Justice Health and
Forensic Mental Health Network

Justice Health NSW Policy

Corruption and Fraud Prevention Control

Issue Date: 05 December 2024

Together for
Healthier Tomorrows

Corruption and Fraud Prevention Control

Policy Number 2.020

Policy Function Leadership and Management

Issue Date 05 December 2024

Next Review Date 05 December 2026

Risk Rating High

Summary This policy communicates Justice Health and Forensic Mental Health Network's approach to the prevention, detection and response to fraud and corruption. Effective implementation of this policy will help ensure that public confidence in the integrity of Justice Health and Forensic Mental Health Network is maintained and will enhance the ability to achieve organisational outcomes.

Responsible Officer Director, Office of the Chief Executive

Applies to
☒ Administration Centres
☒ Community Sites and programs
☒ Health Centres - Adult Correctional Centres or Police Cells
☒ Health Centres - Youth Justice Centres
☒ Long Bay Hospital
☒ Forensic Hospital

CM Reference POLJH/2020

Change summary
- Minor update to Responsible Officers

Authorised by Chair, Policy Steering Committee

Revision History

#	Issue Date	Number and Name	Change Summary
9	December 2024	2.020 Corruption and Fraud Prevention Control	• Minor updates to Responsible Officers
8	April 2023	2.020 Corruption and Fraud Prevention Control	• Minor updates
7	October 2019	2.020 Corruption and Fraud Prevention Control	• Minor updates
6	June 2016	2.020 Corruption and Fraud Prevention Control	• Policy updated to include the Fraud and Corruption Control Framework
5	April 2012	2.020 Corruption and Fraud Prevention Control	• Policy updated to include Chief Executive's responsibilities in

			accordance with reporting requirements under Ministry of Health PD2011_070
4	September 2011	2.020 Corruption Prevention and Fraud Control	• Minor wording changes • Reinforcing the expectation that senior managers are required to identify and mitigate areas of fraud and corruption risk in their area of responsibility
3	May 2009	2.020 Corruption Prevention and Fraud Control	• Minor updates
2	February 2005	2.020 Corruption Prevention and Fraud Control	• Title change • Minor updates
1	September 2000	2.020 Corruption Prevention Plan and Fraud Control	• New policy

PRINT WARNING

Printed copies of this document, or parts thereof, must not be relied on as a current reference document.

Always refer to the electronic copy for the latest version.

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1. Preface

Justice Health and Forensic Mental Health Network (Justice Health NSW) is committed to maintaining an organisational culture that ensures effective fraud and corruption prevention is a core management capability and an integral part of all activities. Justice Health NSW's Corruption Prevention and Fraud Control Policy is based on the NSW Health (the Ministry) Police Directive PD2025_038 *Fraud and Corruption Prevention* and the *Audit Office of NSW's Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations*.

The NSW community expects public officials to perform their duties with integrity, honesty and in the best interests of the public. Corrupt conduct is any conduct that adversely affects or could adversely affect the honest or impartial exercise of official functions by a public official or public authority. Corruption commonly involves the dishonest or preferential use of power or position that has the result of one person or agency being advantaged over another.

This policy applies to all staff employed by Justice Health NSW whether in a permanent, temporary, casual, honorary or termed capacity.

2. Policy Content

2.1 Mandatory Requirements

Section 316 of the *NSW Crimes Act 1900* has to be considered in the performance and responsibilities of all staff. The effect of Section 316(1) is that if you know or believe that a serious indictable offence has been committed and you have information that might be of material assistance in securing the apprehension, prosecution or conviction of the offender, then in the absence of a reasonable excuse, you are committing an offence yourself if you fail to disclose the information to the police or other appropriate authority.

All Justice Health NSW staff must take action to prevent fraudulent and corrupt conduct. It is the responsibility of all Justice Health NSW staff, and particularly managers, to promote awareness that fraudulent and corrupt conduct are not acceptable. Justice Health NSW staff must demonstrate that they provide an honest, ethical and professional service.

Action will be taken against any staff member who fails to reasonably take action to prevent or report or who takes part in corrupt fraud or corruption. A formal investigation must be initiated without delay following an allegation of corrupt conduct or fraud. Staff who report corrupt conduct or fraud must be advised of their rights including Public Interest Disclosures.

