The Members of the Legislative Assembly
Parliament House
SYDNEY NSW 2000

In compliance with Section 38E of the *Public Finance and Audit Act 1983,* I present a Report to the Legislative Assembly titled **Fraud Control: Status Report on the Implementation of Fraud Control Strategies.**

A C HARRIS

Sydney
March 1998

Performance Audit Report

Fraud Control

Status Report
on the Implementation of
Fraud Control Strategies

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Executive Summary

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Considerable Room for Improvement

Fraud control in the NSW public sector needs to be better. Some agencies have approached the issue with vigour and initiative, and improvement since 1993 is evident in the major audit clients of The Audit Office. However, the overall achievement of NSW agencies in implementing fraud control strategies leaves much room for improvement.

This Report sets out the current requirements for fraud control in the NSW public sector, and the developments which have occurred in the 1990's. Central agencies and watchdog bodies have issued a range of useful guidance publications in this general area since 1993. They have also initiated a number of research and review activities to identify problem areas and focus ongoing reform efforts.

This audit examines current fraud control strategies of agencies using the model endorsed in 1994 for use across the NSW public sector in the joint publication issued by The Audit Office and Premier's Department (titled *Fraud Control: Developing an Effective Strategy*). The previous audit report on this topic (in 1993) advocated that a standard of "highly-effective" should be the goal for fraud control strategies right across the service. This is still considered to be the desirable goal, given worldwide experience with the resilience of fraud. However, NSW has not yet reached this standard across the board.

Data has been collected on all significant NSW agencies (158) which indicates that only 8% have implemented sufficient components of a fraud control strategy to be rated in the highly effective category. Whilst excellence is lagging, across the service 49% of agencies have implemented a fraud control strategy which for the most part addresses the requirements of the recommended model. A further 19% satisfied some components but their strategies require further enhancement. However, 32% are regarded as unsatisfactory and their strategies require considerable development.

Actions Needed

There is a need for stricter requirements, better monitoring and improved central support to ensure that fraud control is properly addressed. This Report makes some suggestions in this regard, and highlights some issues for further research and guidance.

There is a need to change management perceptions on the issue of fraud control. To this end, The Audit Office fully supports recent initiatives by the Chief Executives Committee (in constituting an Ethics Working Party) and NSW Treasury (in seeking to introduce a risk management approach to the public sector). These initiatives place fraud control into a broader context of effective ethical management, which is where it belongs.

In the private sector, fraud control is recognised as a vital element of good business management. It needs also to be recognised as a vital element of effective public administration. This is justified on the grounds of materiality (financial significance), but is also required to meet the community's expectations for protection of public funds (stewardship). This Report seeks again to raise the profile of public sector fraud control, and to stimulate progress and reform.

Moving Towards Best Practice

To assist agencies in considering areas for improvement in their fraud control strategy, this Report dissects overall results against ten Attributes of an effective fraud control strategy. For each Attribute, actual examples are cited of agencies working towards better practice. In doing so, this Report illustrates what can be achieved by agencies, regardless of their size or type.

A Postscript on Local Government

This audit did not consider the situation in local Councils, because the legislative mandate of the NSW Auditor-General currently does not extend to Local Government, and the 1990 Premier's Department policy directive concerning fraud control does not apply to local Councils. However, through the encouragement of the Department of Local Government, some Councils adopted the ten point strategic model advocated by The Audit Office immediately upon its release in 1994 and appear to have made significant progress in implementing fraud control strategies.

Further application of the ten-point fraud control model by local Councils, together with the assessment methodology used by this audit, would provide a uniform Standard for implementing fraud control strategies across Local Government. This would enable benchmarking between Councils, and also between Local Government and State Government.

Recommendations

1. Consideration be given to instituting stricter requirements for NSW agencies to address fraud control. In the longer term, it is considered that legislative provisions are necessary to ensure that appropriate attention continues to be afforded to this matter. Options might include measures such as:

- an explicit requirement under the *Public Finance and Audit Act* (currently undergoing major revisions) for agencies to maintain an effective fraud control strategy, or

- incorporating fraud control as part of the *Statement of Responsibility* to be certified and published by each agency (the introduction of a legislative requirement for a *Statement of Responsibility* is part of current legislative reform considerations).

In the shorter term, policy and administrative remedies should be pursued to address the situation. Options could include:

- a Premier's Memorandum to Ministers

- inclusion of compliance requirements in Chief Executives' Performance Agreements

- development of an integrated policy framework to address the issue from a whole-of-government perspective. This would involve:

  - bringing together existing requirements and guidelines into a central repository (perhaps using the Government internet website). Some consolidation or rationalisation of material may be required, and protocols for ongoing maintenance and addition of material would be necessary.

  - coordinating various current initiatives by central agencies and watchdog bodies. The *Public Sector Ethics Framework*, instituted in 1997, may provide an appropriate mechanism and framework for this purpose.

2. Further research be conducted, and guidance provided, on areas of emerging need, such as:

- investigations

- performance indicators on fraud control effectiveness

- overseas business activities by agencies.

3. The Department of Local Government continue to encourage local Councils to adopt a uniform Standard for fraud control strategies and a common methodology for reviewing the effective implementation of such strategies.

Response from Premier's Department

I refer to your letters of 4 February 1998 to the Premier and myself forwarding the Performance Audit Report on the implementation of fraud control strategies. The Premier has asked me to reply on his behalf.

It is pleasing to note that there has been an improvement in fraud control by agencies since 1993 - reflecting the public sector's commitment to addressing this problem. Fraud control in the public sector, just as in the private sector, is an ongoing and continuously improving process.

As the Report also makes clear, a considerable amount of work has already been undertaken by individual agencies, identified in Chapter 2 of the Report: Best Practice in Action*, and in central agencies, identified in Appendix 2:* the Ethical Environment in NSW*. This work has been enhanced by the development of the* Public Sector Ethics Framework*. The* Framework *promoted and reinforces ethical practices in policies and guidelines; recruitment and selection; and training and development.*

I agree that The Audit Office and the major central and corruption prevention agencies should continue to work together to improve the standard of compliance with effective fraud control procedures. In this regard a range of possible strategies could be considered including, as your Report proposes, the development of a "Statement of Responsibility" by each agency. The sector-wide, ethics Framework *could also be expanded to include effective fraud control strategies, policies, guidelines and where appropriate, legislation.*

(signed)
C Gellatly
Director-General

Response from Department of Local Government

Thank you for providing me with a copy of the performance audit report on Implementation of Fraud Control Strategies.

The report's recommendation concerning the adoption by local councils of a uniform standard for fraud control strategies and a common methodology for reviewing the effective implementation of such strategies has been noted. The Local Government Act and associated regulations already place obligations on council's elected representatives and staff to act honestly in carrying out their duties. In addition the Act's disclosure provisions and requirements for a more open and accessible environment are consistent with fraud detection and prevention.

It was pleasing to note the high standard accorded to the procedures at Marrickville Council. While the onus rests with individual councils regarding the development and implementation of fraud control, the Department will continue to encourage councils to develop practices based on the Fraud Control Guide. Councils will be reminded of their responsibilities in respect of fraud control.

(Signed)
Garry Payne
Director General

Acknowledgments

The Audit Office acknowledges the co-operation of agencies in the self-assessment of their fraud control strategies, and in the excellent assistance extended by agencies visited as part of the audit field work by Stephen Horne (Controller) and Brian Holdsworth.

The assistance of officers from the NSW Independent Commission Against Corruption, the Ombudsman's Office and the Commonwealth Office of Law Enforcement Coordination is also gratefully acknowledged.

Audit Costs

The cost of the audit totalled $100,000 and comprised the following:

Direct salaries cost	$57,500
Overheads charged on staff time	$17,200
Value of unpaid staff time (at standard rates only)	$19,300
Printing	$6,000
Total Cost	**$100,000**

1. Are the Managers Managing Fraud Control?

Fraud Control - What Is Required ?

Policy Requirement

On 7 June, 1990, the NSW Premier's Department advised all State agencies of the need to ensure that appropriate measures were in place to combat the level and nature of fraud risk relevant to each organisation.

Under this policy, responsibility for determining appropriate controls against internal and external fraud would rest with chief executives, in preference to more formal and centralised arrangements such as are used in the Commonwealth. In other words, a "let the managers manage" approach was adopted.

Initial Audit

In 1993 The Audit Office reported on a survey of 40 NSW public sector agencies to assess the extent to which the Government's policy directive had been implemented.

The resulting Report, *Fraud Control Strategies* (Auditor-General's Report to Parliament, Volume 1, June 1993, page 13) indicated that only 20% of organisations had a fully functional fraud control strategy, and that 25% had an ineffective strategy.

The Audit Office concluded that two courses of action were required. Firstly, provision of a guidance document for government agencies to assist them in assessing and developing their fraud control strategies. Secondly, a followup audit to assess improvements, in due course.

Guide to Better Practice

The Audit office undertook the development of a Guide to Better Practice in fraud control. The guidance document, *Fraud Control: Developing an Effective Strategy,* was published with the support of the Premier's Department in March 1994. (Refer Appendix 1 for an outline of the ten best practice Attributes for fraud control advocated by the guidance document.)

