



SERVICE STANDARD 1.1.32 FRAUD AND CORRUPTION PREVENTION

ITEM	DESCRIPTION
Title	Fraud and Corruption Prevention
Number	1.1.32
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SOPs	› SOP 1.1.32-1 Recording, Reporting and Appropriately Managing Offers of Bribes/Suspected Bribes
Owner	Executive Director, Membership and Strategic Services
Contact	Director, Professional Standards
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1 Purpose

- 1.1 The NSW Rural Fire Service (NSW RFS) will not tolerate fraudulent or corrupt conduct by NSW RFS members. This Service Standard outlines the NSW RFS approach to the prevention, detection, reporting and investigation of fraud and corruption.
- 1.2 Through consistent application of this Service Standard and the Fraud and Corruption Prevention Framework, the NSW RFS aims to reduce the opportunity for fraud and corruption by identifying current activities that may be susceptible to fraud and corruption, and providing strategies and support mechanisms for better management and control of those activities.
- 1.3 This Service Standard applies to all NSW RFS members.
- 1.4 This Service Standard supports ethical behaviour and compliance with the NSW RFS Code of Conduct and Ethics and the NSW Public Service Commission's mandatory conduct standards outlined in *Behaving Ethically: A guide for NSW government sector employees*.
- 1.5 This Service Standard has regard to the ten principles contained in the Audit Office of NSW Self-Audit Guide: Fraud Control, which are covered within the themes of prevention, detection and response. It also takes into consideration Australian Standard AS 8001-2008 Fraud and Corruption Control. The specific role that the NSW RFS Audit and Risk Committee plays with respect to fraud and corruption prevention, in line with NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (TPP15-03), is also covered in this Service Standard.

2 Definitions

2.1 For the purposes of this Service Standard the following definitions apply:

- a. **Bribery:** means offering money, gifts or other benefits to public officials in order to obtain a benefit or favour, or to influence the public official to act in a particular way. Bribery is a crime under *the Crimes Act 1900* and a form of corruption under *the Independent Commission against Corruption Act 1988*.
- b. **Corruption:** means conduct of a member that adversely affects, or is contrary to, the interests of the NSW RFS, in which the member has abused his or her position of trust in order to achieve some personal gain or advantage, or avoid a disadvantage for themselves or for another person or entity. For a full definition of corruption as the term is used in New South Wales see sections 8 and 9 of the *Independent Commission Against Corruption Act 1998*.
- c. **Corruption Prevention Framework:** means the range of corruption prevention strategies and controls designed to promote ethical behaviour and minimise fraud and / or corrupt conduct within the NSW RFS. These include:
 - i. Service Standard 1.1.7 Code of Conduct and Ethics;
 - ii. Service Standard 1.1.32 Fraud and Corruption Prevention;
 - iii. Service Standard 1.1.30 Public Interest Disclosures in the NSW RFS;
 - iv. P1.1.3 Conflicts of Interest;
 - v. P1.1.4 Gifts and Benefits;
 - vi. NSW RFS Fraud and Corruption Prevention Control Plan;
 - vii. NSW RFS Statement of Business Ethics;
 - viii. Audit programs and internal reviews;
 - ix. Financial and procurement systems and procedures;
 - x. Legislative and regulatory compliance;
 - xi. Systems and procedures relating to requests from staff members to engage in secondary employment as specified in the Service Standard 1.1.7 Code of Ethics and Conduct; and
 - xii. Training for staff involved in procurement matters.

The Framework complements the NSW RFS Organisational Risk Management Framework, the Corporate Governance Statement and the Internal Audit Program to ensure that the NSW RFS meets its corporate responsibilities of transparency and accountability.

- d. **Corruption Prevention Officer:** means the person occupying the position of Director, Professional Standards. The Director Professional Standards may also receive public interest disclosures on behalf of the NSW RFS.
- e. **Fraud:** means, at its simplest, any practice which involves the use of deceit to confer some form of financial benefit upon the perpetrator (either directly or indirectly) and which results in some form of material loss to the entity defrauded. A definition used by the Audit Office of NSW is:

“A deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority”.

