

Australian Capital Territory

Public Sector Management Amendment Standard 2004 (No 3)

Disallowable instrument DI2004—40

made under the

Public Sector Management Act 1994, s 251(6) and s251(7) (Management Standards)

- (1) I amend the Management Standards as set out in Schedule 1 and Schedule 2 in accordance with the Chief Minister's approval.
- (2) The Instrument is effective from 2 April 2004.

Cheryl Anne Vardon
Commissioner for Public Administration

24 March 2004

SCHEDULE 1 TO DISALLOWABLE INSTRUMENT No DI2004-40

PROVISION OF MANAGEMENT STANDARDS		
Part	Part/Rule Description	AMENDMENT
Standard 1	Part 4: Fraud Prevention	Omit Part 4, Standard 1. Substitute new Part 4, Standard 1 as set out in Schedule 2.

SCHEDULE 2 TO DISALLOWABLE INSTRUMENT No DI2004-40

New Part 4, Standard 1

PART 4 – INTEGRITY

1. Application

This Part applies to a manager, officer or employee.

2. Interpretation

In this Part, unless the contrary intention appears:

'integrity' means the exercise of authority in accordance with the stated values and principles of the ACT Public Service and includes the control of fraud and corruption

'fraud' means taking or obtaining by deception, money or another benefit from the government when not entitled to the money or benefit, or attempting to do so - this includes evading a liability to government

'corruption' in relation to an officer or employee means that the officer or employee seeks, obtains or receives any benefit, other than lawful salary and allowances, on the understanding that the officer or employee will do or refrain from doing anything in the course of their duties or will attempt to influence any other officer or employee on behalf of any person

'Audit Committee' means a body created in accordance with the Department of the Treasury's policy document entitled *Internal Audit Framework*, promulgated in 2003. Agency Audit Committees monitor and review the effectiveness of corporate governance mechanisms in agencies.

'manager' means an officer or employee with supervisory or management responsibilities at a range of levels throughout the ACTPS

'Risk Management Standard' means the current Risk Management Standard AS/NZ 4360: (year of promulgation) issued by Standards Australia.

3. Fraud and corruption prevention

In accordance with Section 6 and subsection 29(1) of the Act, a Chief Executive must pursue a systematic approach to integrity.

A Chief Executive must ensure that risks to the integrity of the agency are assessed and treated in accordance with the Risk Management Standard and the associated policy guidance.

A Chief Executive must ensure that risks to the integrity of an agency are addressed in detailed fraud and corruption prevention plans.

A Chief Executive must ensure that the Agency's integrity arrangements are assessed and reviewed every two years, or more frequently if:

- any significant suspected fraud or corruption is discovered; or
- there is a significant change in the nature or scope of operations, procedures or systems.

The Chief Executive should explore opportunities to actively detect fraud and corruption within the Agency's programs, in accordance with privacy considerations and noting the requirements for cost effectiveness of these strategies.

4. Monitoring and recording integrity strategies

The Chief Executive of an agency should request the Audit Committee to oversight the effectiveness of the integrity arrangements, in particular the conduct of the risk assessment and the implementation of the fraud and corruption prevention plans.

Managers must regularly and systematically assess the potential within their area of responsibility for theft, fraud and corruption to ensure that relevant control procedures are being followed and are effective.

An agency must establish and maintain an information system that records:

- all instances of fraud and corruption;
- losses to the Agency or potential for damage to the reputation of the Agency or ACT Public Service;
- investigative action taken;
- disciplinary action taken or outcomes of matters which have been prosecuted; and

- any changes to procedures and practices arising from the incident.

The Audit Committee should have access to regular reports of information from the fraud and corruption reporting system.

A Chief Executive must include details of the implementation of fraud and corruption prevention plan in the Annual Report to the Minister. In the Annual Report to the Minister, the Chief Executive must certify that:

- an assessment of the risks to the integrity of the Agency has been conducted in accordance with the Risk Management Standard and the associated policy guidance;
- treatments for adequately dealing with the integrity risks identified have been addressed in the fraud and corruption prevention plan as described in the policy guidance;
- where the Agency has engaged, or is contemplating engaging, service providers from outside the ACT Public Service, that the integrity risks have been assessed and dealt with in the fraud and corruption prevention plan; and
- progress during the reporting year on the implementation of the fraud and corruption prevention plan.

A Chief Executive must select an Executive to be responsible for the implementation of the integrity strategies and the processes for the detection and investigation of fraud and corruption. Details of the appointment must be forwarded to the Commissioner.

5. Investigation of fraud and corruption

The Chief Executive must ensure that where cases of fraud and corruption are detected or notified, that action is taken to investigate those cases.

Where the case is considered to be serious and complex, the Australian Federal Police must be notified.

Agencies should recover losses caused by illegal activity through proceeds of crime legislation and civil recovery processes and, in the absence of criminal prosecution, to apply appropriate civil, administrative or disciplinary penalties.