

Fraud and Corruption Policy

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1. Abbreviations and definitions

Abbreviations

AONSW	Audit Office of NSW
ICAC	Independent Commission Against Corruption
PID	Public Interest Disclosure Act 1994
AS	Australian Standard

Definitions

Fraud – is defined as follows:

Section 192E of the Crimes Act 1900 as ‘dishonestly obtaining a financial or other benefit (either directly or indirectly) by deception’.

AS8001:2021 as ‘dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by employees or persons external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity’ (Property in this context also includes intellectual property and other intangibles such as information).

Corruption – is defined as follows:

ICAC Act 1988 as ‘deliberate or intentional wrongdoing, not negligence or a mistake, involving a NSW public official or public sector organisation’.

AS8001:2021 as ‘dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.’

2. Introduction

- 2.1. Fraud and corruption are risks that all agencies face. The New South Wales Electoral Commission (NSWEC) will not tolerate any fraud or corrupt behaviour; such behaviour is contrary to the Commission’s values and they make it harder to achieve organisational objectives.
- 2.2. The NSWEC also has a heightened responsibility to minimise fraud and corruption, given its valued status as an independent, impartial organisation, and its role in regulating the behaviour of political participants such as lobbyists, donors, candidates and political parties.
- 2.3. The NSWEC is committed to minimising the incidence of fraud by implementing and regularly reviewing a range of strategies that aim to prevent, detect and respond to fraud.

3. Purpose

- 3.1. The purposes of this policy are:

- To protect the NSWEC against fraud by adopting fraud prevention and detection measures and by establishing a consistent response to fraud.
- To confirm the NSWEC's zero tolerance for fraud and corruption. Reputational damage arising from instances of poor fraud control procedures can lead to a significant decline in confidence in the Commission from stakeholders including government, business partners, suppliers and the public.
- To set out what the NSWEC does to control fraud and corruption and the roles and responsibilities within the NSWEC to prevent, detect and manage these risks.

4. Scope

- 4.1. This policy applies to all ongoing, temporary and casual employees, and contractors (contingent labour) engaged by the NSWEC staff agency; and the NSWEC statutory body constituted under section 8 of the Electoral Act.
- 4.2. This policy focusses on:
 - fraud committed against the NSW Electoral Commission statutory body and staff agency
 - corrupt behaviour that adversely affects the exercise of official functions by a public official acting for the Commission.
- 4.3. Fraud and corruption committed by political participants, against the democratic and electoral process, are outside the scope of this policy. Such fraud and corruption is covered by the separate policies and procedures developed and maintained by the Commission's Funding Disclosure & Compliance and General Counsel Division.

5. Policy details

Fraud and corruption will not be tolerated

- 5.1. The Commission will not tolerate any level of fraud or corruption.
- 5.2. Employees have a public duty, under law, to report any corrupt conduct, maladministration and serious and substantial waste of public resources. The NSWEC's PID Policy sets out how to manage allegations of a serious nature. A high level guide sets out how to report suspected fraud and corruption.

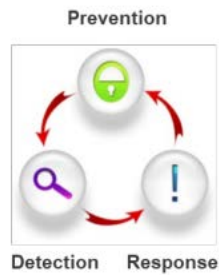
All reports of fraud and corruption will be investigated

- 5.3. All reports of actual or suspected fraud and corruption will be investigated. In all confirmed cases of fraud and corruption, action will be taken under the misconduct provisions of the *Government Sector Employment Act 2013* and a referral to relevant external agencies may be made. Any substantial fraud or corrupt conduct will be referred to the relevant external body, in accordance with the NSWEC's PID Policy.

Fraud and corruption controls are developed and maintained

- 5.4. The NSWEC's approach to fraud control is based on the AONSW's ten attributes of fraud control within the themes of: Prevention, Detection and Response shown in Figure 1 below. The AONSW's approach is itself based on AS8001:2021 – *Fraud and Corruption Control*.

Figure 1 – AONSW's Fraud Control Themes



5.5. The Commissioner and NSWEC Senior Executives are committed to developing and maintaining a range of strategies to prevent, detect and deal with fraud and corrupt conduct. The strategies to control fraud are set out in the NSWEC's Fraud and Corruption Control Framework and are supported through operational procedures and work undertaken in the Fraud and Corruption Control Plans.