Fraud is regarded as a form of corrupt conduct (i.e. a subset within the definition of corruption) and is usually a criminal offence. It is therefore subject to the same rules of reporting that apply to suspected corrupt conduct as well as referral to the NSW Police.

Examples of fraud in the context of the NSW RFS may include:

- i. Theft of monies or other NSW RFS property;
- ii. Deliberate falsification of a NSW RFS record or document, including the recording of a NSW RFS employee member's time;
- iii. Concealment, destruction or improper use of documentation used for NSW RFS purposes;
- iv. Improper use of a NSW RFS member's position; and

- v. Improper use of the NSW RFS uniform or membership status.
- f. **Member:** Staff members and volunteers are referred to collectively as members. For the purposes of Part 3 of the *Independent Commission Against Corruption Act 1988* all members are regarded as Public Officials.

3 Policy

Commitment to fraud and corruption control

- 3.1 The NSW RFS is committed to:
- a. Minimising the opportunities for fraud and corrupt conduct by members through effective organisational controls and governance arrangements and having sound systems in place to detect, minimise and negate fraud and corruption. These systems include those described in the NSW RFS Corruption Prevention Framework, the Organisational Risk Management Framework and the Corporate Governance Statement;
 - b. Providing internal and external notification systems which allow members to report suspected fraud and corruption conduct;
 - c. Investigating fraud and corrupt conduct and taking appropriate misconduct or disciplinary action;
 - d. Reporting actual or suspected fraud and corrupt conduct to the Independent Commission Against Corruption (ICAC) and where appropriate the NSW Police Force;
 - e. Taking a risk management approach to the identification and management of fraud and corruption through regular risk assessments, audits, membership education and awareness and providing information to customers, the community and suppliers and setting out the expectations of the NSW RFS in the NSW RFS Statement of Business Ethics; and
 - f. Quantifying losses and maximising the recovery of losses incurred from fraud and corruption activities.

Fraud and corruption prevention responsibilities of members

- 3.2 All members have a role to play in effective fraud and corruption prevention and must:
- a. Act ethically in accordance with Service Standard 1.1.7 Code of Conduct and Ethics and this Service Standard;
 - b. Comply with controls, delegations, service standards and standard operating procedures relevant to their role;
 - c. Report suspected incidences of fraudulent or corrupt behaviour internally to:
 - i. In the case of a staff member, their Manager;
 - ii. In the case of a volunteer, their district manager; or
 - iii. In either case, to the Director, Professional Standards.
 - d. Alternatively, a member may make a public interest disclosure in accordance with Service Standard 1.1.30 Public Interest Disclosures in the NSW RFS; and
 - e. Work collaboratively towards improving systems and processes to prevent and / or minimise fraud and corruption risks.
- 3.3 A member who does not wish to report a matter internally may make reports or public interest disclosures to the following investigating authorities, in accordance with the *Public Interest Disclosures Act 1994*:
- a. ICAC - for fraud / corruption matters;
 - b. NSW Ombudsman - for maladministration matters;
 - c. Auditor-General - for serious and substantial waste of public money;
 - d. Information Commissioner - for government information contravention.

- 3.4 A member who holds line management or chain of command responsibilities must ensure that all reports of suspected fraudulent or corrupt conduct made to them are treated seriously and promptly referred through their line management to the Professional Standards Unit or where this is not appropriate, directly to the Director, Professional Standards.

Responsibilities of the NSW RFS Corruption Prevention Officer

- 3.5 The NSW RFS Corruption Prevention Officer is the Director, Professional Standards. The role of the Corruption Prevention Officer is to:
- a. Coordinate the NSW RFS' overall approach to fraud and corruption prevention;
 - b. Develop and implement a Fraud and Corruption Prevention Control Plan;
 - c. Liaise with external agencies including the ICAC, NSW Ombudsman, NSW Audit Office, Information Commissioner and the Office of Local Government on fraud and corruption issues;
 - d. Prepare external reporting documentation for the NSW RFS Commissioner; and
 - e. Provide regular reports to NSW RFS Executive and the Audit and Risk Committee of reports of fraud, actions taken and outcomes.