2.2 Roles and Responsibilities

2.2.1 Chief Executive (CE)

The CE is responsible for:

- providing an ethical culture through their leadership and personal standards of behaviour;
- advising and reporting to the Corporate Governance and Risk Management Unit at the NSW Ministry of Health, of any instance of possible fraudulent or fraudulent and corrupt conduct reported to the *Independent Commission Against Corruption* (ICAC);
- ensuring that an effective internal reporting system is operating and communicated within the organisation; and

- ensuring that fraudulent or corrupt conduct that qualifies as a SAC 1 (e.g. fraud over $100,000) is reported to the **NSW Health via a Reportable Incident Brief (RIB)** in accordance with NSW Policy Directive: PD2020_047 *Incident Management.*

The CE also has ultimate responsibility for Justice Health NSW Policy 2.020 Corruption Prevention and Fraud Control Policy and Fraud and Corruption Control Framework Section 3.1.

2.2.2 Tier 2 Executives

Tier 2 Executives are responsible for:

- providing an ethical culture through their leadership and personal standards of behaviour;
- ensuring all managers have the knowledge and skills to prevent fraud and corrupt conduct and if it does occur to effectively manage the incident;
- monitoring compliance with this policy and the Fraud and Corruption Control Framework;
- reporting fraudulent and corrupt conduct to the CE; and
- ensuring appropriate resources are budgeted and dedicated to fraud and corruption control.

2.2.3 Chief Financial Officer

The Chief Finance Officer is responsible for:

- providing leadership through their personal standards of behaviour;
- ensuring cash and asset controls are in place;
- ensuring financial reporting systems are in place to achieve a financial management structure which identifies management accountability and provides information which supports that accountability; and
- maintaining and ensuring compliance with the level of financial authority delegated by Justice Health NSW Board to specified Justice Health NSW staff positions.

2.2.4 Director Office of the Chief Executive

The Director Office of the Chief Executive is responsible for:

- producing Corruption Prevention and Fraud Control policies, procedures and training proposals;
- liaising with internal and external investigators;
- ensuring through their responsibilities in Corporate Governance by the adequacy and effectiveness of the systems of internal control and report to management on omissions, weaknesses or deficiencies that require corrective action;
- assuring the quality of investigation processes and reports;
- providing advice to staff affected by internal investigations;
- maintaining a register of fraud and corruption reporting and regular review;

- reporting to Justice Health NSW's Audit and Risk Committee (ARC) which is responsible for overseeing the effectiveness of Justice Health NSW fraud and corruption control strategies and plans; and
- reporting possible and actual reported fraudulent and corrupt conduct to the CE.

2.2.5 Director People and Culture

The Director People and Culture is responsible for:

- producing Corruption Prevention and Fraud Control policies, procedures and training proposals;
- liaising with internal and external investigators;

2.2.6 Service Directors, Clinical Directors, Medical Director, Managers and Supervisors

This level of management is responsible for:

- providing an ethical culture through their leadership and personal standards of behaviour;
- implementing Justice Health NSW Corruption Prevention and Fraud Control Policy and Fraud and Corruption Control Framework within their areas of responsibility;
- identifying and mitigating areas of fraud and corruption risk in their area of responsibility;
- ensuring staff are aware of their responsibilities in relation to preventing and reporting fraudulent and corrupt conduct. This may include displaying information in the workplace, briefing new employees and regularly including the subject on the agenda for team meetings;
- encouraging staff to report fraudulent and corrupt conduct;
- monitoring compliance with this policy and the Fraud and Corruption Control Framework;
- reporting and investigating allegations of fraudulent and corrupt conduct;
- taking immediate action to prevent further instances of corrupt conduct or fraud following the reporting of such conduct; and
- ensuring that staff are not subjected to any detriment as a result of their reporting corrupt conduct or fraud. Refer to NSW Health Policy Directive: PD2023_026 *Public Interest Disclosures*.

A checklist to assist managers and directors to prevent fraudulent and corrupt conduct is provided in Appendix 3 – Preventing Fraud and Corruption Checklist.

2.2.7 Staff

All Staff are responsible for:

- contributing to an ethical culture through personal standards of behaviour;
- performing their duties honestly, efficiently and to the best of their ability;
- not misusing or misappropriating public resources, including all property and assets under the control of Justice Health NSW or other government agencies;

- familiarising and aligning themselves with 7.025 *Code of Conduct*, NSW Health Policy Directive: PD2015_049 *NSW Health Code of Conduct* and NSW Public Service Commission Guide: *Behaving Ethically A Guide for NSW Government Sector Employees*.
- reporting known or suspected fraudulent and corrupt conduct to their manager without delay or in the case of a Public Interest Disclosure, to the relevant Disclosure Officer in accordance with NSW Health Policy Directive: PD2023_026 *Public Interest Disclosures* or directly to New South Wales *Independent Commission Against Corruption* (ICAC) and
- not making any vexatious, frivolous or malicious report of fraudulent or corrupt conduct.