The ten attributes of the Fraud and Corruption Control Framework

5.6. In accordance with better practice guidance from the AONSW, the NSWEC's Fraud and Corruption Control Framework is structured around ten attributes:

Ref.	Attribute	Theme	How the attribute supports the Fraud and Corruption policy
1	Leadership	Prevention	A successful fraud control framework is led by a committed and accountable executive
2	Ethical Framework	Prevention, Detection, Response	The NSWEC has clear policies setting out acceptable standards of ethical behaviour and these are available on the intranet. These policies are reviewed regularly to ensure they are up to date and in line with the relevant standards
3	Responsibility structures	Prevention, Detection, Response	Roles and responsibilities within the fraud and corruption control framework are set out in Section 6 of this policy
4	Policy	Prevention	The Fraud and Corruption Policy does not operate in isolation and has strong links to the Code of Ethics and Conduct. The policy sets out the system of fraud control and covers the responsibilities for managing fraud within the NSWEC
5	Prevention systems	Prevention	The NSWEC's prevention systems contain a number of components including: <ul style="list-style-type: none"> • Fraud Risk Assessment – identifying, evaluation and taking action to address fraud risks • Fraud Control Plan – key fraud control activities • Fraud Database – record of fraud incidents • Ethical workforce – pre-employment screening • IT Security Policy – safeguarding information assets and assuring service delivery

Ref.	Attribute	Theme	How the attribute supports the Fraud and Corruption policy
6	Fraud awareness	Prevention, Response	Creating awareness and providing training across the NSWEC about what activities are considered fraudulent, and providing information on how to respond if fraud is suspected
7	Third party management systems	Prevention, Response	Internal controls relating to third parties: compliance with procurement policy and tendering processes, conflicts of interest, gifts and benefits
8	Notification systems	Prevention, Response	The NSWEC requires staff and encourages its stakeholders and suppliers to report known or suspected fraud or unethical behaviour – a high level guide is available for managers and staff on the intranet Reporting can also be done using the PID policy
9	Detection systems	Detection	Internal controls are used to detect fraud, including segregation of duties, approvals and authorisation, reconciliations, physical security, and independent reviews
10	Investigation systems	Response	When an allegation of fraud is made, the NSWEC will determine the most appropriate response and investigation approach. This may include conducting an internal investigation, or referral to an external agency (ICAC, NSW Ombudsman) or the police.

6. Roles and responsibilities

The following table outlines the nature of the commitment expected from all staff, including contractors and contingent workers and the way that commitment should be implemented:

Who	Commitment	How
NSW Electoral Commissioner	The Electoral Commissioner has ultimate accountability for the establishment and maintenance of effective fraud and corruption controls at the NSWEC The Commissioner demonstrates leadership and sets the 'tone at the top'	<ul style="list-style-type: none"> The Commissioner approves the fraud and corruption control policy and framework documents As the Accountable Authority of the agency, the Commissioner is able to receive reports of wrongdoing under the provisions of the PID Act
NSW Electoral Commission	Endorse the development of sound fraud and corruption control practices in the NSWEC	<ul style="list-style-type: none"> Maintain oversight of the fraud and corruption control functions delegated to the Commissioner
Senior Executive Committee/EDs	The NSWEC's senior executives also contribute to the 'tone at the top' and champion the control of fraud and	<ul style="list-style-type: none"> Through the budgeting process, the executive directors ensure that adequate resources are

Who	Commitment	How
	corruption in their divisions and business units	<p>made available for fraud and corruption control</p> <ul style="list-style-type: none"> The executives participate in the fraud and corruption risk assessment process to ensure that fraud risks in their business areas are identified, assessed and controlled
Director Information Security (CISO)	Ensures that cyber and information security fraud risks are effectively managed in a way that is consistent with this policy and the NSW Cyber Security Policy	<ul style="list-style-type: none"> The Director Information Security ensures that adequate risk-based controls are in place within information systems to minimise the risk of cyber and information security fraud and corruption; and plans are in place to prevent, detect and respond to external cyber threats Appropriate liaison with external organisations, including relevant notification and information sharing relating to external threats and risk mitigations
Director Finance (Chief Financial Officer)	Ensures there is an effective system of internal control over the financial and related operations of the agency	<ul style="list-style-type: none"> The CFO participates in the fraud and corruption risk assessment process to ensure that fraud risks in the financial processes are identified, assessed and controlled
Director Human Resources	The Director HR develops appropriate policies and procedures to support the welfare of staff involved in an allegation of fraud	<ul style="list-style-type: none"> Ensures any breaches of conduct and behaviour are properly managed within the HR disciplinary system The Director HR supports the development and maintenance of internal reporting processes, including PID The Director HR also supports staff training and awareness of fraud and corruption risks and controls
Director Communications	The Director Communications develops appropriate procedures to support the communication of fraud awareness across the agency	<ul style="list-style-type: none"> The Director Communications supports the development and implementation of staff communications relating to fraud and corruption risk and control