Fraud Control - What Is Happening ?

Action Since 1994

Since the publication of *Fraud Control: Developing an Effective Strategy* in early 1994, there have been a number of significant NSW publications attempting to provide guidance in the areas of ethics, fraud/corruption prevention and good management practice (refer Appendix 2 for details).

Support has also been provided by the formation of the NSW Corruption Prevention Committee, to provide an avenue for networking and education to those involved in fraud/corruption prevention. (Refer Appendix 3 for details)

How does the extent of NSW activity compare to other jurisdictions?

The Commonwealth has been active in this area for many years. As well as making fraud risk assessment and fraud control plans compulsory for most agencies, the Commonwealth has acted in the following areas:

- the development and publication of the fraud control policy of the Commonwealth

- the development of Investigation Standards

- the development of Competency Standards for staff / contractors engaged in Fraud Prevention, Detection, and Investigation (since accepted under the National Training Framework as National Competency Standards)

- the development of a Quality Assurance Review process for investigations

- the development of a Commonwealth Fraud Information Database.

(refer Appendix 4 for further details of Commonwealth initiatives, and Appendix 5 for specific details on the development of Competency Standards)

Have efforts in NSW achieved the desired results? How well protected are NSW agencies against the risk of both internal and external fraud? This is not simply a compliance issue. It is a matter of great public interest.

The current extent of effective implementation of fraud control strategies across the NSW public sector, and the degree of change in the past five years, is detailed below.

The Current Situation

For this audit, information on the extent of implementation of fraud control strategies was obtained by The Audit Office from 158 agencies (audit methodology is described in Appendix 6).

The situation now, compared to 1993, is illustrated in Figures 1 and 2 below.

1998 Results

Figure 1:   The Situation in 1998

1998 Audit Results

Fairly Effective 18%
Effective 23%
Highly Effective 8%
Partly Effective 19%
Ineffective 16%
Generally Ineffective 16%

1993 Results

Figure 2:   The Situation in 1993

1993 Audit Results

Fairly Effective 17%
Effective 13%
Partly Effective 15%
Highly Effective 20%
Generally Ineffective 10%
Ineffective 25%
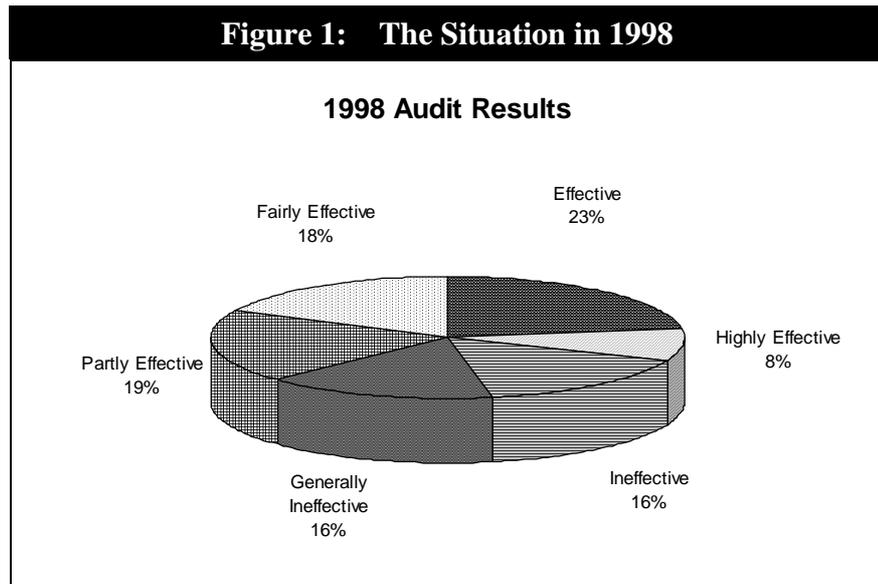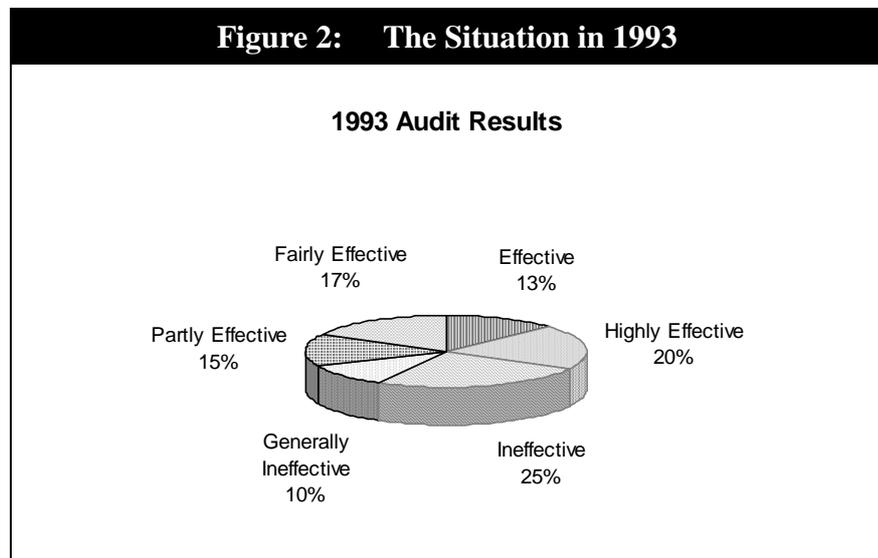
Analysis of these results provides a mixed result, which is not as good as desired.

Are Fraud Control Efforts Improving?

The table below compares the overall 1993 and 1998 results.

Overall Results for 1998 Compared with 1993			
Extent of Implementation of a Fraud Control Strategy	**1993** (n=40)	**1998** (n=158)	**Comment**
Highly Effective	20%	8%	Reduced Performance
Effective / Fairly Effective	30%	41%	Improvement
Partly Effective	15%	19%	Minimal Change
Generally Ineffective / Ineffective	35%	32%	Minimal Change

The area of most change is a reduction in the proportion of agencies who have implemented a fraud control strategy to a highly effective standard (which has been advocated as the desired standard to be achieved service-wide).

Whilst this is disappointing, the proportion of agencies in the lesser categories of "effective" and "fairly-effective" has risen. Combining the top three categories, it could be viewed that across the service 49% of agencies have implemented a fraud control strategy which for the most part addresses the requirements of the recommended model (50% in 1993).

Improvement for High Risk Audit Clients

Given the importance of this issue across the service, there is little good news in this result. The 1998 audit, however, covers a greater number of agencies. When results for the same group of agencies are singled out, the situation looks much better.

Current Results for Agencies in the 1993 Survey			
Extent of Implementation of Fraud Control Strategy	**1993** (n=40)	**1998** (n=35)	**Comment**
Highly Effective	20%	20%	Unchanged
Effective / Fairly Effective	30%	45%	Improvement
Partly Effective	15%	17%	Minimal Change
Generally Ineffective/ Ineffective	35%	18%	Improvement

This result is more pleasing, particularly when one considers that agencies covered in this group include most of the high risk and large agencies in NSW. These rank as the largest audit clients of The Audit Office.

Sensitivity Analysis

Sensitivity analysis was undertaken on the self-assessment data to test for variations due to factors such as budget sector type (budget sector, non budget sector, universities) and agency size (small agencies being defined as those with 50 or fewer employees).

Whilst the drop in some areas from the standards of 1993 cannot be attributed to any particular group of agencies, medium sized agencies appear to be contributing most to the decline, with smaller agencies being a factor to a lesser extent. Budget sector type was not a significant factor.

How Big Is The Problem?

Measurement of Fraud Loss

It is impossible to know the value of actual fraud loss, because:

- much fraud is not detected, and thus cannot be measured

- when reporting known fraud, many agencies reduce the amount lost to fraud by the amount recovered to arrive at a value for reporting

- there is no clear definition of fraud, even within particular legal jurisdictions.[1]

Various bodies perform studies in an attempt to obtain a estimate of the cost of fraud to the community. For example:

Varying Estimates of the Costs of Fraud

- KPMG, in association with the July 1997 release of their biannual *Fraud Survey,* were quoted as estimating fraud losses to the economy as a whole at $15 to 20 billion annually

- The Australian Institute of Criminology, in its August 1997 paper, *Estimates of Cost of Crime in Australia,* places a figure of $3 to 3.5 billion annually on the cost of fraud and misappropriation (exclusive of the costs of the criminal justice system)

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[1] A significant source of this difficulty lies in the fact that, in order to establish that a criminal act of fraud has occurred, it is necessary to prove criminal intent. Agencies may consider it more appropriate in some cases to pursue the lesser course of administrative remedies, with the event not being recorded as fraud, or only that part which it is believed can be successfully prosecuted being recorded in the fraud database.

- The Institute of Chartered Accountants, through its Fraud Advisory Council, is attempting to place a figure on fraud loss (a report is expected later in 1998).

It is obvious that there is little agreement, other than in the fact that the cost is large.

The initial 1993 Report by The Audit Office suggested that the gross fraud potential in NSW agencies could be around $1 billion annually without effective fraud control strategies in place. This figure was based on an extrapolation of figures quoted by the Commonwealth Auditor-General.

