

Gifts, Benefits and Hospitality Policy

September 2022



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1. Policy statement

The Audit Office of New South Wales (the Audit Office) must meet public expectations of integrity, accountability, independence, transparency and professionalism. This can only happen if Staff¹ are not influenced or perceived to be influenced by gifts, benefits, hospitality or bribes. Staff must be open and transparent about offers of gifts, benefits or hospitality.

This Policy outlines under what circumstances Staff can accept or should decline gifts, benefits and hospitality. When deciding whether to accept a gift, benefit or hospitality, Staff must consider whether a reasonable person would think that the gift, benefit or hospitality was intended to influence the recipient to act in the interests of the giver, either now or in the future.

This Policy sets the Audit Office's framework for the management of gifts, benefits and hospitality including the:

- arrangements for approving, declaring and recording of gifts, benefits and hospitality offered, accepted or declined
- requirements for managing the risk to independence and reputation of accepting gifts, benefits and hospitality
- responsibilities of Staff.

The Policy reflects the Public Service Commission's 'Managing Gifts and Benefits: Minimum Standards' (the PSC Standard).

2. Risk management: Independence and reputational risk

As an oversight agency, it is vital that the Audit Office and its Staff are independent and perceived to be independent. The Audit Office and its Staff must be, and be seen to be, free of any interest that is incompatible with objectivity in performing activities including audit engagements, procurement or recruitment activities.

There can be serious consequences for the Audit Office where the management of gifts, benefits and hospitality is mishandled. There is a high risk of loss of public trust and a high risk of damage to the reputation of the Audit Office. Staff risk embarrassment, a high risk to their professional reputation and consequences relating to breaching the Audit Office policies and procedures which may affect their employment.

Accepting gifts, benefits and hospitality is highlighted as a corporate risk in induction courses and reinforced further in Staff development and training courses.

3. Scope

3.1 In scope

This Policy applies to all Staff (refer to the Definitions in [section 11](#) of this Policy).

Audit Service Providers (ASPs) engaged by the Audit Office are expected to comply with this Policy as per the terms of the ASP Manual.

The Policy should be read in conjunction with other relevant Audit Office policies and procedures including those published within the Ethical and Lawful Framework and Employee Conduct and Obligations on the intranet. Staff should also refer to further guidance on the intranet including the gifts, benefits and hospitality scenarios and instructions on how to make a declaration in MiIntegrity.

¹ Refer to the Definitions in [section 11](#) of this Policy.

3.2 Exclusions

The following items are not considered a gift, benefit or hospitality for the purposes of this Policy and hence no disclosure is required:

- meal provided during external training or conference where attendance is paid for by the Audit Office
- declined or disregarded offers that are considered part of a generic or bulk, broadcast or invitation related to a free event
- events, training or lunch time seminars provided free by a NSW government entity to NSW government staff, for the purposes of increasing sector wide capability such as in a specialist area or government sector context, e.g., fraud and corruption training by the Independent Commission Against Corruption (ICAC).

4. Staff responsibilities

4.1 What Staff must not accept

Staff MUST NOT accept gifts, benefits or hospitality:

- a) as an inducement or incentive to act in a certain way
- b) when there could be a perception that it has been offered as an inducement or incentive to act in a certain way
- c) when they currently, or may in the future, exercise discretion in the making of a decision affecting the giver, for example a meal paid by an auditee, supplier or potential service provider or supplier
- d) above the maximum value (\$100), or serial gifts, benefits and hospitality where the cumulative effect is above the maximum value
- e) on behalf of family members, relations, friends or associates
- f) when a potential, perceived or actual conflict of interest exists
- g) when they are unsure.

4.2 What Staff must not do

Staff MUST NOT:

- a) accept offers of cash, financial benefit (including gift vouchers), or inappropriate financial information
- b) solicit gifts, benefits or hospitality for the Audit Office, staff member or staff member's immediate or close family members
- c) accept **high risk hospitality** as this could be perceived as a gift of influence.
Examples of higher risk hospitality include:
 - i) restaurant meals (that do not fall within the description of low risk hospitality in [section 4.3](#) below)
 - ii) invitations to corporate boxes or marquees
 - iii) invitations to lunches, dinners or other events to 'seal the deal', or to 'celebrate' finalisation of a procurement process or the signing of a contract, invitations to functions held in private homes
 - iv) invitations which extend to family members, relations, friends and associates
- d) accept awards where it could be perceived to influence the recipient to act in the interests of the giver, either now or in the future, for example awarded by an entity or individual we are in contract with or during a procurement activity, such as from an ASP or other third-party service or product provider.

