

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

1. Overview

NSW Health Pathology has zero tolerance for fraud and corruption. This Policy records NSW Health Pathology's commitment to the prevention and detection of fraud and corruption, and provides a transparent framework for reporting, investigating and responding to fraud and corruption should it occur.

Fraud and corruption control is the responsibility of all Staff. The aim of this Policy is to foster an environment that actively:

- Discourages fraudulent and corrupt activities and
- Encourages all Staff to play a critical role in the detection of fraud and corruption, without fear of reprisals.

This will strengthen NSW Health Pathology's integrity and protect its people, culture, assets, interests and reputation.

Any instances of fraud or corruption identified will be fully investigated and appropriate disciplinary, recovery and criminal action will be vigorously pursued.

2. Background

NSW Health Pathology's approach to fraud and corruption, as set out in this Policy, has been designed to reflect:

- a) Minimum requirements outlined in NSW Treasury Circular TC18-02: NSW Fraud and Corruption Control Policy;
- b) The Audit Office's Fraud Control Improvement Kit;
- c) The NSW Auditor-General's Ten Attributes of Best Practice in Fraud Control; and
- d) The standards, principles and strategies in Australian Standard AS 8001 – 2021-Corporate Governance – Fraud and Corruption Control.

Additional policies are identified in section 14 of this Policy.

3. Definitions

Corruption

'Corrupt Conduct' is broadly defined in Sections 8 and 9 of the *Independent Commission Against Corruption Act 1988* (NSW) (**ICAC Act**). The main element of corruption is the misuse of public office. Commonly, corruption involves the dishonest or partial use of power or position resulting in one person being advantaged over another. Corruption can take many forms including (but not limited to):

- A public official improperly using the knowledge, power or resources of their position for personal gain;
- A public official dishonestly or improperly exercising their functions, breaching public trust or misusing information or resources acquired during the course of their official functions;
- A member of the public influencing, or trying to influence, a public official to use his or her position in a way that is dishonest, biased or breaches public trust.

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

In order to constitute 'corrupt conduct', the conduct must be more than trivial, and constitute or involve a criminal offence, a disciplinary offence or reasonable grounds for dismissal. For further information, please refer to the NSW Health Managing Misconduct Policy Directive PD2018_031.

Fraud

Dishonest activity, by Staff or external persons, causing actual or potential financial loss, including the theft of moneys or other property. This includes the deliberate falsification, concealment, destruction or improper use of documentation used for a normal business purpose or the improper use of other information or position for personal financial benefit.

Staff

Includes:

- Anyone employed by NSW Health Pathology whether on a permanent, casual or temporary basis
- Contractors (including visiting practitioners, recruitment agency staff and volunteers) working within or for NSW Health Pathology
- Students, researchers or anyone undertaking or delivering training, education or research in NSW Health Pathology.

4. Scope

This Policy is mandatory and applies to all NSW Health Pathology Staff.

5. Ethical Framework

All Staff must comply with the NSW Health Code of Conduct and promote and uphold NSW Health Pathology's RITE values (Respect, Integrity, Teamwork and Excellence) as well as the CORE values (Collaboration, Openness, Respect, Empowerment) of the whole of NSW Health.

In addition, NSW Health Pathology maintains a range of ethical behaviour policies and procedures, that align with the NSW Health Code of Conduct. All Staff must comply with these policies.

6. Examples of Fraud and Corruption

The following list is not exhaustive but includes some of the more common examples of fraud and corruption in the public sector:

Theft of assets, such as equipment, consumables, cash and information.

Unauthorised or illegal use of assets, information or services for private purposes, including:

- Email and the Internet
- Motor vehicles
- Clerical and other support
- Confidential or personal information
- Equipment, including computers, photocopiers, telephones and fax machines
- The NSW Health Pathology name or logo e.g. through use of letterhead or staff authority/access card.

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

Abuse of position and power for personal gain, such as:

- Seeking or receiving bribes or other gifts in exchange for favourable treatment
- Nepotism in recruitment or promotion processes.

Manipulation and misuse of account payments, such as:

- Fictitious employees on the payroll
- Ordering equipment for private and personal use
- Favours suppliers whose costs are not as competitive as other suppliers
- Unauthorised approval to pay
- Diversion of proceeds
- Unauthorised writing off debts.