Commonwealth Fraud Database

The elusive nature of hard data on fraud losses was examined by the Commonwealth House of Representatives Standing Committee on Banking, Finance and Public Administration. The Committee's Report, *Focusing on Fraud[2]*, (commonly known as the *Elliott Committee Report)* set out a range of recommendations for further improving fraud control in the Commonwealth, including the collection of better data on the magnitude of fraud.

The 1994 *Fraud Control Policy of the Commonwealth[3]* subsequently included a requirement for agencies to report fraud to both the Australian Federal Police (for the Commonwealth Fraud Information Database) and to the Commonwealth Law Enforcement Board (for inclusion in its Annual Report to the Minister for Justice). The first year's data has been collected, but it is not a public document and the results are not available.

There are frequent references in literature to the fact that reported fraud is merely "the tip of the iceberg". The *Elliott Committee Report* refers to evidence based on research by the South Australian Police Fraud Task Force to the effect that only five to ten percent of fraud is (detected and) reported.

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[2] House of Representatives Standing Committee on Banking, Finance and Public Administration, *Focusing on Fraud*, AGPS, Canberra, November 1993.

[3] Commonwealth Law Enforcement Board, *Fraud Control Policy of the Commonwealth*, AGPS, Canberra, 1994.

Detected Fraud in NSW Agencies

In this Performance Audit, agencies were requested to indicate the cost of detected fraud in the 1996/97 year. With the exception of the State Rail Authority this amounted to only $4.3m. However, using the South Australian research mentioned above as a guide, and adding in the State Rail Authority (see box below), a conservative current estimate of fraud in NSW agencies would be in the order of $52m to $95m per annum[4].

State Rail Authority

One area of fraud risk for the State Rail Authority is fare evasion. In order to assess risk and determine appropriate management strategies it is necessary to accurately measure the level of risk.

To this end a passenger movement model of the CityRail system has been created and appropriate sampling techniques developed to obtain accurate representation of the actual system (by line, by peak versus off-peak and by weekday versus weekend).

Passengers on selected trains are checked for correct ticketing and supporting documentation (eg concession entitlements), and the results fed back into the predictive model. Sample sizes are large enough to give confidence that estimated unticketted rates are within one percent of actual rates.

Through this scientific method, the State Rail Authority has developed an informed assessment that its loss through fare evasion is approximately $9m per annum.

Within this context of accurate measurement it should be noted that:

- *the monitoring process has shown that a significant reduction in fare evasion has occurred over the last 3 years*

- *CityRail's unticketted rate, at less than 3 percent, is good by comparison with other rail systems*

- *strategies are in place to reduce this further.*

Strategies to reduce fare evasion must be cost effective, with the reduction in revenue foregone more than offsetting the costs of implementation. State Rail's measurement systems allow the effectiveness of fraud reduction strategies to be readily assessed.

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[4] Some agencies did not quote their external fraud loss. In some cases this aspect of fraud risk could be quite substantial. For example, in a 1997 brochure to its customers, energyAustralia estimated its annual loss due to metering fraud at more than $15m. A 1994 amnesty for landowners who had a liability to pay land tax to the State, but who had not registered such liability, resulted in an increase in land tax revenue of $12.3m for the 1994 land tax year, and $27.2m unpaid from previous years.

Measurement of Fraud Control Effectiveness

How can we measure if fraud control efforts are having an impact?

In the Commonwealth, the *Elliott Committee Report* concluded that only patchy progress had been made by agencies in the development of management information systems and performance indicators to monitor and evaluate the adequacy of their fraud control strategies.

The Committee recommended that research be undertaken to identify the performance information required to assess the adequacy of fraud control strategies, and that agencies be required to implement and report such measures.

Developing Fraud Control Performance Indicators

The *Fraud Control Policy of the Commonwealth* notes that high level performance indicators are required to assist in evaluating the fraud control process as a whole. Critical Success Factors and Key Performance Indicators have been developed for measuring compliance with the *Fraud Control Policy of the Commonwealth*, and to measure fraud control effectiveness for benefit/revenue collection programs. Agency-specific indicators (of the effectiveness of their individual fraud control efforts) are to be developed by agencies themselves.

In NSW, no performance indicators are currently in place for measuring either the extent, or effectiveness, of fraud control. However, the need to develop Key Performance Indicators to measure both compliance and outcomes is becoming recognised. On an informal basis, leading exponents of fraud control in NSW agencies are currently discussing the need to be able to justify the cost of their activities against the benefits arising.

The development of a system of Key Performance Indicators for fraud control in the NSW public sector is strongly recommended. This will require research and discussion.

Fraud Control - Future Directions

Developing an Integrated Whole-of-Government Framework

Making Fraud Control Relevant to Management

It is apparent that some agencies are approaching fraud control with vigour, and should be highly commended. However, many agencies must do more.

Over 65% of NSW agencies reported no detection of fraud in the past 12 months. It might be assumed this means that little fraud is present. Yet worldwide experience tells us that this is incorrect.

Some agencies regard fraud control as one of a number of "special interest requirements" placed on them which distracts from their "proper job" - against which their performance is measured.

There is a need to change perceptions so that fraud control is seen as an integral part of the "proper job".

NSW Public Sector Ethics Framework and Risk Management Toolkit

To this end, The Audit Office fully supports recent initiatives by the Chief Executives Committee (in constituting an Ethics Working Party) and NSW Treasury (in seeking to introduce a risk management approach to the public sector).

The Ethics Working Party has developed an *Ethics Framework* for the NSW public sector, and NSW Treasury has developed a *Risk Management and Internal Control Toolkit* (refer to Appendix 2 for further information on both initiatives). These initiatives place fraud control into a broader context of effective ethical management, which is where it belongs.

Legislative And Compliance Framework

Facilitating Compliance

Unlike the Commonwealth which has moved from a policy to a statutory requirement, NSW has not instituted a statutory requirement for fraud control and has not developed a compliance framework. The issue is not monitored or supported by a central agency. Instead, the general requirements of the *Public Finance and Audit Act* relating to internal control are relied upon. This has not proven to be highly effective. "Letting the managers manage" in this context requires refinement.

Whilst fraud control ought to be a component of effective management, the significance of a failure to manage fraud risk effectively within the public sector is so great as to warrant stricter controls than currently exist. This is justified on the grounds of materiality, and also to meet the community's expectations for protection of taxpayer's funds.

Interestingly, the elements of fraud control receiving greatest attention are those which enjoy some specific legislative support (specifically Protected Disclosures, refer Chapter 2). Even then, recent studies by the ICAC and also by the Ombudsman's Office have shown compliance with such requirements to be less than would be expected. So legislation, by itself, is not sufficient. Compliance and support (advising, monitoring, research and policy development) mechanisms require further development to address this situation.

New and Reorganised Agencies

New agencies were generally not aware of policy requirements for fraud control. In cases where new agencies were created through major reorganisation, awareness of fraud control requirements sometimes existed, and prior to reorganisation the previous agency or units may have had a fraud control strategy in place. With the change a revised strategy was needed, but this frequently received lower priority than other aspects of the corporate change process.

Central Consolidation of Accountability Requirements

The challenge faced by any newly created or reclassified agency is to become aware of the multitude of legislative and policy requirements which they must implement. They do not receive a "starter pack" containing copies of applicable legislation, regulations, codes, circulars, memoranda and guides, nor is there a central register of such requirements which can be consulted. Instead, they must rely on the accumulated knowledge of staff joining the agency (which may be low if coming from the private sector) and ad hoc advice from existing agencies.

Treasury is now placing copies of Treasury Circulars with current effect on their internet homepage, and this serves as a reference for such documents. Other agencies, such as The Audit Office, also provide this service. However, the range of sources needed to be accessed is extensive.

Bringing together existing requirements and guidelines into a central repository could fill this gap. Internet technology could be used to achieve this. The Government website could serve as the repository, or could provide an index of material with direct links to other websites where material may be accessed. Some consolidation or rationalisation of material may be required, and protocols for ongoing maintenance and addition of material would be necessary.

Investigations Framework

Need for Consistency in Investigation Standards

Investigations are a key element of fraud control. However, a clear approach has not developed in the NSW public sector.

In the Commonwealth sphere the Australian Federal Police play an integral role in public sector fraud control. They are involved in investigations, in a Quality Assurance Review Program[5] of investigations by Commonwealth agencies and contractors, and in hosting the Commonwealth Fraud Information Database.

In NSW, uniform internal investigation practices do not exist across the public sector. Clear roles and procedures have not been defined in most situations by agencies for their internal investigators. There is not a standard set of investigator competencies, nor a standard training program.

Various initiatives have been taken to fill the gap in training. However, a standard endorsed course has not yet emerged. Recently issued guidelines by the ICAC on conducting internal investigations[6] are a major advance, and consideration is currently being given by Premier's Department to adopting fraud control competency standards across the NSW public service (refer Appendix 5).

The Audit Office strongly supports all of these initiatives, and urges the resolution of an integrated whole-of-government approach to these issues. As a related initiative, The Audit Office is currently working with the Commercial Crime Agency of the NSW Police Service. A Performance Audit Report will be produced on that work in due course.