2.2.8 Audit & Risk Committee (ARC)

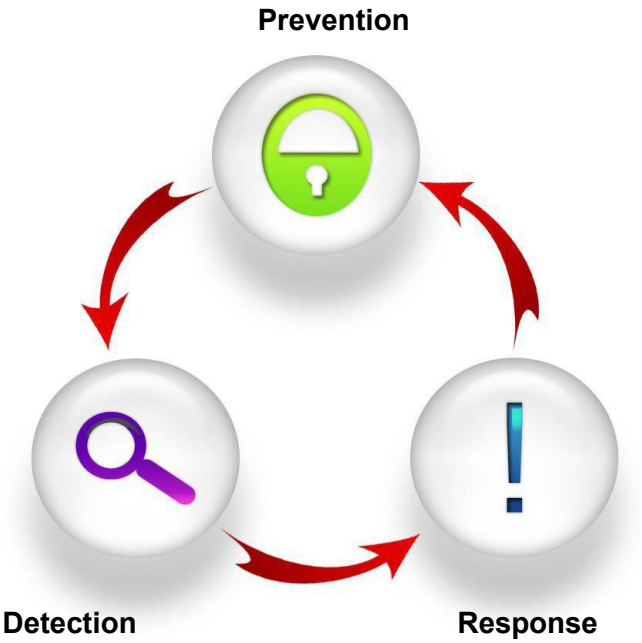
The ARC is responsible for the independent monitoring and overseeing the effectiveness of Justice Health NSW's fraud and corruption control strategies and plans.

Additional principles for managing fraudulent and corrupt conduct are referenced in NSW Health Policy Directive: PD2025_038 *Fraud and Corruption Prevention.*

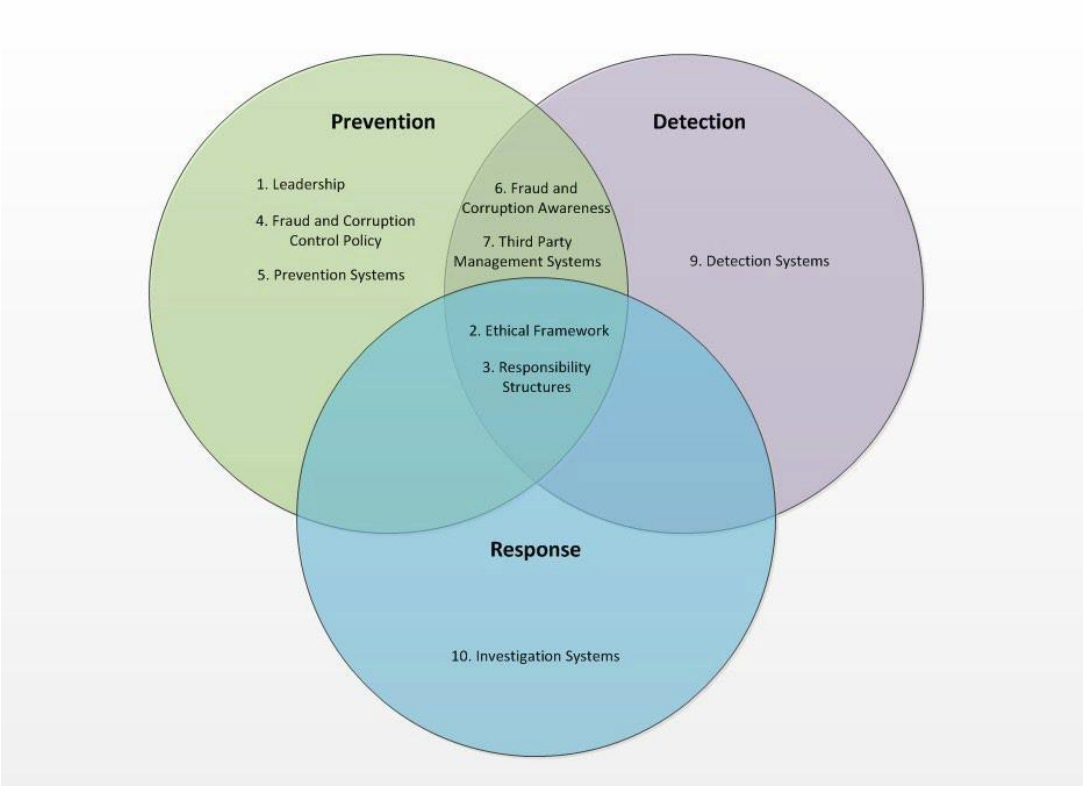
3. Procedure Content

3.1 Fraud and Corruption Control Framework

Justice Health NSW's Fraud and Corruption Control Framework consists of ten key attributes which sit within the themes of prevention, detection and response.