Falsification of records, including:

- Timesheets/flexsheets
- Travel claims
- Purchase orders
- Petty cash vouchers
- Certificates of competency or qualification.

Manipulation of computer programs for improper purposes, such as:

- Unauthorised alteration of input data
- Misappropriation, destruction or suppression of output data
- Alteration of computerised data
- Alteration or misuse of software programs
- Unauthorised and /or deceptive electronic transfer of funds.

Further information on what constitutes corrupt conduct can be found on the Independent Commission Against Corruption's (ICAC) website: <https://www.icac.nsw.gov.au/about-corruption/what-is-corrupt-conduct>

7. Roles and Responsibilities

The **Chief Executive** has ultimate responsibility for:

- The fraud and corruption control framework of NSW Health Pathology
- Leading ethical behaviour and work practices
- Reporting to ICAC any matter that the Chief Executive (as the Principal Officer for the purposes of the ICAC Act) suspects on reasonable grounds concerns or may concern corrupt conduct.

The **Board** is responsible for providing effective and ethical governance of NSW Health Pathology and approving effective and comprehensive corporate governance frameworks.

The **Audit and Risk Management Committee** provides independent assistance to the Board and Chief Executive by:

- Reviewing NSW Health Pathology's fraud and corruption control framework and
- Seeking assurance that NSW Health Pathology has appropriate processes and systems in place to capture and effectively investigate fraud related information.

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

Each of the **Strategic Leadership Team (SLT)** is responsible for:

- Modelling and leading behaviour that is ethical and consistent with the NSW Health Code of Conduct and CORE and RITE values
- Approving the fraud and corruption control framework (including this Policy)
- Implementing and enforcing the fraud and corruption control framework in accordance with this Policy
- Ensuring effective and correct use of delegations of authority.

The **Director, Legal and Corporate Governance** is responsible for:

- Producing fraud and corruption policies, procedures, training and guidance
- Coordination and oversight of Internal Audit
- Advising senior management on investigation processes and reports
- Undertaking or procuring investigations in relation to alleged fraud or corruption where appropriate
- Ensuring that investigation processes above are best practice and in line with Ministry of Health Policies
- Maintaining a confidential register of all fraudulent and corrupt conduct (including actions taken and outcomes) to assist with monitoring and reporting on fraud and corruption related trends and risks to the Strategic Leadership Team and Audit and Risk Management Committee
- Overseeing bi-annual fraud awareness Staff survey
- Facilitating external reporting by the Chief Executive to ICAC, NSW Police and other external agencies as required
- Providing six-monthly reports to the NSW Ombudsman containing statistical information on NSW Health Pathology's compliance with its obligations under the ICAC Act (see further section 12).
- Establishing and maintaining NSW Health Pathology processes and procedures to ensure compliance with the Public Interest Disclosures Act 2022 (NSW) (PID Act), NSW Health Policy PD2023_026 (Public Interest Disclosures) and NSWHP PID Procedure PR_039 for management of public interest disclosures
- Reporting annual public interest disclosures data to the NSW Ombudsman in accordance with the PID Act.

The **Director, People and Culture** is responsible for:

- Implementing and managing the Employee Induction program and ensuring that new Staff are aware of the requirements of the NSW Health Code of Conduct and organisational culture and values
- Implementing and managing ongoing Staff training and awareness in relation to the NSW Health Code of Conduct and other ethical behaviour initiatives
- Overseeing employment screening
- Overseeing the fair application and management of the disciplinary process for dealing with fraudulent or corrupt conduct.

Internal Audit is responsible for:

- examining and evaluating the adequacy and effectiveness of processes, systems and controls established by management in relation to fraud and corruption taking into account best practice and NSW Health Pathology's specific business needs and risks
- Planning and delivery of internal audit projects having regard to identification of significant fraud risks and implementation of appropriate mitigation strategies
- Identifying and communicating changes to fraud risk to facilitate appropriate response.

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

The **Chief Information Officer** is responsible for:

- Maintaining the Information Security Management System Framework
- Ensuring there are adequate processes, systems and controls in place to mitigate risks of technology-enabled fraud, corruption and cybercrime.

