

FRAUD AND CORRUPTION PREVENTION

The New South Wales Fire Brigades is committed to the highest standards of conduct, honesty, ethical behaviour and fairness to support our reputation as a highly trusted organisation.

POLICY

The New South Wales Fire Brigades (NSWFB) is committed to being an organisation that does not tolerate any form of fraud or corruption, and is vigilant in the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

As a NSWFB employee, you are required to act at all times with integrity in accordance with the NSWFB *Code of conduct* and related policies, and to safeguard the resources of the NSWFB.

You need to be aware of the risks of fraud and corruption in your work. You are required to ensure that:

- all practical steps are taken to avoid those risks, and

- you are vigilant in your work to detect any fraud or corruption.

If you have any reasonable grounds for suspecting that fraud or corruption, or attempts at fraud or corruption are occurring or someone has plans to commit fraud or corruption, this must be reported as soon as possible.

The guidelines accompanying this policy explain how the policy is to be implemented, and must be followed.

IMPLEMENTATION GUIDELINES

What is fraud and corruption?

Fraud is:

- dishonest activity causing loss to the NSWFB
- the use of deception to dishonestly obtain or give an improper benefit at cost to the NSWFB and the NSW Government
- improper access to, use, or disclosure of confidential or personal information
- the improper use of your position as a NSWFB employee for benefit
- dishonest activity causing loss to the public or other third parties where this is associated with or connected to the NSWFB
- attempting any of the above or conspiring to commit any of the above.



Corruption is:

- conduct of any person (whether or not a NSWFB employee) that adversely affects the honest performance of a NSWFB employee's functions or of the NSWFB's functions
- the performance of a NSWFB employee's functions dishonestly or with partiality
- conduct of a NSWFB employee or former employee that amounts to a breach of public trust
- conduct by a NSWFB employee or former employee that amounts to the misuse of information or material acquired in the course of the performance of their official functions
- a conspiracy or attempt to engage in the above conduct.

Sources of fraud and corruption

Fraud or corruption could arise from many sources, both external and internal.

Possible external sources include suppliers, service providers, contractors, consultants, customers, members of the public, computer hackers and a range of other third parties. Examples of the ways in which they could be a source of fraud or corruption include:

- offering bribes or excessive gifts
- trying to pressure your spouse to influence you to make a decision favouring them
- improperly accessing NSWFB information or computers
- suppliers overcharging the NSWFB
- contractors charging for time not worked.

The official definition of corruption is contained in sections 7, 8 and 9 of the *Independent Commission Against Corruption Act*.

If you are not sure whether something is fraudulent or corrupt you should raise it with your manager or another appropriate person. It is far better to raise concerns immediately than to ignore possible fraud and corruption.

Fraud and corruption include internal fraud and corruption undertaken by NSWFB employees or contractors, as well as fraud and corruption aimed at the NSWFB by outsiders.

Possible internal sources are employees, volunteers, work experience students, and other people within the NSWFB. Examples of how they could be a source of fraud or corruption include:

- employees claiming for time that they did not work
- knowingly claiming expenses that were not incurred for NSWFB work
- managers or supervisors allowing overtime to be worked when it is not required
- items purchased for personal use through the NSWFB
- giving a contract or job to a family member or close friend
- overlooking breaches when conducting an inspection of premises owned by a friend.

It should be noted that, for example, an honest mistake in making an expenses claim, or making a claim where the entitlements are subject to dispute, is not fraud, because such claims do not involve a deliberate attempt to deceive.

Preventing fraud and corruption

The most effective way of dealing with fraud or corruption is to prevent it occurring and to deter those who might attempt it.

You need to be aware of the risks of fraud and corruption against the NSWFB in your work, and either report these risks when you see them or, if it is within your area of responsibility, put in place appropriate internal controls. You also need to adhere to internal controls designed to prevent fraud and corruption risks occurring.

Detecting fraud and corruption

You need to be aware of the kinds of fraud or corrupt conduct that could occur and be vigilant in your work to detect them.

Supervisors and managers need to ensure that there are appropriate post-transaction reviews, management reports and other internal controls to detect any fraud or corruption that has occurred, as far as practical.

Reporting fraud and corruption

Any suspected fraud or corruption, attempts at fraud or corruption, or plans to commit fraud or corruption must be reported. These reports should be made in accordance with the guidelines for reporting breaches set out in the NSWFB *Code of Conduct*.

Reports must be made to:

- your team leader or manager; or
- the Professional Standards and Conduct Officer; or
- the NSWFB Commissioner, or
- the Independent Commission Against Corruption (ICAC).

Where you are responsible for engaging contractors and consultants, you need to ensure that they are informed that they are required to meet NSWFB standards in connection with fraud and corruption control and ethical conduct. Service providers, contractors, consultants and regular or large suppliers should formally be provided with a copy of the NSWFB's *Statement of Business Ethics*.

Examples include reviews of:

- overtime claimed
- claims for allowances
- time worked by contractors
- inspectorial decisions
- purchases
- gifts
- materials used
- expenses.

Any NSWFB employee receiving a report must take complete notes about what has been reported to him or her. They should then pass the report on to the Professional Standards and Conduct Officer (PSCO) as soon as practical.

Any attempts at fraud or corruption, even indirect attempts, should be reported.