These gifts, benefits and hospitality must be politely declined at the time of offer. Staff should explain that, while they appreciate the gesture, it is contrary to Audit Office policy to accept.

Refer to [Appendix A](#) for a decision flow chart for further guidance.

4.3 What Staff may accept

Staff MAY accept the following gifts, benefits or hospitality after considering whether a reasonable person would think it was intended to influence the recipient to act in the interests of the giver, either now or in the future:

- a) items with a value under \$25. There is no need to declare the gift, benefit or hospitality and no approval is required. For example, a token gift such as a pen or USB drive offered to all attendees at a seminar or official business function.
- b) a prize 'won' at an external business function when conducting official duties (if it is not captured by [section 4.1](#) or [section 4.2](#))
- c) ceremonial gifts on behalf of the Audit Office, such gifts will usually remain the property of the Audit Office
- d) a gift or benefit in gratitude on behalf of the Audit Office for hosting a business function, overseas or interstate delegations, or for presenting on behalf of the Audit Office at a conference, seminar or other business function (if it is not captured by [section 4.1](#) or [section 4.2](#))
- e) invitations to attend professional networking events, including invitations to free webinars/online events. Such invitations must be approved in advance by the Approving Manager.
- f) low risk **hospitality** which includes light refreshments or a modest meal where the hospitality is incidental to a meeting, conference, networking event or official business-related function.

Examples of low-risk hospitality include:

- i) light refreshments provided while attending as an Audit Office representative at a professional body or industry conference
- ii) tea and coffee at auditee premises.
- g) awards or scholarships received in recognition of their achievements or potential in their field of expertise, such as the NSW Premier's Awards, the Institute of Public Administration Australia Awards, or scholarships or awards issued as a result of an open and competitive process. They are required to be approved by the Approving Manager and declared (refer to [section 5](#) of the Policy).

Staff in [higher risk jobs](#), such as procurement and recruitment, need to be particularly cautious of accepting gifts, benefits or hospitality.

4.4 What Staff must do

Staff MUST:

- a) declare all gifts, benefits and hospitality offered valued above \$25 (including serial gifts, benefits and hospitality where the cumulative effect is above \$25), regardless of whether accepted or declined in accordance with the requirements in [section 5](#)
- b) request approval from the Approving Manager in accordance with the requirements in [section 6](#)
- c) advise the Executive Director, Professional Services or Director, Governance (Risk and Ethics) and their Approving Manager immediately if offered a bribe, see [section 5.2](#) for reporting requirements regarding bribes

- d) advise the Executive Director, Professional Services or Director, Governance (Risk and Ethics) and their Approving Manager immediately if they suspect they are being offered a gift, benefit or hospitality intended to influence
- e) always consider the intent of the gift, benefit or hospitality being offered and the public perception of accepting the gift
- f) take reasonable steps to ensure that immediate or close family members are not the recipients of any gifts, benefits or hospitality that could be perceived as an attempt to influence the staff member's behaviour
- g) consult their Approving Manager or the Director, Governance (Risk and Ethics) for guidance if unsure what to do about the offer of gifts, benefits or hospitality.

5. Declaring and recording gifts, benefits, hospitality and bribes

5.1 Gifts, benefits and hospitality

Unless stated otherwise, Staff must declare all gifts, benefits and hospitality valued above \$25, regardless of whether they have been accepted or declined, within 10 business days. Staff must declare such gifts by submitting the gifts, benefits and hospitality declaration in MilIntegrity. Refer to the [instructions](#) on how to make a declaration in MilIntegrity and the decision flowchart at [Appendix A](#) for further guidance.

The Director, Governance (Risk and Ethics) ensures declarations of gifts, benefits and hospitality offered, whether accepted or declined, are reviewed in MilIntegrity within 10 business days of the declaration being submitted. An extract from the Register in MilIntegrity is published quarterly on the Audit Office website.