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[5] the Quality Assurance Review Program of the investigation processes of Commonwealth agencies is undertaken by the Australian Federal Police against a set of formal Investigation Standards which have been adopted across the Commonwealth public service.
[6] The Independent Commission Against Corruption, *Internal Investigations*, Sydney, 1997.

Overseas Activities of Agencies

An Emerging Need for Research and Guidance in Corruption Prevention

The Public Accounts Committee reported on the overseas activities of NSW agencies in their Report *Offshore and Off-Target* (November 1995).

That Report drew unfavourable comparisons between the approach taken by NSW agencies in their overseas endeavours (individual, uncoordinated and relatively unprofitable) and the approach taken in other states (coordinated and relatively profitable).

The Report did not address the issue of the potential for agencies operating overseas to be drawn into fraudulent and corrupt activities.

The USA has legislation prohibiting US companies from engaging in corrupt activities (*Foreign Corrupt Practices Act, 1977*) and an agreement has been reached, to take effect in 1999, involving OECD countries banning the bribery of public officials.

The NSW Government and the ICAC take pride in their view that the anti-fraud and corruption stance taken by NSW has led to the preferential migration of business development opportunities to NSW. However, there are no specific written directions to NSW agencies as to their behaviour overseas in terms of fraud and corruption.

The issue of corruption prevention in undertaking overseas business activities is sensitive and complex. Given the growing emphasis for undertaking business overseas it is an important matter. Further research and guidance on this topic would be of great value.

Local Government

Action by Local Councils

This audit has not sought to examine the situation in local Councils, as the legislative mandate of the NSW Auditor-General currently does not extend to Local Government, and the 1990 Premier's Department policy directive concerning fraud control does not apply to local Councils. However, through the encouragement of the Department of Local Government, some Councils adopted the ten point strategic model advocated by The Audit Office immediately upon its release in 1994.

During the course of this audit The Audit Office was invited by Marrickville Council to assist them in an assessment of their fraud control strategy. It is apparent that since 1994 some Councils, such as Marrickville, have made significant progress in implementing fraud control strategies (their overall rating would rate amongst the leading group of State Government agencies).

Scope for Further Progress in Local Government

The Audit Office was able to confirm that the ten-point model for fraud control, and the assessment methodology used in this audit, are able to be applied fully and without modification by local Councils. Further application of these tools by local Councils would provide a uniform Standard for implementing fraud control strategies across Local Government. This would enable benchmarking between Councils, and also between Local Government and State Government.

Recommendations

Action to Improve Public Sector Fraud Control

1. Consideration be given to instituting stricter requirements for NSW agencies to address fraud control. In the longer term, it is considered that legislative provisions are necessary to ensure that appropriate attention continues to be afforded to this matter. Options might include measures such as:

- an explicit requirement under the *Public Finance and Audit Act* (currently undergoing major revisions) for agencies to maintain an effective fraud control strategy, or

- incorporating fraud control as part of the *Statement of Responsibility* to be certified and published by each agency (the introduction of a legislative requirement for a *Statement of Responsibility* is part of current legislative reform considerations).

In the shorter term, policy and administrative remedies should be pursued to address the situation. Options could include:

- a Premier's Memorandum to Ministers

- inclusion of compliance requirements in Chief Executives' Performance Agreements

- development of an integrated policy framework to address the issue from a whole-of-government perspective. This would involve:

  - bringing together existing requirements and guidelines into a central repository (perhaps using the Government internet website). Some consolidation or

rationalisation of material may be required, and protocols for ongoing maintenance and additions of material would be necessary.

- coordinating various current initiatives by central agencies and watchdog bodies. The *Public Sector Ethics Framework*, instituted in 1997, may provide an appropriate mechanism and framework for this purpose.

2. Further research be conducted, and guidance provided, on areas of emerging need, such as:

- investigations

- performance indicators on fraud control effectiveness

- overseas business activities by agencies.

3. The Department of Local Government continue to encourage local Councils to adopt a uniform Standard for fraud control strategies and a common methodology for reviewing the effective implementation of such strategies.

2. Best Practice in Action

Implementing Fraud Control Attributes

This Chapter reviews agency responses[7] to each of the ten Attributes of the strategic model advocated in the guide *Fraud Control: Developing an Effective Strategy.* The ten Attributes are set out in detail at Appendix 1. In summary, they deal with the following issues:

1. Integrated Macro Policy	6. Fraud Reporting Systems
2. Responsibility Structure	7. Protected Disclosures
3. Fraud Risk Assessment	8. External Notification
4. Employee Awareness	9. Investigation Standards
5. Customer and Community Awareness	10. Conduct and Disciplinary Standards

For each Attribute, case study examples have been collected by The Audit Office of agencies working towards Best Practice. These are cited to illustrate what can be achieved, and to encourage others.

Desired Standards of Implementation

Fraud is an exceptionally resilient practice everywhere, and all elements of the fraud control strategy must be operating well, and in an integrated manner, if fraud is to be effectively controlled. The NSW Police advise that "... to reduce the incidence of fraud one must reduce the opportunity."[8] Bearing this in mind, The Audit Office has advocated that a score of at least "good" for each Attribute should to be the standard which agencies should aspire to. A lesser standard is unlikely to be effective in combating fraud, where leaving the gate "partly open" provides an ongoing opportunity for fraud.

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[7] Agencies rated their performance on each Attribute in the range of 0 (very basic) to 5 (very good).

[8] C. Dyson, "Fraud - Can your Organisation Afford It?"*, paper presented at ASCPA *Public Sector Accountants Conference*, Sydney, October 1997, p2.

The Current Situation

In terms of implementing effective fraud control strategies, the current situation across the NSW public sector, looking at each of the ten Attributes, is summarised below.

Figure 3:   Fraud Control Implementation Results: Dissected by Attribute
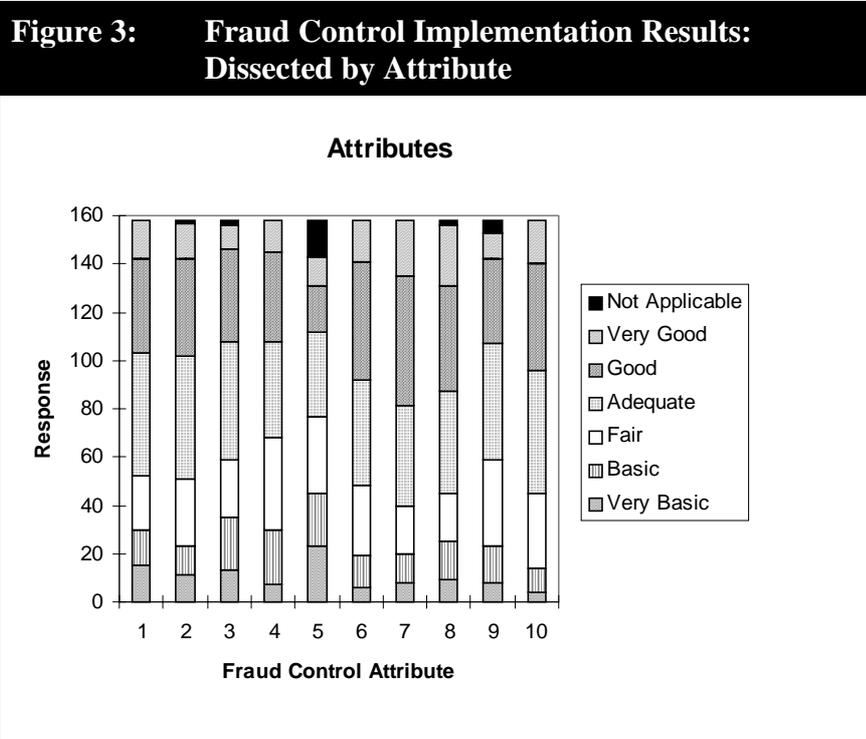
> **nb:**   details of the best practice elements for each Attribute are provided in Appendix 1.

Expressed another way, Figure 4 shows the percentage of agencies which are achieving the desired standard for each Attribute.

Figure 4:   Achievement of Desired Standard by Attribute
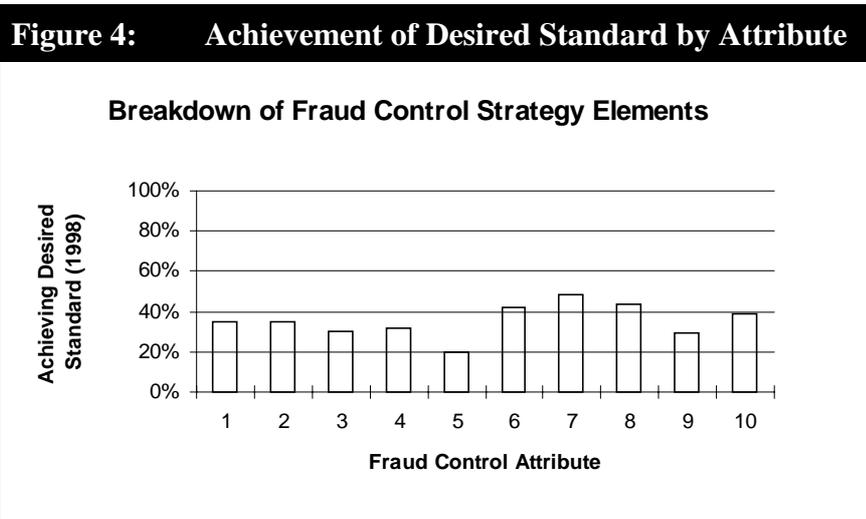
This shows that there is considerable room for improvement.

