

NSW Fraud and Corruption Control Policy

All NSW Public Sector agencies must develop, implement and maintain a fraud and corruption control framework to prevent, detect and manage fraud and corruption. This circular applies to all NSW Public Sector agencies including State Owned Corporations and applies from 1 July 2018.

Application:

The Circular is issued as a Direction to 'Officers of an authority' and 'accounting officers' under section 9 of the *Public Finance and Audit Act 1983* and applies from 1 July 2018.

State Owned Corporations (SOCs) should develop a fraud prevention framework as part of their obligations under TPP17-10 Guidelines for Governing Boards of Government Businesses to recognise and manage risk and their directors' fiduciary duties.

This circular does not apply to local government authorities or universities.

Purpose:

The Fraud and Corruption Control Policy sets out the key minimum requirements necessary to establish and maintain an appropriate system of fraud and corruption control. The objectives are:

- to ensure public finances and assets are adequately protected
- to guarantee accountability in the implementation of fraud and corruption control arrangements.

Summary:

The effective and efficient management and prevention of fraud and corruption in the NSW Public Sector is critical to ensuring the appropriate use of and accountability for public finances and assets.

Fraud is defined by the Commonwealth Attorney General's Department Guidance, *Resource Management Guide No. 201 - Preventing, detecting and dealing with fraud*¹, as 'dishonestly obtaining a benefit, or causing a loss, by deception or other means.'

Corrupt conduct, as defined in the *Independent Commission Against Corruption Act 1988* (ICAC Act), is deliberate or intentional wrongdoing, not negligence or a mistake.

It is mandatory for all NSW Public Sector agencies to develop, implement and maintain a fraud and corruption control framework to prevent, detect and respond to fraud and corruption.

¹. Commonwealth Attorney General's Fraud Control Framework Guidance – 'Resource Management Guide No. 201 - Preventing, detecting and dealing with fraud' reissued in August 2017 (<https://www.ag.gov.au/CrimeAndCorruption/FraudControl/Documents/FraudGuidance.pdf>)

At a minimum, an agency's fraud and corruption control framework must contain the following elements:

- a fraud and corruption control policy
- clearly defined responsibilities for managing fraud and corruption
- risk-based preventative and detective controls
- policies, systems and processes to respond to, investigate and report suspected fraud and corruption
- employee awareness/education measures
- robust third-party management systems
- regular review of the fraud and corruption control framework and reporting.

Where relevant, agencies should:

- Ensure that the fraud and corruption control framework is periodically reviewed by the agency's Audit and Risk Committee in accordance with TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector
- Ensure that relevant fraud and corruption controls are included in the annual internal controls assessment and CFO certification in accordance with TPP17-06 Certification of the effectiveness of internal controls over financial information.

This circular does not alter agencies' reporting or other obligations related to fraud and corruption, including those under the *Independent Commission Against Corruption Act 1988* and the *Public Interest Disclosures Act 1994*.

For **further information** on developing and implementing a fraud control framework please refer to:

- Independent Commission Against Corruption: www.icac.nsw.gov.au
- NSW Ombudsman: <https://www.ombo.nsw.gov.au/news-and-publications/publications/guidelines/public-interest-disclosures>, (refer to PID Unit for advice on Public Interest Disclosures Act)
- The Audit Office of NSW's [Fraud Control Improvement Kit](#)
- AS 8001-2008: Fraud and Corruption Control (<https://www.saiglobal.com/PDFTemp/Previews/OSH/AS/AS8000/8000/8001-2008.pdf>)
- Commonwealth Attorney General's Fraud Control Framework Guidance – 'Resource Management Guide No. 201 - Preventing, detecting and dealing with fraud' reissued in August 2017 (<https://www.ag.gov.au/CrimeAndCorruption/FraudControl/Pages/FraudControlFramework.aspx>)

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