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|-------------------|---------------------------------|-----------------------|------------|
| <b>Title</b>      | Fraud and Corruption Prevention | <b>Version</b>        | 1          |
| <b>Policy No.</b> | P 2021/01                       | <b>Effective date</b> | 11/01/2021 |

## 1. OVERVIEW

The purpose of the policy is to:

- prevent and control the risk of fraud and corrupt conduct across Forestry Corporation of NSW (FCNSW); and
- ensure staff and stakeholders of FCNSW understand that fraudulent/ corrupt acts against FCNSW are unacceptable, may constitute a criminal offence and may be prosecuted.

## 2. BACKGROUND

All organisations are subject to fraud and corruption risks. FCNSW's fraud risk is assessed periodically. This is documented in the FCNSW Risk Register.

## 3. SCOPE

This policy applies to all ongoing full-time, part-time and fixed-term employees, casual staff and officers of FCNSW (employees), as well as all contractors and consultants engaged by FCNSW (contractors).

## 4. DEFINITIONS

In accordance with *AS8001-2008 Fraud and Corruption Control*, FCNSW defines fraud and corruption as follows:

- **Fraud:** 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.
- **Corruption:** Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

'Corrupt Conduct' is defined in Part 3 of the *Independent Commission against Corruption Act 1988* and includes fraud and conduct by any person (whether or not a public official) that adversely affects or could adversely affect the honest and partial exercise of official functions. Complex fraud, which may also constitute corrupt conduct, can include instances where an employee or group of employees are targeted and succumb to exploitation by external parties, or initiate the misconduct.

## 5. POLICY

FCNSW has zero tolerance to fraud/ corruption. Acts of fraud and corruption by FCNSW staff, contractors, customers, suppliers or any other stakeholders present a significant threat to FCNSW's reputation and the continued viability of its services. Fraudulent and corrupt conduct is

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illegal and may have serious consequences such as dismissal, fines and/or imprisonment, as applicable under the *Crimes Act 1914* and *Criminal Code Act 1995*.

FCNSW is committed to:

- fostering and maintaining the highest standards of ethical behaviour where fraud/corruption is not tolerated.
- promoting a culture that operates fairly, effectively, and efficiently and deals with situations where fraud/corruption has either been attempted or has occurred.
- ensuring that management maintain effective control systems and procedures to protect against fraudulent/ corrupt activity.
- acting promptly when fraud/ corruption is detected, both to bring the fraud/corruption to an end and to discourage others who may be inclined to commit similar conduct.

## 5.1 Reporting Suspected Fraudulent/ Corrupt Conduct

FCNSW encourages all managers and staff to report any complaints of suspected fraudulent/corrupt conduct. Reporting can be done confidentially and anonymously and may be done verbally or otherwise to one of the following:

- Your supervisor, a senior manager, or member of the Senior Management Team;
- Manager Audit & Risk;
- CEO; or
- External agencies including the Independent Commission Against Corruption (ICAC), NSW Ombudsman and NSW Auditor-General.

Employees who report suspicions of fraud/corruption are assured that their identity will remain confidential and allegations will be professionally and independently assessed and followed up (although note that an investigated person will not automatically fall under suspicion or be punished).

## 5.2 Reporting by way of Protected Disclosures

Employees who wish to provide information about suspected fraud or corrupt activity but who are concerned about retaliation as a result, can make a “Protected Disclosure”.

Any employee wishing to make a report under the *Protected Disclosures Act* concerning corrupt conduct should make the report on a voluntary basis, in person verbally or in writing, by following the FCNSW’ Public Interest Disclosures Policy.

For details on the provisions of Public Interest Disclosures please refer to the Public Interest Disclosures Policy.

## 6. RESPONSIBILITY

**All staff** are responsible for:

- undertaking training;
- applying procedures that protect FCNSW against fraudulent/ corrupt activity;
- displaying and promoting ethical behaviour;
- assisting managers in identifying and mitigating fraud risks;
- performing their duties with skill, care, diligence, honesty, integrity, and impartiality; and
- reporting any suspected fraud or corruption.

**Managers** are responsible for:

- fostering and developing the highest standards of ethical behaviour and commitment to a highly ethical workforce culture in their areas;
- leading by example, demonstrating integrity and fairness in decision making and an open honest relationship in their dealings with others;
- ensuring clear separation of duties;
- reinforcing the need for disciplinary measures when required;

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- identifying fraud/ corruption risks and controls as part of FCNSW’s enterprise risk management framework;
- adopting appropriate control measures to reasonably prevent and detect instances of fraud/ corruption; and
- monitoring and reviewing measures to prevent fraud/ corruption, particularly as new systems or arrangements are introduced or modified.

**Audit and Risk Manager** is responsible for:

- fraud/ corruption risk assessments;
- incorporating high risk areas in FCNSW’s internal audit plan for specific review;
- fraud/ corruption awareness training for all staff; and
- review of relevant policies in conjunction with policy owners.

**The CEO:**

- is accountable to the Board for the effective implementation of fraud and corruption strategies;
- has overarching responsibility for fraud and corruption control and the development and implementation of the Fraud and Corruption Control Policy and procedures;
- is responsible for maintaining the Public Interests Disclosure (PID) Internal Reporting system and workplace reporting culture, and ensuring that FCNSW complies with the *Public Interest Disclosures Act 1994* (PID Act); and
- sets ‘tone at the top’ for zero tolerance towards fraud and corruption incidents.

**The Audit and Risk Committee:**

- monitors fraud and corruption risk, incident reporting and action plans.

**The Board:**

- has ultimate responsibility for ensuring FCNSW implements adequate and effective fraud and corruption controls.

## 7. RELATED LEGISLATION

- Public Interest Disclosures Act 1994
- Independent Commission against Corruption Act 1988
- Public Finance and Audit Act 1983
- Ombudsman Act 1974
- Government Information (Public Access) Act 2009
- Government Information (Information Commissioner) Act 2009
- Crimes Act 1914
- Criminal Code Act 1995

## 8. RELATED POLICIES

- Code of Conduct
- Public Interest Disclosure Policy
- Procurement Policy
- Sponsorship Policy
- Managing Unsatisfactory Performance & Misconduct Policy

## 9. RELATED DOCUMENTS

- Audit and Risk Committee Charter [D00138375]
- Fraud and corruption control procedures
- Gifts and Benefits procedures

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**10. REVISION HISTORY**

| Version | Policy Number | Date       |
|---------|---------------|------------|
| 1       | P2021/01      | 11/01/2021 |

**11. DATE OF NEXT REVIEW**

11/01/2024

**12. CONTACT OFFICER**

Audit and Risk Manager

**Executive Endorsement**



**A/Chief Executive Officer**