Discussion concerning individual Attributes follows. To illustrate what can be achieved, a number of practical examples are cited. The examples are not meant to represent "perfection", and do not imply that fraud has been defeated in these agencies. Further improvements are often possible and desirable. The examples cited serve to demonstrate that working towards best practice in each Attribute is a real possibility, not just a concept.

Attribute 1

*I*ntegrated *M*acro *P*olicy

This Attribute is concerned with the extent to which an agency has developed a clearly identifiable, holistic and functionally integrated fraud control strategy.

Thirty five percent of agencies achieved the desired rating, while nine percent indicated a zero or very basic rating.

A 1997 Report by The Audit Office, *Corporate Governance,* where the activities of approximately 210 Boards was reviewed, revealed that only 23% of Boards had endorsed a formal fraud control strategy for their agency.

A number of small agencies indicated that due to their small size they had a limited fraud exposure and thus had no need for a fraud control policy. However, some in this group have considerable fraud and corruption exposure. The lack of detected fraud may be a result of inadequate controls, due to the lack of a fraud and corruption Policy and associated risk assessment. Only 24% of this group reached the desired rating.

It is wrong-thinking not to have a policy dealing with fraud control. It is also a breach of government policy requirements, which makes each Chief Executive responsible for ensuring a policy is developed. Small agencies have a smaller task in assembling a policy, so the size argument is not compelling.

FreightCorp

FreightCorp has a Fraud Risk Policy, which recognises the need to address the ten best practice Attributes, and to integrate with other specific supporting internal policies, (eg. Code of Conduct, Confidential Information Policy, Gifts, Benefits and Hospitality Policy, and Purchasing and Procurements Policy)

FreightCorp Policy is supported by a Fraud Risk / Waste Prevention Program that defines the action steps and target dates to be achieved to implement the various components of the ten Attributes.

The Program is managed via a Project Management database, which displays the underlying tasks and their relationships, the program milestones and achievements.

The FreightCorp Management Committee has received formal briefing papers outlining the need for a Fraud and Corruption Prevention Strategy, with full referencing to the requirements of the ICAC and the ten Attributes.

Roads & Traffic Authority

The RTA has a Fraud Control Strategy , which is the basis for its Fraud Control Manual.

The Manual incorporates the RTA Corruption Control Strategic Plan, which draws together all ten Attributes into an integrated macro policy.

The Manual stipulates and demonstrates that policies and actions are driven by the Authority's needs.

An annual "corruption prevention business plan" is drawn from the Strategic Plan to ensure individual initiatives maintain the focus of the Strategic Plan.

Attribute 2

*R*esponsibility *S*tructures

This Attribute is concerned with the extent to which an agency has clearly and effectively assigned responsibility for implementation and coordination of all components of the fraud control strategy across all aspects of the agency's operations.

Thirty five percent of agencies achieved the desired rating.

This Attribute reflects the desirability of making fraud control a functional responsibility of line management. Agencies with Fraud Control Plans generally reflected this intention in their Plans, but in some cases it has yet to appear in Duty Statements at all relevant levels of line management.

Department of Corrective Services

Within the Department of Corrective Services the assigning of responsibility for fraud investigations is part of the role of the Investigations Review Committee. Individual officers are detailed by the Committee to perform specific investigations.

Where a degree of expert knowledge or experience is desired, the Investigations Review Committee takes this factor into consideration when assigning responsibility for the investigation task. Responsibility for investigations within the Department is distributed to a variety of geographical and functional managers. For example the Manager, Corruption Prevention, as well as holding overall responsibility for development, training and implementation of the Corruption Prevention Strategy, is one officer with expertise in relation to fraud investigation. The Department has other officers with skills and experience in this field, thus giving the Investigations Review Committee a range of options in terms of case assignment.

The investigation responsibilities of the Manager, Corruption Prevention are only exercised in accordance with the decisions of the Investigations Review Committee. This Committee, which represents senior management and those specialist and line managers charged with investigation responsibilities, provides overall policy, resource management and review functions for investigations.

Treasury Corporation

A Fraud Management Committee, comprising senior management and line managers, was established in December, 1994 by the Treasury Corporation under the Fraud Control Plan with the purpose of producing a fraud risk assessment covering:

- *functional area*
- *monetary impact*
- *preventative controls*
- *detective controls*
- *type of fraud*
- *significance of fraud*
- *probability of fraud occurring.*

The Committee will review the Fraud Risk Assessment on a three yearly basis. The Fraud Control Plan requires day to day fraud control to be the responsibility of line management through implementation of internal controls which are driven by the Fraud Risk Assessment outcomes and other internal system requirements. This requirement is also part of Divisional Business Plans and line management Duty Statements.

Marrickville Council

Marrickville Council's Fraud Control Committee was established in 1994 and is responsible for oversighting the Council's Fraud Control Strategy. The Fraud Control Committee is chaired by the General Manager, and is comprised of relevant senior staff, including the Management Auditor. The initial objectives of the Committee were:

- *co-ordinate the overall approach to fraud control*
- *formulate fraud control strategies and reporting procedures*
- *identify major areas of risk*
- *set out how investigations should be handled*
- *approve fraud control initiatives*
- *ensure such initiatives are promulgated by Divisions*
- *receive reports of fraud; review & institute disciplinary action*
- *develop policies to protect staff reporting fraud*
- *report to the ICAC if necessary*
- *approve documentation on fraud control.*

The Fraud Control Committee updates the key objectives of the Fraud Control Strategy on an annual basis, and in its routine quarterly meetings considers progress against these objectives, as well as other matters relevant to the fraud control strategy. The Committee reports to the Council on a bi-annual basis.

Attribute 3

Fraud Risk Assessment

This Attribute is concerned with the measures taken by an agency to identify specific areas of fraud risk and to develop appropriate countermeasures and action plans.

Thirty percent of agencies achieved the desired rating.

This is arguably the most important stage in fraud control (it is the basic step for much Commonwealth fraud control activity).

In recent times, risk management in agencies has received greater attention. This is being driven by the influence of benchmarking (formal or informal) against commercial best practice, the availability of Standards (Australian/New Zealand Standard 4360:1995 *Risk Management*), and the release of the NSW Treasury *Risk Management and Internal Control* publication.

FreightCorp

FreightCorp is using the Australia/New Zealand Standard 4360:1995 to support its risk assessment program.

Initial assessments (of all areas, including fraud) have been completed by staff from each Business Unit with the facilitation of Internal Audit and the assistance of an external facilitator. This initial assessment provided details of areas of risk which required follow-up action.

FreightCorp is implementing a Control Self-Assessment process which will impact upon fraud risk issues by identifying the effectiveness of existing controls and measuring key areas of corporate culture, trust and morale. A fraud risk assessment component has also been designed for incorporation into audit methodology.

FreightCorp has published an internal document "Guidelines for Effective Resource Management" to assist management and employees identify and prevent wasteful, inefficient or unethical behaviour. The Guideline tabulates identified risks, causes, effects, and recommended preventative measures for a wide range of FreightCorp resources (from petty cash to heavy equipment).

TAFE NSW

TAFE NSW[9] has adopted the COSO[10] methodology for risk assessment.

Senior staff at each TAFE Institute are provided with risk management training by TAFE's Comprehensive Audit staff. A period of time is then allowed for the staff to identify the risks they wish to address. Comprehensive Audit staff then return to facilitate the risk assessment process for such locally identified risks. This process augments the Auditor's usual role by increasing the managers' capability to recognise and address risks.

TAFE performs its own Investigations, and uses the findings from such investigations as intelligence data to predict the nature of future fraud risks. These predictions are then used as drivers to change existing processes subject to fraud, and to change audit programs and audit tests.
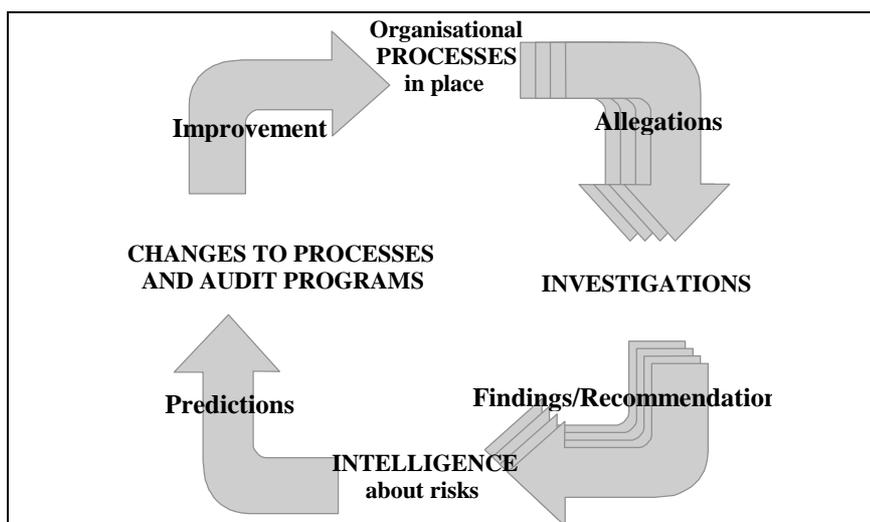
This process is shown graphically over the page.