The ten key attributes are listed in the below diagram.



Attribute 1: Leadership

Justice Health NSW is committed to promote an organisational culture that will not tolerate any act of fraud or corruption. This Fraud and Corruption Control Framework is designed to put this principle into practice. Apart from the legal consequences of fraud and corruption, improper acts have the potential to damage Justice Health NSW's public image and reputation. All staff must be above fraud and corruption. Sanctions will apply to those who are not.

Executives and managers have a key role in providing an ethical culture through their leadership.

Attribute 2: Ethical Framework

This policy and framework should be read in conjunction with Justice Health NSW Procedure 7.025 *Code of Conduct*; Justice Health NSW Policy 2.022 *Delegations Authority*; NSW Health Policy Directive PD2015_049 *NSW Health Code of Conduct*; NSW Health Policy Directive: PD2023_026 *Public Interest Disclosures*;

NSW Health Policy Directive: PD2015_045 *Conflicts of Interest and Gifts and Benefits* and NSW Public Service Commission Guide *Behaving Ethically A Guide for NSW Government Sector Employees*. All staff are expected to behave and conduct decision-making in accordance with *NSW Health Values*.

Attribute 3: Responsibility Structures

There are clear roles and responsibilities for implementation and monitoring of Justice Health NSW corruption prevention and fraud control. These are set out in this policy under Section 2.2 Roles and Responsibilities.

Justice Health NSW's Internal Audit function plays a key role in fraud and corruption control through providing assurance to management on the adequacy of internal control systems in place and that they are being properly followed. Internal Audit will also conduct engagements over high risk fraud and corruption areas.

Attribute 4: Corruption Prevention and Fraud Control Policy

This document is the Corruption Prevention and Fraud Control Policy which will be reviewed and updated on a regular basis.

Attribute 5: Prevention Systems

Justice Health NSW primarily through the Risk and Assurance Unit within the Office of the Chief Executive conducts fraud and corruption risk assessments; in conjunction with the Directorates. Improvements to internal control systems are made to mitigate risks identified in fraud and corruption risk assessments.

The fraud and corruption risk assessment informs the enterprise risk management register and is reviewed regularly by the Chief Executive (CE), Audit Risk Committee (ARC) and NSW Health. The register also forms the basis of the annual Internal Audit program and a range of other risk treatments including improved fraud and corruption controls.

A register of fraud and corruption reporting is maintained providing details on all actions taken and outcomes. This register is regularly reviewed to identify any systemic issues that need attention.

Attribute 6: Fraud and Corruption Awareness

All Justice Health NSW staff are responsible for notifying management of any actual or perceived fraud or corruption by other employees, contractors, consultants, suppliers, etc.

It is recommended that fraud and corruption awareness is promoted through various channels including attendance to fraud and corruption control training, and ensuring communications in team meetings, intranet and newsletter communications.t need attention.

Attribute 7: Third Party Management Systems

Services for Justice Health NSW may be delivered by third parties. It is imperative to identify who is responsible for managing fraud and corruption and raising awareness of fraud and corruption committed by and against third parties.

Staff that conduct third party management, such as staff that work in procurement and contract management functions need to be aware of the fraud and corruption risks when services are delivered by third parties. Prior to engaging contractors or third parties, staff should carry out risk-based due diligence.

Where appropriate, contracts and service level agreements should include clear fraud and corruption prevention accountabilities and include provisions for termination if a third party breaches its fraud and corruption responsibilities. Contractors and suppliers should also be encouraged to provide information if they suspect fraud and corruption is occurring.

Staff are required to disclose conflicts of interests and secondary employment. Refer to NSW Health Policy Directive: PD2015_045 *Conflicts of Interest and Gifts and Benefits* and NSW Health Policy Directive PD2015_049 *NSW Health Code of Conduct*.

Attribute 8: Notification Systems

Any staff member who suspects that corrupt conduct or fraud has or is occurring must report it without delay to their manager or service director or clinical director. If for whatever reason an employee is unable or unwilling to report the matter to their manager or director, he/she should contact the Director Office of the Chief Executive, the Director People and Culture or Chief Executive.

The manager receiving the information must document the information if the staff member is unable or unwilling to provide a written statement.