Responsibilities of the NSW RFS Audit and Risk Committee

- 3.6 The NSW RFS Audit and Risk Committee has a range of responsibilities with respect to governance processes, risk management, internal controls, internal audit, external reporting and compliance with legislation. The Committee's key role in fraud and corruption prevention includes:
- a. Reviewing the effectiveness and appropriateness of NSW RFS processes for identifying and managing financial and business risks, including fraud and corruption; and
 - b. Reviewing the Fraud and Corruption Prevention Plan to ensure the NSW RFS has appropriate processes and systems in place to capture and effectively investigate fraud related information.

Investigation and external reporting of suspected fraud and corrupt conduct

- 3.7 All notifications or reports of suspected fraud or corrupt conduct will be reviewed, and where appropriate investigated.
- 3.8 Notifications or reports of suspected fraud or corrupt conduct will be reported to the relevant external agency, or agencies in accordance with the relevant statutory requirements.

Consequences for breaching this service standard

- 3.9 A failure to comply with this Service Standard may constitute:
- a. A breach of discipline in the case of a volunteer – see Service Standard 1.1.2 Discipline and Service Standard 1.1.21 Stand Down/Removal from Membership and Notification of Criminal Charges and Convictions; or
 - b. Misconduct in the case of a staff member – see the misconduct processes under Section 69 of the *Government Sector Employment Act 2013* and Part 8 of the *Government Sector Employment Rules 2014*.
- 3.10 Potential outcomes where a finding of a breach of discipline or misconduct is made may include:
- a. Volunteers – reprimand, suspension, demotion, disqualifying the respondent from holding rank, imposition of conditions on membership or removal from membership; or
 - b. Staff members – any of the actions detailed in Part 5, Section 69 (4) of the *Government Sector Employment Act 2013*.

4 Related documents

- › *Government Information (Public Access) Act 2009*
- › *Independent Commission Against Corruption Act 1988*

- › *Ombudsman Act 1974*
- › *Public Interest Disclosures Act 1994*
- › *Public Interest Disclosures Regulation 2011*
- › Treasury Policy TPP15-03 Internal Audit and Risk Management Policy for the NSW Public Sector
- › Policy P1.1.3 Conflicts of Interest
- › Policy P1.1.4 Gifts and Benefits
- › Service Standard 1.1.7 Code of Conduct and Ethics
- › Service Standard 1.1.30 Public Interest Disclosures in the NSW RFS
- › NSW RFS Fraud and Corruption Prevention Framework
- › NSW RFS Fraud and Corruption Prevention Control Plan
- › NSW RFS Organisational Risk Management Framework
- › NSW RFS Corporate Governance Statement
- › NSW RFS Statement of Business Ethics
- › *Behaving Ethically: A guide for NSW government sector employees*

5 Amendments

AMENDMENT DATE	VERSION NO	DESCRIPTION
9 May 2016	1.0	<ul style="list-style-type: none"> › Initial release › This service standard repeals Service Standard 1.1.29 Reporting of Corruption Issues v1.1 and Policy P1.1.5 Fraud and Corruption Prevention v1.0 › Converts Policy P1.1.5 Fraud and Corruption Prevention into a Service Standard › Incorporates the NSW Public Service Commissioner's mandatory conduct standards outlined in '<i>Behaving Ethically: A guide for NSW government sector employees</i>' dated 2014 › Incorporates the principles contained in the Audit Office of New South Wales '<i>Self Audit Guide: Fraud Control</i>' dated 2015 › Clarifies the process for reporting suspected fraud and corruption internally within the NSW RFS as distinct from Service Standard 1.1.30 Public Interest Disclosures › Incorporates reference to the Fraud and Corruption Prevention Framework and Control Plan linkages › Incorporates reference to the NSW RFS Audit and Risk Committee role with respect to fraud and corruption prevention

SOP 1.1.32-1

Recording, Reporting and Appropriately Managing Offers of Bribes/Suspected Bribes

1 Purpose

1.1 This SOP sets out:

- a. The recording and internal reporting procedures to be followed where a member has been offered a bribe or suspected bribe during the course of his or her work or duties for the NSW RFS;
- b. The actions to be taken by Managers / Directors / Executive Directors to:
 - i. Support the member concerned;
 - ii. Manage any conflicts of interest; and
 - iii. Report the bribe or suspected bribe to the Director, Professional Standards; and
- c. The assessment and reporting actions to be taken by the Director, Professional Standards.