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[9] TAFE has recently undergone amalgamation with the Department of School Education (DSE) and the Department of Training and Education Co-ordination (DTEC) to form the NSW Department of Education and Training. DSE, DTEC and TAFE had each developed their own fraud control strategy. Future practices for the combined organisation may differ from those highlighted here.

[10] The Committee of Sponsoring Organisations (COSO) was established in the USA to address the findings of the Treadway Commission. It has established a generally accepted framework for assessing the quality of Internal Control within an organisation. The COSO framework underlies the 1995 Treasury *Statement of Best Practice on Internal Control and Internal Audit*, as well as the 1997 Treasury publication *Risk Management and Internal Control.*

The COSO model requires:
- risks to be analysed in terms of their causes
- the risk management environment to be examined to identify the elements (eg structures, procedures, staff competencies) that could be adjusted to mitigate risk
- specific controls to be identified and implemented
- information sources such as computer reports to be fully utilised, and communications to occur with those who need to know
- the risk and effectiveness of controls to be monitored.

Organisational
PROCESSES
in place

Improvement

Allegations

**CHANGES TO PROCESSES
AND AUDIT PROGRAMS**

INVESTIGATIONS

Predictions

Findings/Recommendation

INTELLIGENCE
about risks

Improvements	Allegations about individuals
⇨ *due to:* • changed process • changed audit programs • changed audit tests	⇨ *may be about breaches of processes, eg:* • fraud / corruption • waste • maladministration
Predictions	**Findings / Recommendations**

⇨ *about*:
 • fraud / corruption / waste / maladministration
    – methods
    – patterns
    – techniques
	⇨ *may be about:*
	 • individuals
	    – charge / not charge
	    – advice / counselling / coaching
	 • management of site
	    – structure
	    – controls over processes
	    – remedial action

INTELLIGENCE *about risks*	

⇨ *about:*
 • **policies / procedures / business applications / forms**
 (eg non alignment with changing business needs)
 • **patterns of control problems**
 (eg due to downsized structures - loss of segregation)
 (eg staff not understanding controls associated with new technology)
 • **staff with enhanced opportunities to defraud**
 (eg staff with delegations)
 (eg staff whose work is not observed
    eg mobile employees
    eg staff where supervisor is not interested in their specialist area,
    eg staff whose work is not pleasant,
       eg some maintenance workers
 • **functions**
 ◊ *main business function*
    - education, commercial activities
 ◊ *support function*
    - purchasing, timekeeping, contracting	

The above case studies demonstrate just three of the various approaches to risk management being adopted in NSW.

The TAFE NSW examples are particularly powerful, as

- the first example demonstrates the use of the COSO methodology at the lower level local risk situation (COSO has also been selected by NSW Treasury in *Risk Management and Internal Control* for use at the whole of agency level).

- the second example demonstrates the use of feedback from investigations as a means of risk limitation and management.

Marrickville Council

The Council has recently performed its second formal fraud risk assessment.

Questionnaires were distributed for line managers to identify areas of risk and associated risk severity, and in cases where the risk level was considered high, for them to propose additional risk control.

This data was reviewed at Section, Divisional and Corporate levels, and agreed responses listed for action.

The line manager input, the outcomes of the higher level reviews, and the selected line management and audit responses (action and timing) are listed together on a simple matrix, in a manner which reflects the functional activities of Council and the nature of fraud risks arising from them.

Attribute 4

*E*mployee *A*wareness

This Attribute is concerned with the extent to which an agency has implemented a plan of action to raise awareness and modify attitudes within the organisation concerning fraud.

Thirty two percent of agencies achieved the desired rating.

The importance of this aspect of fraud control is underscored by the recognition of the importance of employee reports in fraud control.   The Ernst and Young 1996 report *Fraud - the Unmanaged Risk* revealed that 78% of frauds were committed by employees, while the KPMG 1997 *Fraud Survey* revealed employee notifications as the second highest source (after internal controls) of information leading to fraud detection.

This is an area of significant movement in philosophy, as a focus on prescriptive actions (Codes of Conduct) moves to a focus on principles or inputs (Codes of Ethics). Many organisations are recognising the positive influence of "tone at the top" as a platform for driving culture change through the agency, and as a means of combating staff impressions that conduct standards for management may be lower than those applied to staff.   The KPMG, 1997 *Fraud Survey* found that there were twice as many management fraud perpetrators as there were non-management.

Roads & Traffic Authority

These organisations use case study data to assist in bringing to their staff the messages learned from the earlier mistakes of others.

FreightCorp

TAFE NSW

The RTA regularly distributes fraud investigation case studies to its staff.   The specifics of the cases are modified to limit identification with a particular investigation.   They have wide appeal.   The aim of the case studies is to assist staff and managers observe how the lack of, or breakdown in, controls necessitated the investigation.   Managers across the Authority are expected to assess if they might be exposed to similar risks.

FreightCorp publishes case studies relating to other agencies and the former State Rail Authority.   It also uses such case studies in face to face training.

TAFE NSW[11] does not publish case studies, but uses scenarios derived from experience in training and in fraud prevention publications.

Training includes the courses "Ethics and Accountability" and "Best Practice in Risk Management and Internal Control".

An example of a case study based scenario used in training is: "What would you do if a colleague suggests that you should take a "sickie" so others can earn some overtime?"

A typical case study based publication is:

"Fraud and Corruption Prevention-Best Practice Guide", which links the risks to control weaknesses and to recommended controls in areas of course development, student assessment, classroom equipment and consumables, human resources, computing, accounting, buildings, construction, maintenance and purchasing.

FreightCorp

FreightCorp conducted formal research, including focus groups of employees, to identify the shared corporate values which underpin its "The Way We Work" ethics program which is being delivered to all staff.

Education sessions arising from this program address the issues of potential fraud, corruption and waste, as well as risk control within FreightCorp. Protected Disclosures, internal and external reporting are also addressed in the sessions. The program aims to develop an awareness among employees of the importance of acting ethically, the advantage in terms of efficiency and competitiveness of the Corporation and consequent advantages in terms of job security, satisfaction and enhancement.

Attendees at each course are provided with a "driving licence sized" laminated card which contains details of contact internal telephone numbers for advice and information on ethical questions and telephone numbers for external reporting to the ICAC, Ombudsman and The Audit Office.

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[11] TAFE has recently undergone amalgamation with the Department of School Education (DSE) and the Department of Training and Education Co-ordination (DTEC) to form the NSW Department of Education and Training. DSE, DTEC and TAFE had each developed their own fraud control strategy. Future practices for the combined organisation may differ from those highlighted here.

FreightCorp has also implemented a senior management program "Leadership in a Commercial Environment". This program focuses on the concept of "Value-Driven Leadership" as a framework for FreightCorp leaders, which forms the basis of the program.

An extensive training program in a wide range of procurement activities will commence in early 1998. A formal accreditation system provides a structured approach to procurement training. Issues such as conflict of interest and probity in the tendering and procurement process will be addressed in the program.

FreightCorp has also initiated a module in its "Front Line Manager Team Leadership Program". This module aims to reinforce to managers and potential managers the importance of dealing fairly and honestly with colleagues, customers, suppliers and the community. The sessions identify, discuss and offer solutions to ethical and/or conflict of interest situations which directly or potentially impact upon front line managers and the teams they lead.

Roads & Traffic Authority

While previously focussed on developing codes, rules, and procedures of a fraud prevention nature, the RTA is entering into what it describes as a "maturing phase" of its employee awareness strategy.

The Authority is concentrating on an awareness and training program based on public service ethics. The roles of staff are often changing due to technological advances and changes in the Authority's structure and critical focus areas. The relevance of many formal internal controls can be short lived. It is recognised that staff need to understand the values which underpin public service ethics and have the ability to formulate and act out behaviour appropriate to new and untried situations.

Training, which started with a series of "tone at the top" workshops for SES officers, addressed by the RTA CEO and the ICAC Commissioner, introduced concepts of moral theory and moral reasoning within a framework of practical application and organisational decision making processes. The workshops did much to remove the mystique of ethics and trained participants to think ethically (public service ethics) for themselves.

State Emergency Service

The SES (an organisation of over 6,000 volunteers and 61 permanent staff) has the difficult situation faced by most volunteer based organisations in that such a vast majority of its "staff" attend their "place of work" for only one or two evenings a week; yet their training and work lie in potentially hazardous situations. This requires extensive use of "Standard Operating Procedures" and documentation of policy and procedures.

The SES has had a Code of Conduct for a long time, which together with Controller's and Administrative and Finance Manuals, provide details of the SES approach to fraud and its Fraud Control Plan.

The SES has recently supplemented its long standing Code of Conduct with an additional specific Volunteers Code of Conduct. It covers the areas of professional and personal behaviour, honesty, acceptance of gifts/benefits, and conflicts of interest, written in plain English appropriate to the purpose.