Any person may refer to the ICAC a matter that may concern corrupt conduct. The ICAC does not disclose the identity of the complainant and may, among other things, investigate the matter or refer it to the NSW MoH or the NSW Police Force for investigation.

All staff should also be aware that Justice Health NSW will not tolerate any discrimination or harassment of staff who, in good faith, report possible cases of corrupt conduct.

Staff who suspects fraudulent or corrupt conduct is occurring may wish to refer to NSW Health Policy Directive: PD2023_026 *Public Interest Disclosures*.

Staff should be aware that Section 316(1) of the *NSW Crimes Act 1900* states that in certain circumstances, failure to report a serious offence (which could include fraud) is an offence.

Attribute 9: Control Systems

Robust internal controls are an effective way to detect fraud and corruption and are an essential part of the business. Internal controls are designed to prevent, detect or correct and include:

- Segregation of duties
- Approvals and authorisations
- Verifications
- Reconciliations
- Management reviews
- Data analytics
- Data mining tools
- Risk assessments
- Physical security
- Job rotations
- Independence reviews including internal and external audits.

The Justice Health NSW Internal Audit function is responsible to have a risk-based internal audit program which will assist in evaluating and improving internal controls.

Indicators, examples and checklists of fraud and corruption are provided in Appendix 1, Appendix 2 and Appendix 3 can be used to assist in detection.

Attribute 10: Investigation Systems

Managers or staff must not commence any investigation relating to allegations of corrupt conduct or fraud without guidance from Director Office of the Chief Executive, the Director People and Culture or Chief Executive.

This guidance will include:

- Who will conduct the investigation;
- What will be investigated;
- How the investigation will be conducted and when it should be concluded; and
- Any requirements that should be included in the report.

The CE must consider whether to report the matter to the NSW Police Force and or other agencies such as Corrective Services New South Wales (CSNSW) or Youth Justice NSW (YJNSW).

Reports of fraud and corruption should be investigated promptly. Depending on the nature of the alleged fraud or corruption and the experience of internal staff, it may be appropriate for the investigation to be conducted by an external party. All investigations (regardless if the investigation is handled internally or externally) must be conducted by appropriate personnel with recognised qualifications, such as a Certificate IV in Government (Investigations) and appropriate experience. A suitable person in Justice Health NSW should also be appointed to oversee any investigations carried out.

More information on investigations and disciplinary actions can be found in NSW Health Policy Directive PD2025_021 *Managing Misconduct, Serious Performance and Child Related Concerns*.

4. Definitions

Must

Indicates a mandatory action to be complied with.

Should

Indicates a recommended action to be complied with unless there are sound reasons for taking a different course of action.

Fraud

Fraud is defined by Standards Australia: *AS 8001-2008 Fraud and Corruption Control Standards* as dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

Fraud can also be seen as a major subset of corruption and is a deliberate, intentional and premeditated dishonest act or omission acted out with the purpose of deceiving to gain advantage from a position of trust and authority. It includes acts such as theft, making false statements/representation, evasion, manipulation of information, criminal deception and misuse of Justice Health NSW's property or time.

Corruption

Corruption is defined by Standards Australia: *AS 8001-2008 Fraud and Corruption Control Standards* as dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses their position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

5. Related Documents

Legislations	*NSW Crimes Act 1900* *NSW Health Services Act 1997*
Justice Health NSW Policies, Guidelines and Procedures	2.022 *Delegations Authority* 7.025 *Code of Conduct*
Justice Health NSW Forms	
NSW Health Policy Directives and Guidelines	PD2015_045 *Conflicts of Interest and Gifts and Benefits* PD2015_049 *NSW Health Code of Conduct* PD2016_029 *Corrupt Conduct - Reporting to the Independent Commission Against Corruption (ICAC)* PD2020_047 *Incident Management* PD2023_026 *Public Interest Disclosures* PD2025_021 *Managing Misconduct, Serious Performance and Child Related Concerns* PD2025_038 *Fraud and Corruption Prevention* *NSW Health Values*
Other documents and resources	*Audit Office of NSW's Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations* *Independent Commission Against Corruption* NSW Public Service Commission Guide: *Behaving Ethically A Guide for NSW Government Sector Employees* Standards Australia: *AS 8001-2008 Fraud and Corruption Control Standards*

Association of Certified Fraud Examiers (ACFE): *Fraud 101: What is Fraud?*

Association of Certified Fraud Examiers (ACF): *Occupational Fraud and Abuse Classification System (The Fraud Tree)*