2 Procedures

NSW RFS Member's Obligations

- 2.1 Bribery is a crime and a form of corruption, therefore if an offer or suggestion of a bribe is made to any member directly or indirectly, the member must:
- a. Reject the offer and cease interacting with the person;
 - b. Immediately inform:
 - i. In the case of a staff member, their manager;
 - ii. In the case of a volunteer, their district manager; or
 - iii. In either case, to the Director, Professional Standards;
 - c. Prepare a written file note. The note should include: the date, time and place and circumstance when the offer was made; the identity of the person who made the offer and their contact details (if known); the member's view as to the intended purpose of the offer (i.e. what action or decision were they being encouraged to take?); what the member said or did when the offer was made; and any other relevant details. The member must sign and date the note;
 - d. Provide a copy of the note to:
 - i. In the case of a staff member, their manager;
 - ii. In the case of a volunteer, their district manager; or
 - iii. In either case, to the Director, Professional Standards; and
 - e. Comply with any directions from their Manager, Director, Executive Director or the Director, Professional Standards regarding future contact with the person or organisation that made the offer.

Manager's / Director's Obligations

- 2.2 Interview the member as soon as practicable to confirm facts and consider any action that may be required to be taken by the NSW RFS. This will normally include ensuring that the staff member is aware that they may access the services of the Counselling and Support Unit if required.
- 2.3 Inform the relevant Executive Director that a bribe or suspected bribe has been offered to the member.
- 2.4 Provide a copy of the member's file note to the relevant Executive Director.

- 2.5 In consultation with the relevant Executive Director / Director, Professional Standards take or ensure that appropriate management action is taken to avoid any actual, suspected or perceived conflict of interest.
- 2.6 This may include terminating any relationship with the person / organisation that has allegedly offered the bribe / suspected bribe. This will normally involve taking legal advice before terminating any contractual arrangements.
- 2.7 Provide instructions and directions to the member on how future contact with the person or organisation is to be managed.

Executive Directors' Obligations

- 2.8 Inform the Director, Professional Standards Unit that a bribe or potential bribe has been offered to a member.
- 2.9 Provide a copy of the member's file note to the Director, Professional Standards Unit.
- 2.10 Provide guidance as required to the relevant Manager / Director on appropriate management actions to avoid any actual, suspected or perceived conflict of interest.

Director Professional Standards' Obligations

- 2.11 Assess the member's file note and make recommendations to the Commissioner, through the Executive Director Membership and Strategic Services (EDMSS), regarding management strategies and any reporting obligations.
- 2.12 Notify the NSW RFS Commissioner and EDMSS of the circumstances of any suspected or actual bribe and prepare draft external reports for Commissioners consideration.
- 2.13 Liaise with ICAC / NSW Police Force and/or undertake misconduct investigations, as appropriate in consultation with EDMSS.
- 2.14 Provide guidance as required to the relevant Manager, Director or Executive Director on appropriate management actions to avoid any actual, potential or perceived conflict of interest and discuss any review necessary of any contractual or other arrangements in place that are involved.
- 2.15 Retain and a file copy of the file note and any accompanying documents.

Executive Director, Membership and Strategic Services' Obligations

- 2.16 EDMSS to review recommendations to the Commissioner from Director, Professional Standards.
- 2.17 Where a declaration requires further misconduct or disciplinary action or other investigation, manage the process in accordance with the appropriate Service Standards, Policies and other requirements.

Commissioner's Obligations

- 2.18 Report any suspected or actual bribe to the ICAC and other external agencies as required.

3 Related forms

- › None