** – as defined under Section 8 of the Independent Commission Against Corruption (ICAC) Act 1988 as:

- (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.

Section 8 (2) of the Act states that ‘Corrupt conduct is also any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the exercise of official functions by

any public official, any group or body of public officials or any public authority and which could involve any of the following matters:

- (a) official misconduct (including breach of trust, fraud in office, nonfeasance, misfeasance, malfeasance, oppression, extortion or imposition),
- (b) bribery,
- (c) blackmail,
- (d) obtaining or offering secret commissions,
- (e) fraud,
- (f) theft,
- (g) perverting the course of justice,
- (h) embezzlement,
- (i) revenue evasion,
- (j) illegal drug dealings,
- (k) illegal gambling,
- (l) obtaining financial benefit by vice engaged in by others,
- (m) forgery,
- (n) homicide or violence,
- (o) matters of the same or a similar nature to any listed above,
- (p) any conspiracy or attempt in relation to any of the above.

Section 8 (2A) further states that 'Corrupt conduct is also any conduct of any person (whether or not a public official) that impairs, or that could impair, public confidence in public administration and which could involve any of the following matters:

- (a) collusive tendering,
- (b) fraud in relation to applications for licences, permits or other authorities under legislation designed to protect health and safety or the environment or designed to facilitate the management and commercial exploitation of resources,
- (c) dishonestly obtaining or assisting in obtaining, or dishonestly benefiting from, the payment or application of public funds for private advantage or the disposition of public assets for private advantage,
- (d) defrauding the public revenue,
- (e) fraudulently obtaining or retaining employment or appointment as a public official.'

Limitation on nature of corrupt conduct is stipulated under Section 9 of the Act which states:

- (1) Despite section 8, conduct does not amount to corrupt conduct unless it could constitute or involve:
  - (a) a criminal offence, or
  - (b) a disciplinary offence, or

(c) reasonable grounds for dismissing, dispensing with the services of or otherwise terminating the services of a public official, or

**Public Official-** Section 3(1) of the ICAC Act defines a public official as ‘...an individual having public official functions or acting in a public official capacity’ Section 3(1)(m) describes a public official to include ‘an employee of or any person otherwise engaged by or acting for or on behalf of, or in the place of, or as deputy or delegate of, a public authority...’

**Fraud** - involves:

- deliberate deception,
- concealment,
- destruction, and/or
- improper use of documentation

and results in actual or potential financial loss to any person or entity. This includes theft of monies and other property, deceit, trickery, sharp practice, or breach of confidence.

**Fraud risk assessment** - Is the application of risk management principles and techniques in the assessment of the risk of fraud and corruption within FACS. It includes the identification of fraud and corruption risks, strategies to control those risks, and responsibility for mitigation strategies and timeframes for implementing them. The risk assessment approach to be determined should take into consideration all significant factors likely to affect FACS’ exposure to corruption risk at the strategic and business operational level.

**Fraud and corruption control plan** – Strategies and/or activities established to address corruption risk identified through undertaking a corruption risk assessments. The plan encompass prevention, detection, reporting, and investigation measures and also include:

- the treatment strategies or controls put in place to mitigate the identified risks (eg, policies, governance structures);
- identification of positions responsible for implementation, timeframes, monitoring and reporting arrangements;
- strategies for ensuring that FACS meets its training requirements; and
- mechanisms for collecting, analysing, and reporting on the number and nature of incidents of fraud or alleged fraud.

## 4. Applicability

This policy applies to all FACS employees, including contractors, consultants, volunteers, committees, boards and recognises the role each person has in preventing, detecting and reporting suspected corrupt conduct.

FACS suppliers, Non-Government Organisations (NGOs) and other funded organisations are expected to have similar corruption control measures in place to prevent, detect and respond to corruption.

It is the responsibility of us all to behave in a lawful and ethical manner, and to report all suspected corrupt and/or fraudulent conduct.