All suspected fraud or corruption will be investigated by the NSWFB, as well as being reported to the ICAC who may choose to undertake their own independent investigation.

Protected disclosures

The *Protected Disclosures Act 1994* provides protection for people reporting some form of misconduct – that is, making a protected disclosure – in accordance with the provisions of the Act.

In addition, under the *Protected Disclosures Act*, employees may make a report (a “protected disclosure”) to a journalist or Member of Parliament in relation to a matter involving corruption, maladministration, or serious and substantial waste of public money, but only if **all** the following conditions are met:

- The employee making the disclosure:
 - has reasonable grounds for believing the disclosure is true; and
 - has already made the disclosure through the internal reporting system, or to the Commissioner or an investigating authority in accordance with the *Protected Disclosures Act*.
- The investigating authority, agency, employee or public official to whom the matter was originally referred has:
 - decided not to investigate the matter, or
 - decided to investigate the matter but not completed the investigation within six months of the original disclosure, or
 - investigated the matter but not recommended any action in respect of the matter, or
 - failed to notify the person making the disclosure, within six months of the disclosure, whether the matter is to be investigated.

Certain reports are **not** protected under the legislation:

- Reports made by a public official in the exercise of a duty imposed by or under an Act.
- Reports which:
 - are made frivolously or vexatiously,
 - primarily question the merits of government policy, or
 - are made solely or substantially with the motive of avoiding dismissal or other disciplinary action.

In addition, it is an offence to wilfully make a false or misleading statement when making a disclosure.

The *Protected Disclosures Act* requires that investigating authorities, agencies and public officials who receive protected disclosures do not disclose information that might identify or tend to identify any person who makes a disclosure. The exceptions to the confidentiality requirement are where:

- the person making the protected disclosure consents in writing to the disclosure of that information.
- it is essential, having regard to the principles of natural justice, that identifying information be disclosed to the person who is the subject of the protected disclosure.
- the investigating authority, employee or public official believes that disclosure of the identifying information is necessary to investigate the matter effectively or disclosure is otherwise in the public interest.

Any person who makes a protected disclosure must be notified, within six months of the disclosure being made, of the action taken or proposed to be taken in respect of the disclosure.

Under the *Protected Disclosures Act*, penalties (including fines and imprisonment) may be imposed against people who take detrimental action against a person making a protected disclosure. The definition of detrimental action includes:

- actions causing injury, damage or loss
- intimidation or harassment
- discrimination, disadvantage or adverse treatment in relation to employment
- dismissal from, or prejudice in, employment
- disciplinary proceedings.

Any employee who believes that detrimental action is being taken against them in reprisal for making a protected disclosure should immediately bring the allegations to the attention of the Commissioner or the Professional Standards and Conduct Officer who is the NSWFB Disclosure Coordinator.

If the employee who made a protected disclosure feels that such reprisals are not being effectively dealt with, they can contact the Ombudsman or ICAC.

Response to any detected fraud or corruption

Disciplinary processes will be followed in all cases where NSWFB employees have perpetrated or been involved with the perpetration of fraud or corruption, or have tolerated and not reported fraud or corruption.

Legal action will be taken where necessary to recover NSWFB funds or resources improperly taken, and prosecution of those involved in criminal actions will be pursued.

Roles and accountabilities for fraud and corruption prevention

Employees

- Maintain the highest standard of ethics in accordance with the *Code of conduct* and relevant Orders, policies and procedures.
- Be vigilant in your work to prevent and detect fraud or corruption against the NSWFB.
- Cooperate in the implementation of the NSWFB *Fraud and corruption prevention plan* (currently under development).
- Report any suspected fraud or corruption of which you become aware or suspect on reasonable grounds.
- Assist in any investigations of fraud and corruption as required.
- Protect people who have reported fraud or corruption in accordance with the NSWFB reporting policy from detrimental action.
- Refrain from any activity that is, or could be perceived to be, victimisation or harassment of a person who makes a report of fraud or corruption.
- Protect and maintain the confidentiality of a person you know or suspect to have made a report of fraud or corruption.

Supervisors and Managers

- Identify and understand the risks of fraud and corruption against the NSWFB in your area, including risks in relation to any commercial relationships with third parties (particularly ongoing relationships).
- Implement and maintain appropriate internal controls to reduce fraud and corruption risks in your area of responsibility to an acceptable level.

- Promote the importance of ethical conduct and compliance with the *Code of conduct* and related policies and procedures.
- Implement your responsibilities under the NSWFB *Fraud and corruption prevention plan* (currently under development), including providing staff in your area with relevant information.
- Receive and immediately pass on reports of suspected fraud or corruption in accordance with the reporting policy.
- Take appropriate measures to help ensure that employees who make reports in accordance with the reporting policy are protected from detrimental action.

Directors and Deputy Commissioners

- Implement your responsibilities under the *Fraud and corruption prevention plan* (currently under development).
- Maintain a high-level of commitment to controlling the risks of fraud and corruption
- Maintain a high level of risk consciousness for the risks of fraud and corruption.
- Actively promote a culture of corruption resistance and fraud prevention and detection.
- Actively promote a culture of high ethical standards.

The Corporate Executive Group

- Actively promote a sound control environment, risk consciousness, a culture of corruption resistance and fraud prevention and high ethical standards, including through adoption, implementation and monitoring of compliance with the NSWFB *Fraud and corruption prevention plan*.