5.2 Bribes

If Staff suspect they are being offered a bribe, they must immediately report this to the Executive Director, Professional Services or Director, Governance (Risk and Ethics) and their Approving Manager, who will advise the Deputy Auditor-General. Where necessary, the Auditor-General will inform ICAC and the NSW Police as soon as practicable.

The Director, Governance (Risk and Ethics) reports regularly to the Office Executive and the Audit and Risk Committee on trends and any areas of concern.

6. Approving gifts, benefits and hospitality valued above \$25

6.1 Prior approval

Staff must get approval in advance from their Approving Manager whenever possible before accepting a gift, benefit or hospitality. See [section 9](#) for a list of Approving Managers. Approving Managers must provide approval within 10 business days of receiving the request.

The Approving Manager will assess whether it is appropriate to:

- accept and retain
- accept and donate, or
- decline

the gift, benefit or hospitality. If required, the Director, Governance (Risk and Ethics) can be consulted for advice, and where necessary the Executive Director, Professional Services for a final decision.

Prior approval is not required when declining the gift, benefit or hospitality.

6.2 No prior approval

There may be circumstances where it is not possible to obtain prior approval before accepting gifts, benefits and hospitality (e.g., sample products sent by a vendor via post).

Staff must declare the gift, benefit or hospitality within 10 business days of receipt. The Approving Manager will assess whether it is appropriate to:

- retain
- donate, or
- return

the gift, benefit or hospitality.

Gifts, benefits or hospitality that cannot be returned or donated, e.g. food consumed at an official function, must still be declared within 10 business days.

7. Waiver of the Policy

A waiver of the Policy may be granted where it can be justified, and a reasonable person is not likely to think that the gift, benefit or hospitality was intended to influence the recipient to act in the interests of the giver, either now or in the future. This will only occur in rare circumstances.

Any waiver request must be in writing with a detailed justification and approved by the Deputy Auditor-General in writing.

8. Breaches

Breaches of this Policy may be subject to remedial or disciplinary actions. For further details refer to the Disciplinary Policy.

9. Roles and responsibilities

Approving Managers have responsibility for:

- if prior approval is sought assessing whether it is appropriate to accept and retain, accept and donate, or decline the gift, benefit or hospitality
- if no prior approval is sought assessing whether it is appropriate to retain, donate or return the gift, benefit or hospitality.

The Approving Managers are set out in the table below.

Staff member	Approving Manager
All Staff up to and including Directors	Relevant Assistant Auditor-General or Executive Director
Assistant Auditors-General and Executive Directors	Deputy Auditor-General
Deputy Auditor-General	Auditor-General
Auditor-General	N/A

The **Auditor-General** has a legal obligation under the *Independent Commission Against Corruption Act 1988*, to report any instances of actual or suspected fraud, corruption or bribery to the ICAC and the NSW Police.

The **Deputy Auditor-General** has ultimate responsibility for this Policy.

The **Office Executive** approve this Policy.

The **Audit and Risk Committee** has responsibilities as outlined in the Audit and Risk Committee Charter regarding management's implementation of an ethical and lawful culture.

The **Executive Director, Professional Services** is responsible for ensuring necessary processes are in place to support compliance with this Policy. This includes making a final decision, where necessary, on whether a gift, benefit or hospitality should be accepted or not.

The **Director, Governance (Risk and Ethics)** with the assistance of the **Governance Manager**, administers this Policy by:

- maintaining and reviewing the Register
- reporting regularly to the Office Executive and to the Audit and Risk Committee on trends and any areas of concern
- reviewing this Policy and related procedures at least every two years or sooner where required
- raise Staff awareness including working with Corporate Services to deliver induction and training programs
- providing advice to Approving Managers and other Staff on obligations and issues including assessing the appropriate treatment of a gift, benefit or hospitality.

All **Staff** have an obligation to read, understand and comply with this Policy.