## 5. Context and Requirement Sources for Fraud and Corruption Prevention Control

- Section 11 of the Public Finance and Audit Act 1983 (NSW) requires management to establish an effective system of internal control. Further, section 61 requires that a public officer shall not commit fraud.
- Audit Office of NSW Fraud Control Improvement Kit (2015) provides guidance to assist organisations implement an effective fraud control framework.
- Treasury Policy Paper 15-03, requires the FACS Risk and Audit Committee to review the FACS fraud control plan and satisfy itself that FACS has appropriate processes and systems in place to capture and effectively investigate fraud related information.
- Australian Standard for Fraud and Corruption Control: AS8001– 2008, this better practice model provides guidance relating to the prevention, detection and response strategies that are used to address fraud and corruption risk.
- The requirements of the Public Service Commission’s Behaving Ethically: A guide for NSW government sector employees, are supported in this Policy through its objective of facilitating a culture of honesty and ethical behaviour.

Aside from compliance with legislation, government requirements and better practice guides, the Fraud and Corruption Control Policy will enhance FACS’ ability to prevent, detect and report corruption and take prompt action when required.

## 6. Responsibilities and Delegations

### Secretary

- The Secretary is responsible for managing risk across FACS as established by Treasurer’s Direction 900.01 and compliance with section 11 of the Public Finance and Audit Act 1983 (NSW);
- Responsible for certifying the Department’s Annual Report that he/she is satisfied that FACS have appropriate risk management processes in place including those around the identification and management of corruption;
- Responsible for providing notification of corrupt conduct to the Independent Commission Against Corruption in accordance with section 11 of the ICAC Act;
- Responsible for appointing a Fraud Control Officer for FACS;
- Responsible for appointing delegates for disciplinary action required to be taken against respondents who are proven to have breached the FACS Code of Ethical Conduct.

### The FACS Executive Board

- Responsible for implementing risk management processes and maintain sound risk management practices within their areas of responsibility in accordance with this policy and other FACS policies;
- Commit to and promote an ethical culture within FACS;
- Provide support to the implementation of the Fraud Control Plan.

## **FACS Risk & Audit Committee (RAC)**

- Receiving reports of suspected corruption and monitor progress of investigation;
- As required by the Treasury Policy Paper 15-03 (tpp15-03), the RAC is responsible for the review of the FACS' fraud control plan and satisfy itself that the FACS has appropriate processes and systems in place to capture and effectively investigate fraud related information;
- Review and oversight of the fraud and corruption prevention activities within FACS and reports to the Secretary on the adequacy of activities and outcomes; and
- Assist the Secretary in discharge of his responsibilities in relation to Tpp15-03, Treasurers Directions and Public Finance and Audit Act 1983 (NSW).

## **Corporate Governance & Performance Directorate (CGP)**

### ***Effectively maintain the Governance and Audit Branch to:***

- Co-ordinate FACS efforts to prevent, detect and respond to corruption;
- Provide facilitation of corruption risk assessments and corruption prevention action plans as required,
- Co-ordinate the follow-up of the corruption risk assessment by ensuring that all timetabled mitigation strategies are implemented in accordance with the Corruption Prevention Plan;
- Co-ordinate corruption prevention awareness training;
- Ensure that all corruption prevention related policies and procedures are communicated and available to staff and other relevant external parties;
- Ensure that all instances of reported suspected fraud and corruption are appropriately recorded, investigated (where relevant), and referred (where appropriate) to ICAC, NSW Police, other Regulatory Bodies or other investigative units within FACS.
- Maintain a corruption database;
- Collate corruption statistics and relevant information for the annual report;
- Supporting businesses as required to develop tailored strategies addressing specific requirements in relation to the mitigation and control of fraud and corruption;
- Provision of a fraud and corruption report to the Secretary and the FACS RAC;
- Oversee and/or manage serious allegations of corrupt conduct investigations that has been referred by the Secretary, Ministers' Office, Professional Conduct, Ethics and Performance, or Senior Management;
- Establish an appropriate investigation procedure to be consistently applied in undertaking fraud and corruption investigations;
- Liaise and update complainants as required;
- Establish, release and promote anti-corruption publications; and
- Maintain and update this Policy, Framework and Plan at least every two years or as required.