Attribute 5

Customer and Community Awareness

This Attribute is concerned with an agency's actions to raise the level of customer and community awareness of the its ongoing fraud control efforts.

Only twenty percent of agencies achieved the desired rating. Fifteen percent indicated that they had a very basic level of achievement in this Attribute. Another 10% advised that this Attribute was not applicable to them. Interestingly, there was not a consistent pattern for agencies claiming that this Attribute was not applicable. For example, such claims were made by one University (out of a total of ten University responses), and by one Area Health Service (out of a total of 16 such responses).

Results for this Attribute illustrate that many agencies have difficulty in developing a means of raising the awareness of their suppliers, customers and the general public that the agency operates under high ethical standards and will not condone fraudulent conduct. This is made more difficult if the agency has not developed a strategic internal awareness by development of a fraud control policy.

Roads & Traffic Authority

The RTA provides multi language posters in every Motor Registry drawing public attention to the fact that it is an organisation that will not tolerate corrupt conduct between staff and the public. This message is also incorporated inside the Motor Traffic Handbook.

The RTA has produced a "Statement of Business Ethics" which is provided to every individual or firm intending to tender for RTA contracts. The document sets out the standard of ethical conduct which is expected of those tendering and of the RTA employees assessing tenders.

Greyhound Racing Authority

The 1995/96 Annual Report which is distributed to the active participants in the sport, contains a copy of the Code of Conduct. This describes in clear terms the Authority's approach to a relevant range of ethical behaviours, with sensitivity to matters associated with the Authority's special area of activity. The Anti-Corruption and Fraud Coordinator (a position nominated under the Authority's Anti-Corruption and Fraud Control Plan) is designated as a recipient for information concerning unethical behaviour.

The existence of the Anti-Corruption and Fraud Control Plan is also acknowledged in the Authority's Annual Report.

Attribute 6

ℱraud ℛeporting 𝒮ystems

This Attribute is concerned with the extent to which an agency has adequate and effective arrangements and systems implemented for the internal reporting of suspected or known fraud situations.

Forty two percent of agencies achieved the desired rating.

Agencies which felt little exposure to fraud, and/or who had no recent experience with fraud, generally had very basic systems in place.

Information regarding internal reporting arrangements for reporting suspected fraud was generally advised to staff in the agency Code of Conduct, and was also frequently documented in Administration Manuals or similar.

A common approach was to require the reporting of fraud or suspected fraud to the supervisor, or if concerned with reporting at that level, to the next level supervisor, or the chief executive. Cases were observed where these procedures, and those under Attribute 7 (Protected Disclosures), were documented separately, so that a staff member following these reporting systems may not necessarily be covered by the Protected Disclosures Act. In practice, most leading practitioners treat all employee disclosures as protected until proved otherwise. In some agencies the formal reporting positions nominated under this Attribute do not always evidence this approach.

Roads & Traffic Authority

The RTA has an "Ethics Information Hotline", which allows callers (employees, contractors, tenderers, members of the public, etc) to report suspected corruption. Reports are accepted from anonymous callers. Advertising the hotline encourages employees who have ethical or probity dilemmas to call and seek assistance. This aspect of the hotline has proven to be a very effective prevention measure. The free-call number is strongly promoted in all corruption prevention material.

Instructions for reporting suspected fraud/corruption are provided in the Code of Conduct, including quite detailed requirements for driving-licence examiners.

Attribute 7

*𝓟*rotected *𝓓*isclosures

This Attribute is concerned with whether an agency has developed appropriate mechanisms and policies to protect complainants from being disadvantaged as a result of reporting fraudulent activities.

Forty nine percent of agencies achieved the desired rating, the highest level of achievement for any Attribute.

This result is obviously a consequence of the effort and publicity given this matter by the Protected Disclosures Steering Committee (PDSC), the Ombudsman's Office and the ICAC, and of this requirement being backed by legislation - the only Attribute to enjoy this status. However, given this, it is disappointing that the result was not better.

Premier's Memorandum 96-24 (November 1996) stated:

> I wish to confirm the Government's requirement that all public agencies implement within their organisation, by 30 January 1997, documented internal reporting procedures that provide clear and unequivocal protection to employees who make protected disclosures.

Both the ICAC[12] and the PDSC[13] have been conducting surveys of agencies to review the operations of protected disclosures in greater detail. The findings of that research will assist the ICAC and the PDSC focus their efforts to assist agencies in their implementation of the Protected Disclosures Act. The results of these surveys reveal that whilst reporting systems of some type may be in place in most agencies, significant additional effort is required by agency management to raise staff awareness of these systems, and to sell the features of the Protected Disclosures Act to permit it to provide the desired outcomes in reduced fraud and corruption.

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[12] The ICAC recently reported on a survey of agency and local government employees (*Monitoring the Impact of the NSW Protected Disclosures Act,* the ICAC, Sydney, November 1997*)* which revealed that 48% of agency employees were not aware of reporting procedures.

[13] Following Premier's Memorandum 96-24, the Ombudsman's Office (on behalf of the PDSC) carried out a survey which indicated that whilst 95% of agencies have adopted an internal reporting policy, only 30% had documented their policies to a desirable standard.

UNSW

The University of New South Wales (UNSW) has within its Administration Manual (which is accessible by staff in hard copy and on the Intranet) a document: "Guidelines for reporting of known (or suspected) criminal or corrupt conduct, maladministration, or waste".

The core of the document, which is presented as an adjunct to the reporting requirements stipulated in the University's short form "Code of Conduct", provides precise details of reporting and followup mechanisms available to staff and to be used by local supervisors, managers and the University Executive. As an encouragement to reporting, these mechanisms deliberately provide staff with reporting options and suggest that even when a report may only reveal local administrative weaknesses or mistakes it can be important as part of the continuous management improvement dialogue between the University and its staff.

The integrated reporting system accordingly provides for the raising of concerns and complaints as well as protected disclosures. The reporting document provides staff with a summary of the University's Protected Disclosure Act arrangements and with contact details for internal and external disclosure recipients, including the member of the University Executive nominated as the University Protected Disclosure Co-ordinator.

Personal copies of the reporting document, the Protected Disclosures Act and associated documents produced by the ICAC were sent to all Heads of Departments for them to advise their staff. To reinforce this effort these documents were also circulated widely to key local staff (front office and secretarial-those most likely to be approached for informal advice) in a series of small group Awareness seminars held across all areas of the University.

The University has a process for review and update every three years of its reporting system (and its Protected Disclosures Act arrangements) in consultation with staff - if not required by earlier circumstances.

Attribute 8

$\mathcal{E}$xternal $\mathcal{N}$otification

This Attribute is concerned with the extent to which an agency has implemented arrangements for the reporting of suspected or known fraud situations to external authorities.

Forty four percent of agencies achieved the desired rating.

This result is again principally due to the efforts of the ICAC in its *Practical Guide to Corruption Prevention* and to the Ombudsman's Office with its *Protected Disclosure Guidelines.* Both documents address the issues associated with advice to external authorities in cases of suspected or proven improper conduct, including fraud.

FreightCorp

FreightCorp has strengthened its relationship with external bodies whom it is required to advise of fraud and corruption by setting up both formal and informal liaison arrangements with relevant representatives of those organisations in advance of any need to contact them.

Attribute 9

𝒥nvestigation 𝒮tandards

This Attribute is concerned with the extent to which an agency has developed appropriate, effective, and efficient mechanisms and policies for handling suspected fraud situations from first alert to final conclusion of a matter.

Twenty nine percent of agencies achieved the desired result.

Very few agencies had the capability to perform detailed formal investigations. Many provided bare guidelines on the need to preserve evidence, record interviews and consult designated senior management before and after any preliminary investigation. Most agencies appear capable of performing initial "internal audit" type investigations to determine if there is apparent truth in an allegation, or apparent improper conduct behind an audit discrepancy, but would then wish to refer the matter to an external contractor, the ICAC or the Police if it appeared significant.

There are no Investigations Standards for NSW agencies. The Commonwealth has developed Standards which must be followed by all Commonwealth agencies in carrying out their own investigations, and by investigation contractors working for Commonwealth agencies. It is possible that these Standards will become the "de facto" standard for many NSW agencies if NSW based investigation contractors accredited to the Commonwealth perform investigations on a contract basis for NSW agencies.

In October 1997 the ICAC released a document on this subject - *Internal Investigations Handbook*. This was accompanied by the release of a new module for the *Practical Guide to Corruption Prevention* on this topic. This material from the ICAC provides the basis upon which an agency can develop its own internal procedures, and thus close the gap identified in this audit. However, the Commonwealth approach demonstrates greater rigour still in this vital aspect of fraud control. The Commonwealth not only has detailed Investigation Standards, but has also developed a system of Quality Assurance Review of agency-level investigations. The Australian Federal Police audit a sample of agency and contractor investigations to review compliance with the Commonwealth Investigation Standards.

Roads & Traffic Authority

The RTA's Fraud Prevention and Investigation Section is accredited to International Quality Management Standard ISO 9001. The Authority's investigations are conducted in accordance with a published "Allegation and Investigation Manual". A comprehensive database is used to track the progress of investigations and to perform trend analyses on the nature and location of fraud impacting on the Authority.