All **managers** must:

- Model and promote behaviour that is ethical and consistent with the NSW Health Code of Conduct, CORE and RITE values
- Undertake (at least annually) fraud and corruption risk assessments within their area of responsibility and notify the Enterprise Risk Manager of any risks identified required to be recorded in the Enterprise Risk Register
- Maintain effective systems of internal control, including correct use of delegations of authority
- Develop detection strategies for material fraud and corruption risks
- Respond quickly and effectively where inappropriate behaviour or wrongdoing is suspected or detected
- Maintain open channels of communication with all Staff and ensure Staff undertake compulsory fraud and corruption prevention training
- Support and protect Staff who report instances of fraudulent or corrupt behaviour applying, where appropriate, the protections of the Public Interest Disclosure framework set out in Section 12 below
- Reassess controls following detection of fraud or corruption

All **Staff** must:

- Act ethically and in accordance with the CORE and RITE values
- Abide by the NSW Health Code of Conduct
- Promptly report actual or suspected wrongdoing that may be considered to be fraudulent, corrupt or in breach of the Code of Conduct to the Chief Executive, the Director Legal and Corporate Governance, their manager or to ICAC, as appropriate, or otherwise in accordance with NSW Health Pathology Public Interest Disclosures Procedure NSWHP PR 039
- Co-operate with any investigations and the implementation of fraud and corruption control strategies.
- Maintain accurate and complete records of NSW Health Pathology activity.

8. Fraud Prevention

Managers are to undertake fraud and corruption risk assessments at least annually and monitor the operation of internal controls to effectively mitigate these risks. Ad hoc fraud and corruption risk assessments should also be undertaken when there is significant change in the function, structure or activities within their area.

The Enterprise Risk Manager will provide guidance material for managers to undertake fraud and corruption risk assessments and assist management with their assessment where necessary.

NSW Health Pathology is committed to employing Staff that support our ethical values. Pre-employment screening is used to verify information supplied by candidates on their resumes and applications, and includes two reference checks prior to a position being offered and NSW Police check prior to the start of employment.

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

9. Fraud Awareness

The most common way in which fraud and corruption is detected is by observation and reporting by Staff. Every Staff member must have a general awareness of fraud and corruption risks and how they should respond if this type of activity is detected or suspected. NSW Health Pathology, through its People and Culture, Strategic Communications and Corporate Governance teams, will promote a comprehensive fraud and corruption education and awareness program which will include:

- Maintaining a fraud and corruption promotion activity calendar through various forms of media, including noticeboards, staff newsletters, organisation wide emails and intranet
- Requiring all Staff upon commencement of employment to undertake training online (HETI) in relation to the NSW Health Code of Conduct
- Delivering targeted ethical awareness training to those areas with assessed higher fraud and corruption risks or where there is a higher incidence of these activities
- Embedding ethical behaviour content and RITE values in all Staff training packages
- Communicating to patients and the community NSW Health Pathology's zero tolerance for fraud and corruption through external publicity campaigns and providing guidance on how they can report suspected unethical behaviour.

10. Dealings with External Parties

From time to time NSW Health Pathology relies on services being delivered or supported by third parties. This adds further complexity to the issue of managing the risk of fraud and corruption committed by or against third parties.

To manage the fraud and corruption risks associated with services sourced or delivered by third parties, NSW Health Pathology is committed to the following measures:

- Staff handling the engagement and management of third parties will be provided with training and education to ensure they are aware of the fraud and corruption risks with these arrangements
- Contracts engaging third parties will include clear accountabilities for managing fraud and corruption and include termination provisions if a third party breaches its fraud and corruption obligations
- All third parties will be issued with a copy of NSW Health Pathology's Statement of Business Ethics and provided with clear directions on reporting suspected fraudulent or corrupt behaviour.

11. Detection Systems

NSW Health Pathology has proactive detection measures to identify early warning signs including audits, clear delegations and segregation of duties in procurement decision-making. It also has a clear fraud and corruption reporting system set out in section 12 of this Policy.

Where managers identify fraud and corruption risks they must implement robust internal control procedures to ensure the risks are managed effectively. Managers must undertake regular reviews of the control system and where possible implement other detection procedures to help identify irregularities.