### ***Effectively maintain the Professional Conduct Ethics & Performance (PCEP) branch to:***

- Act as FACS' lead in dealing with staff related corruption matters (as described in the proposed draft FAQ sheet);
- Collate corruption statistics for the annual report on staff related matters;

- Report all relevant staff related corruption allegations to the relevant external bodies;
- Perform and/or manage relevant fraud and corruption investigations;
- Establish an appropriate investigation procedure to be consistently applied in undertaking investigations;

## **Other FACS Units Responsible for Corruption Allegations\***

- Act as the FACS' lead in dealing with relevant (matters within their existing responsibility) fraud and corruption matters;
- Report all relevant fraud and corruption allegations to the relevant external bodies;
- Perform and/or manage relevant fraud and corruption investigations;
- Establish an appropriate investigation procedure to be consistently applied in undertaking investigations;
- Provide bi-annual (As at 30 March and 30 September during the calendar year) fraud and corruption information to CGP as required by the Framework.

## **FACS Strategic Human Resources**

- Ensure the induction of new employees requires reading, understanding and signing of the FACS Code of Ethical Conduct and associated policies as part of the acceptance of employment.
- Development and implementation of a Learning and Development Program to promote employee awareness of the FACS Code of Ethical Conduct including induction and refresher training.
- Provide assistance to CGP in the development and promotion of fraud and corruption awareness programs.

## **District/Business Unit Managers**

- Perform fraud and corruption risk assessments as required by the FACS enterprise risk management policy;
- Consider fraud and corruption risk when developing business plans;
- Encourage staff input into planning and implementation of anti-corruption measures;
- Promote FACS' commitment to providing high quality services to clients, through maintaining the highest standards of integrity and ethics;
- Report all staff related allegations of fraud and corruption to the PCEP.

## **Employees, contractors, consultants and volunteers**

- Report known and suspected corrupt and/or fraudulent behaviour to either their immediate supervisor, the Fraud Control Officer, the Director Professional Conduct Ethics and Performance, a Disclosure Officer (as identified in the FACS Public Interest Disclosures Internal Reporting Policy).
- To cooperate with all corruption investigations that may take place;
- To proactively and constructively take part in any planning and implementation of anti corruption/fraud control measures;
- To refer all client/customer allegations to the appropriate staff; and

- Actively participate in training in relation to corruption prevention.

(\*Other units within FACS that has responsibility for dealing with corruption and fraud allegations includes; Housing Tenancy Fraud Unit, Service Systems Commissioning, Enquiry, Feedback and Complaints Unit, Districts and Directorates . Current project in complaints handling will inform of how complaints, inclusive of allegations of fraud and corruption, will be handled. A review of PCEP is also underway to determine its role and responsibility going forward. The policy and associated documents will be reviewed and amended to reflect any future changes)

## **7. Associated Documents and Forms**

- Code of Ethical Conduct
- Public Interest Disclosure Policy
- FACS Fraud and Corruption Control Framework
- FACS Enterprise Risk Management Framework & Policy
- Statement of Business Ethics
- Gifts, Benefits and Bequests Policy
- Conflict of Interest Policy
- Private Work and Secondary Employment Policies
- Senior Executives Probity Management Policy

## **8. Review**

This Policy will be reviewed by CGP at a minimum of two year intervals, or if there are changes in the Legislative or Regulatory requirements or significant management requirements.

## **9. For Further Information**

For further information regarding this Policy contact Ed Alegado (Director Governance and Audit) on (02)9716 2778 or email the Corporate Governance & Performance Directorate at [governanceandaudit@facs.nsw.gov.au](mailto:governanceandaudit@facs.nsw.gov.au).