10. Legislative context

This Policy has been developed in line with the:

- Public Service Commission's [Behaving Ethically: A guide for NSW government sector employees August 2022](#)
- Public Service Commission's [Managing Gifts and Benefits: Minimum Standards](#)
- Audit Office policies, including:
 - [Code of Conduct](#)
 - [Risk Management Framework](#)
 - [Fraud and Corruption Control Policy](#)
 - [Conflict of Interest and Professional Independence Policy](#)
 - [Internal Public Interest Disclosures Policy](#)
- [Government Sector Employment Act 2013](#)
- [Independent Commission Against Corruption Act 1998](#)
- [Crimes Act 1900](#) (applies if Staff are offered cash or a financial benefit that would constitute a bribe)
- [AS 8001:2021: Fraud and corruption control.](#)

11. Definitions

In the context of this Policy and in line with relevant legislation, guides and standards, the following definitions apply:

Award refers to a gift or benefit received in recognition of an achievement or performance such as a monetary payment, scholarship, funded training or development.

Bribe/bribery refers to a gift, benefit or other undue advantage of any value, offered to or solicited by someone to influence that person to act or refrain from acting in relation to performance of the person's duty.

Ceremonial gifts or benefits are an official gift from one agency to another, usually given to a host agency by official visiting delegates of another.

Corruption means a dishonest activity in which a member of Audit Office staff acts contrary to the interests of the Audit Office and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the Audit Office or a person purporting to act on behalf of and in the interests of the Audit Office, in order to secure some form of improper advantage for the Audit Office either directly or indirectly.

Financial information in the context of a benefit, would mean information given outside of the scope of official business (see definition below) which would provide a direct opportunity for an individual to gain a personal financial advantage from that information.

Gifts and benefits include any item, service, prize, or travel, provided by an auditee, customer, client, applicant, supplier, potential supplier or external organisation, which has an intrinsic value and/or a value to the recipient, a member of their family, relation, friend or associate. For the purposes of this Policy excludes items in [section 3.2](#).

Gifts or benefits of gratitude are given in appreciation for a specific task or superior performance of duties.

Gifts or benefits of influence are given to create a sense of obligation in the recipient for a future return of favour, causing a conflict of interest.

Gifts, Benefits and Hospitality Register is the official Audit Office record which details gifts, benefits and hospitality offered and how they were managed.

Higher risk jobs – Staff involved in the following activities should be particularly cautious when offered gifts, benefits or hospitality:

- making or advising on purchasing decisions
- evaluating tenders, quotes, proposals or application
- administering or advising on grants or approvals
- managing contracts
- regulating/auditing individuals, organisations or industries
- hiring Staff.

Hospitality – gifts of hospitality are defined in sections [4.2\(c\)](#) and [4.3\(f\)](#).

Immediate or close family member includes:

- spouse - married, de facto, civil union partnerships
- children - step, adoptive, dependent, non-dependent, adult children and those not living at home
- parent or sibling
- other close family members who may be influenced by that person in dealing with the entity, e.g., cousin, uncle or aunt, brother or sister-in-law.

Maximum value is the monetary limit of acceptable gifts, whether the total of an individual gift or the cumulative total of all gifts offered from the same individual or organisation over a relevant period of time.

The Audit Office has determined this amount to be \$100.

Official business may be work, meetings, functions or events, all necessarily undertaken during the course of performing high quality, independent audits of government in New South Wales. It also includes any activities necessary to support such audits (e.g., corporate services and professional services).

Public perception means how the people of New South Wales view the behaviour of Audit Office Staff.

Serial gifts, benefits or hospitality are given regularly over a period of time by the same giver, usually of low value, but their cumulative value may be over the maximum value and considered a gift of influence. Infrequent recurring gifts (e.g., a biannual official business lunch) are not considered serial gifts.

Staff means all permanent and temporary staff and the contingent workforce employed by the Audit Office.

Token gifts or benefits are usually mass-produced promotional items that are insignificant in value and generally given to multiple persons.

12. Contact point

If Staff have any questions about this Policy, they should contact their [Approving Manager](#) or the Director, Governance (Risk and Ethics).

13. Review

This Policy will be reviewed at least every two years in the absence of any significant changes or more frequently where required taking into account legislative or organisational changes, risk factors and consistency with other supporting policies. The next review is due in September 2024.

Appendix A – Decision flow chart

Refer to definitions in [section 11](#) when using this flow chart.