The Chief Audit will:

- a) Consider fraud and corruption risks in audits undertaken; and
- b) Be available to assist management with evaluating the adequacy and effectiveness of their established controls for preventing or detecting possible fraud or corruption.

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

12. Fraud Reporting

Obligation to report

All Staff are required to report any actual or suspected fraudulent or corrupt conduct. The new PID Act provides a framework for public officials to report serious wrongdoing in the public sector, and to be protected when they do so. NSW Health Pathology will ensure confidentiality requirements under the PID Act are maintained, that reports are addressed objectively, and reporters will be protected from reprisals or retribution.

How to report

Staff and other parties can report suspected corrupt or fraudulent activity by a range of NSW Health Pathology formal channels for Staff. Internally, Staff can report suspected fraudulent or corrupt conduct as set out in NSW Health Pathology Public Interest Disclosures Procedure NSWHP PR 039, including to:

- The Chief Executive
- The Director, Legal and Corporate Governance
- Legal Counsel
- The Privacy, Right to Information and Records Officer
- Associate Directors of HR
- Local HR Managers
- Senior Operations and Operations Managers
- Their manager
- A disclosures officer under the NSW Health Pathology Public Interest Disclosures Procedure NSWHP PR 039.

In most instances, reports of actual or suspected fraud or corruption can be addressed internally. However, if Staff have concerns that their report will not be dealt with appropriately then they have the option of reporting directly to ICAC.

Members of the public, and other stakeholders such as suppliers or contractors, can report suspicions of fraud or corruption in writing or verbally to NSW Health Pathology's Director of Legal and Corporate Governance. Staff should be aware of the provision in section 316(1) of the Crimes Act 1900 (NSW) which states that a failure to report a serious offence, including fraud, is an offence.

Members of the public, and other stakeholders such as suppliers or contractors, can report suspicions of fraud or corruption in writing or verbally to NSW Health Pathology's Director of Legal and Corporate Governance.

Public Interest Disclosures

Where the alleged fraudulent or corrupt conduct amounts to "serious wrongdoing" under the PID Act, regard should be had to the PID Procedure. PIDs are required to be managed in accordance with NSW Health Policy PD2023_026 (Public Interest Disclosures) and NSW Health Pathology Public Interest Disclosures Procedure NSWHP PR 039

External notification by NSW Health Pathology

All cases of alleged fraud and corruption will be notified by the Chief Executive to ICAC and the Compliance Unit, Legal and Regulatory Services Branch, NSW Ministry of Health, in accordance with

Page 7 of 10

Approver: Director Legal & Corporate Governance, Version Number: V3.0, Publication Date: 12/04/2024

This document is subject to change and a printed copy may not be up to date.

The current version is only available online in the NSW Health Pathology Policy Library

www.pathology.health.nsw.gov.au

for all of
us

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

the ICAC Act and the NSW Health Corrupt Conduct – Reporting to the Independent Commission Against Corruption Policy Directive PD2016_029.

All cases involving fraud and/or breaches of the *Crimes Act* will be notified to the NSW Police.

13. Investigations

All allegations of fraud or corruption against NSW Health Pathology Staff reported in accordance with section 12 of this Policy will subject to an internal preliminary investigation which will be undertaken promptly in accordance with the NSW Health Managing Misconduct Policy Directive PD2018_031. Prior to investigation, a disclosures officer should be consulted to determine whether the report constitutes a PID, in which case the NSW Health Pathology Public Interest Disclosures Procedure NSWHP PR_039 shall apply.

Investigations will observe the principles of procedural fairness and be conducted by appropriately skilled and experienced Staff who are independent of the business unit where the alleged behaviour has occurred. The investigator will identify as quickly as possible all parties involved (both internal and external); whether any funds or accounts need to be frozen and ensure prompt capture of any digital, documentary and physical evidence.

Preliminary fraud investigation reports will be submitted to the Chief Executive to decide what action is necessary to address the preliminary findings. Where the Chief Executive suspects, on reasonable grounds, that corrupt conduct (as defined in the ICAC Act) has, or may have, occurred, the Chief Executive is required to notify ICAC, who may decide to undertake their own investigation.

14. Response and Review

Once the Chief Executive has decided on the action to be taken in relation to the preliminary findings of an investigation pursuant to section 13, any disciplinary action and/or legal action (including notification to ICAC and NSW Police where appropriate) will commence immediately.