Who	Commitment	How
<p>Manager Governance (Chief Risk Officer)</p>	<p>The Manager Governance works with stakeholders to develop and maintain the Fraud and Corruption Policy, Control Framework and annual work plans.</p> <p>The Manager Governance works with stakeholders to maintain and implement the Risk Management Policy in accordance with ISO31000:2018</p>	<ul style="list-style-type: none"> • Maintains appropriate records of allegations of fraud and advises relevant agencies of identified frauds • Develops and delivers appropriate fraud awareness training • Develops a fraud and corruption control assessment and work plan to prevent, detect and manage fraud and corruption • Receives all reports of suspected fraud and corruption and undertakes an initial assessment of the evidence • The Manager Governance also acts as a Disclosure Officer under the PID Policy • Maintains the corporate risk register in consultation with NSWEC managers, including an assessment of fraud risks
<p>The internal audit function</p>	<p>Contributes to improving sound internal control across the agency by providing an independent assurance and advisory function</p>	<ul style="list-style-type: none"> • Developing a programme of risk-based audits that consider fraud and corruption as part of the reviews • Contribute to the development, implementation and maintenance of a fraud and corruption control assessment framework • Undertake post-investigation reviews to ensure expected controls have been implemented and are working
<p>External Audit (Audit Office of NSW)</p>	<p>Contributes to improving sound internal control across the agency as part of their review function</p>	<ul style="list-style-type: none"> • The AONSW audit of the NSWEC annual financial statements considers the risks of fraud and corruption on the quality and completeness of financial information • AONSW also considers and comments on the adequacy of internal controls more generally
<p>Audit and Risk Committee (ARC)</p>	<p>The ARC will provide independent assistance to the NSWEC, in accordance with the ARC Charter, in</p>	<ul style="list-style-type: none"> • Review the agency's fraud and corruption control framework including the fraud and corruption control plan and be

Who	Commitment	How
	relation to the NSWEC's control framework	<p>satisfied that the agency has appropriate processes and systems in place to capture and effectively investigate fraud related information</p> <ul style="list-style-type: none"> Receive reports from management on all suspected and actual frauds, corrupt behaviour and breaches of law
Public Interest Disclosure Co-ordinator and PID officers	Ensure that their roles as part of the agency's PID policy are fulfilled	<ul style="list-style-type: none"> The PID Disclosure Co-ordinator and PID Officers are responsible for receiving, forwarding and/or acting upon disclosures in accordance with the PID Act and the NSWEC PID Policy.
All staff members	All staff have an obligation to comply with the Code of Ethics and Conduct and a role in preventing and detecting fraud	<ul style="list-style-type: none"> All staff members should undertake relevant fraud awareness training Staff members have a legal obligation to report any actual or suspected fraud and corrupt conduct.

7. Monitoring, evaluation and review

- 7.1. The Fraud and Corruption Policy will be reviewed every three years; or if policy, legislation, or the NSWEC's control environment changes.

8. Associated documents

Governance:

- Public Interest Disclosures Policy*
- Risk Management Policy*

Employment and HR:

- Code of Ethics and Conduct*
- Staff Attendance policy*
- Contingent Worker and Contractor Engagement*
- Overtime Policy*
- Recreation Leave Policy*

Funding Disclosure and Compliance:

- *FDC Division Delegations Policy and Procedures*
- *Penalty Notice and Caution Procedures*
- *Prosecution Policy*

Finance and Procurement:

- *Procurement Policy*
- *Business Ethics Confidentiality and Compliance Agreement - Service Provider and NSW Electoral Commission*
- *Statement of Business Ethics*
- *Application and Use of Purchasing Cards Policy*
- *Time at Work Contractor Policy*
- *Financial Delegations*

Information Security:

- *Acceptable Usage Policy*
 - *Access Control Policy*
 - *Cyber Risk Management Procedure*
 - *Information Security Policy*
 - *Network Security Standard*
 - *Third party Management Procedures*
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9. Relevant legislation

- Crimes Act 1900 (NSW)
 - Government Sector Employment Act 2013
 - Independent Commission Against Corruption Act 1988
 - Ombudsman Act 1974
 - Public Interest Disclosure Act 1994
 - Treasury Circular (TC18-02) NSW Fraud and Corruption Control Policy
 - Australian Standard 8001-2008 Fraud and Corruption Controls
 - Audit Office of NSW's Better Practice Guide Fraud Control Improvement Kit: Managing your fraud control obligations
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10. Document control

Document management

Approved by Electoral Commissioner:	Date approved:
John Schmidt	Date:
Executive Director Review:	
Matt Phillips Executive Director Corporate	
Director Review:	
Riaan Husselmann Director EPMO & CG	

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Revision record

Date	Version	Revision description
21/08/18	V 2.0	Approved Version
March 2022	V2.2 (draft)	Updated for changes to fraud attributes; inclusion of relevant legislation in definitions; inclusion of roles and responsibilities; updated Associated Documents list; presentation/layout updates