Where a perpetrator has gained financial advantage or direct financial benefit at NSW Health Pathology's expense, recovery action will be initiated.

Where fraud or corruption has been detected, managers and SLT will reassess internal controls directly related to the incidence of fraud or corruption and consider whether remediation or enhancement of controls is required.

Consideration should be given to whether it is appropriate to notify any affected third parties in consultation with Legal and Corporate Governance.

15. Legal and Procedure Framework

This Policy is aligned with the following policies and legislation:

NSW Legislation

- Government Information (Public Access) Act 2009 No 52
- Health Records Information Privacy Act 2002 No 71

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

- *Independent Commission Against Corruption Act 1988 No 35*
- *Public Interest Disclosures Act 2022 No 14PPIPA*
- *Crimes Act 1900 (NSW)*

NSW Health Policies

- NSW Health Code of Conduct Policy Directive PD2015 049
- NSW Health Conflicts of Interest and Gifts and Benefits Policy Directive PD2015 045
- NSW Health Corrupt Conduct – Reporting to the Independent Commission Against Corruption Policy Directive PD2016 029
- NSW Health Electronic Information Security Policy Directive PD2020 046
- NSW Health Fraud Control Strategy Policy Directive PD2007 070
- NSW Health Managing Misconduct Policy Directive PD2018 031
- NSW Health Procurement (Goods and Services) Policy Directive PD2023 028
- NSW Health Enterprise-Wide Risk Management Policy Directive PD2022 023
- NSW Health Public Interest Disclosures Policy Directive PD2023 026

NSW Health Pathology Policies, Procedures and Statements

- NSW Health Pathology Conflicts of Interest and Gifts and Benefits Procedure NSWHP_PR_001
- NSW Health Pathology Enterprise Risk Management Policy NSWHP_PD_034
- NSW Health Pathology Public Interest Disclosures Procedure NSWHP_PR_039
- NSW Health Pathology Statement of Business Ethics
- NSW Health Pathology Enterprise Risk Management Framework NSWHP_SD_077
- NSW Health Pathology Compliance Management Framework NSWHP_CG_010
- NSW Health Pathology Risk Management Procedure PR_026

Additional resources

- ICAC videos
- ICAC workshops
- NSW Ombudsman
- NSW Public Service Commission Behaving Ethically: A guide for NSW government sector employees:
- <https://www.icac.nsw.gov.au/prevention/foundations-for-corruption-prevention>
- ICAC's Corruption and Integrity in the NSW Public Sector: an assessment of current trends and events, December 2018
- ICAC's Strengthening Employment Screening Practices in the NSW Public Sector, February 2018

Policy

Fraud and Corruption Control

NSWHP_PD_024



Health
Pathology

16. Review

This procedure will be reviewed by 31/03/2026.

17. Risk

Risk Statement	The implementation of effective fraud and corruption control systems will help to protect against loss of assets, legal liability and reputational damage, ensure confidence in NSW Health Pathology's management and accountability frameworks, and demonstrate a commitment to the RITE and CORE values and high standards of ethical behaviour.
Risk Category	Leadership and Management

18. Further Information

For further information, please contact:

Policy Contact Officer	Position: Senior Legal Counsel
	Name: Sarah Balk
	Telephone: 0439 652 497
	Email: sarah.balk@health.nsw.gov.au
Policy Sponsor	Position: Director, Legal and Corporate Governance
	Name: Tammy Boone
	Telephone: 0414 362 669
	Email: Tammy.Boone@health.nsw.gov.au

19. Version History

The approval and amendment history for this document must be listed in the following table.

Version No	Effective Date	Approved By	Approval Date	Procedure Author	Risk Rating	Sections Modified
1.0	05/11/2019	SLT	03/09/2019	Tammy Boone	Medium	New policy
2.0	31/12/2021	Director Corporate Governance	31/12/2021	Director Corporate Governance	Medium	Minor amendments
3.0	12/04/2024	Director, Legal & Corporate Governance	11/04/2024	Director, Legal & Corporate Governance	Medium	Minor amendments, clarifications, updates to reporting and management of PIDs consistent with new PID legislation