Coal Compensation Board

The Corruption Prevention Policy and Procedures lays down the specific steps to be followed in determining the course of action to be followed when investigation activity is anticipated.

The Fraud Control Committee, established under the Corruption Prevention Policy, has control over the activities performed following receipt of a complaint. Action steps are taken by the relevant Manager under the guidance of the Committee (and of the Chief Executive if the matter is determined to be of sufficient materiality).

An initial assessment is made about a complaint, then a decision is taken as to whether no further action is to be taken, or whether the matter is to be investigated by the contract internal auditor, or whether external investigators and/or the ICAC and/or the NSW Police should be involved.

Attribute 10

*C*onduct and *D*isciplinary *S*tandards

This Attribute is concerned with the extent to which an agency has established policies, standards and systems relating to conduct and discipline which support the fraud control strategy.

Thirty nine percent of agencies achieved the desired rating.

Agencies generally did not produce conduct and discipline standards specifically for fraud, but incorporated fraud in their general discipline standards. Fraud was sometimes (but frequently not) specifically mentioned in discipline standards, with the more general term of corruption being preferred.

Whilst all of the above practices are quite acceptable, in some cases there was room to enhance the strength and clarity of the anti-fraud message, and of the agency's position on actions and penalties to be applied in situations where fraud is detected. For example, conduct and disciplinary standards were generally incorporated in the agency Code of Conduct. However, in some cases such Standards were also found incorporated in staff disciplinary procedures, enterprise agreements, and the like.

A notable gap or weak element in some agency Conduct Standards and Codes was the issue of accepting gifts and benefits. If addressed at all, detail was often lacking and supporting procedures not developed. This issue is addressed in the *Model Code of Conduct for NSW Public Agencies* (1997) and the *Code of Conduct and Ethics for Public Sector Executives* (1998), both issued by Premier's Department.

In Queensland *Financial Management Standard 1997* provides for the treatment, recording and declaration of gifts received by officers of departments and statutory bodies. To elaborate on this legislative requirement, the Queensland Audit Office has issued *Guidelines for Dealing with Reportable Gifts (including Hospitality and Entertainment) 1997*[14]. The Guidelines provide typical examples of both reportable and non-reportable gifts, and

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[14] Queensland Audit Office, *First Report of the Auditor-General on Audits Performed for 1996-97 (including Performance Management Systems),* Brisbane, December 1997, Appendix H p182.

require an officer to complete a Reportable Gift Declaration whenever a reportable gift of value greater than $100 is given or received, or whenever a series of gifts exceeds $100 in any financial year.

Roads & Traffic Authority

The RTA Discipline Procedure (which covers casual staff and contract Lorry Owner-Drivers as well as regular staff) stipulates the responsibility for investigation and discipline rests with the line manager, except in cases of suspected fraud, corruption or misappropriation, where the Corruption Prevention and Investigation Section is responsible for investigation. Responsibility for discipline, in such cases, still remains with line management.

This Procedure also specifies the interviewee support and evidence recording requirements during discipline interviews.

The RTA Code of Conduct and Ethics establishes behaviour standards and also indicates disciplinary action consequent to any breach.

Marrickville Council

Marrickville Council has a Code of Conduct for Councillors and staff, supported by a Conflict of Interests Policy and a Code of Meeting Practice.

A support for these systems lies in the "Declaration of Gifts, Benefits Received and Acceptance of Free Meals" pro-forma which is available to be completed on any occasion such a benefit is received by a staff member. Use of the declaration form is not compulsory.   It is forwarded for inclusion in the officer's personal file for future reference if an issue should arise.

Appendices

Appendix 1: The Ten Best Practice Attributes of an Effective Fraud Control Strategy

*I*ntegrated *M*acro *P*olicy

Attribute 1

Each agency should possess a Fraud Control Strategy as a clearly identifiable instrument at the policy level. The strategy should detail the agency's stance on fraud. Many separate policy and action elements may be required for the strategy to be sufficiently comprehensive. The strategy must be properly conceived and constructed to effectively draw all elements together to form a holistic and complementary raft of fraud countermeasures. Whilst a number of fairly standard elements will exist for all agencies, considerable variation is also likely depending on factors such as the nature of the agency's environment and the business it is in. For the strategy to represent both an appropriate and cost effective instrument suitable detailed analysis must be conducted to develop or select those specific policies, measures and actions most appropriate to the individual agency.

*R*esponsibility *S*tructures

Attribute 2

Organisational responsibility for the coordination, monitoring, ongoing review and promotion of the agency's overall fraud control strategy, and for each of its sub-elements, must be clearly defined and communicated throughout the agency to management and staff alike. Fraud prevention and control must not become the exclusive domain of elite groups within the agency. All levels of management and staff must be kept involved in an appropriate manner.

*F*raud *R*isk *A*ssessment

Attribute 3

A structured fraud risk assessment review should be conducted periodically covering all functions and operations of the agency. The review must address both the internal and external environments for the agency, and the fraud risk associated with both. The review will establish the level, nature and form of the agency's fraud risk exposure. A forward plan generated from the review will define areas where specific action may be

required.

Attribute 4

𝓔mployee 𝓐wareness

A well constructed program of ongoing initiatives is required to bring the issues of fraud prevention, detection and reporting to the attention of all employees. A series of different programs and approaches may be required to suit differing types of employees and corporate cultures within the agency. Training may need to be delivered in various forms and contexts to be effective. Training may represent just one of a range of actions required. Best-practice guides for particular areas of activity may be helpful to assist staff and line managers to identify improvements needed to operational practices and local monitoring and control arrangements. Systems should be developed to monitor and evaluate sources of best-practice information and to disseminate relevant information within the agency as appropriate.

Attribute 5

𝓒ustomer & 𝓒ommunity 𝓐wareness

There is a need to promote community awareness that fraud committed against an agency is not acceptable and that perpetrators will be prosecuted. It is in the best interests of agencies to demonstrate an honest, ethical and businesslike provision of services to its customers through efficient policies which prevent and detect both internal and external fraud.

Attribute 6

𝓕raud 𝓡eporting 𝓢ystems

Procedures for dealing with the notification of fraudulent activity need to be carefully developed and distributed to all potential complainants. An appropriate reporting structure should reflect the size, structure and nature of the agency; the number, type and deployment of its employees; its customer base; and its links to the community.

Attribute 7

Protected Disclosures

A policy should clearly indicate that management encourages people to come forward and report instances of fraud and corruption. Legislative provisions for disclosure protection provide minimum standards in this area. To be truly effective, measures will need to positively encourage fraud reporting whilst also addressing protection against recrimination; the prevention of false and mischievous reports; and appropriate behaviour by complainants in pursuing a complaint.

Attribute 8

External Notification

Each agency needs to develop a clear formal policy and detailed procedures for the reporting of fraud and corrupt conduct to relevant external authorities. Fraud is a criminal act. The Police and the ICAC must be advised. Other bodies may also be relevant in particular situations and should be defined as part of the agency's overall policy.

Attribute 9

Investigation Standards

Appropriate procedures and guidance should be provided to both operational and internal investigating staff to avoid any uncertainty or confusion as to how any matter should proceed and be handled. Particular care needs to be taken to ensure that competent fraud handling and investigation procedures are implemented. This is particularly important at the preliminary stages so as not to prejudice or hinder further investigation. Staff training may be required, possibly including specialist training for selected staff.

Attribute 10

Conduct and Disciplinary Standards

A clear message needs to be received by all employees that fraud will not be tolerated and that perpetrators will face disciplinary action. Codes of conduct provide a starting point only in this regard, and a range of further actions may be considered necessary to achieve an effective result.

Appendix 2: The Ethical Environment in NSW

Since 1994, influences on the ethical environment in the NSW public sector include:

- The Audit Office and its joint publication with the Premier's Department titled *Fraud Control: Developing an Effective Strategy (1994),* with its ten point approach to fraud control

- The Ombudsman's Office and its publication *Good Conduct and Administrative Practice Guidelines (1995)*, and later documents *Administrative Good Conduct* and *Principles of Administrative Good Conduct (1997),* with their focus on guidance towards appropriate conduct and administrative practice

- the ICAC and its various investigation reports and guideline publications: in particular its *Practical Guide to Corruption Prevention (1996)* with its focus on requirements for developing corruption prevention and reporting strategies within agencies; *Internal Investigations Handbook* (1997); and the recent publication *Minimising corruption: some lessons from the literature* (containing two literature reviews)

- The Ombudsman's Office and its *Protected Disclosures Guidelines - Second Edition (1996),* which provides guidance as to roles and responsibilities of agencies in conforming to the requirements placed on them by the *Protected Disclosures Act (1994)*

- The effectiveness of the *Protected Disclosures Act* and its implementation has been reviewed by the Parliamentary Committee on the Office of the Ombudsman and the Police Integrity Commission (September, 1996), the Ombudsman's Office (on behalf of the Protected Disclosures Act Steering Committee), and the ICAC (in a four-phase study spanning 1995-1997). These studies will assist the Steering Committee in devising ongoing efforts and reforms required to improve the effective implementation of the Act by agencies

- The Premier's Department and its *Model Code of Conduct for NSW Public Agencies (1997)*, and *Code of Conduct and Ethics for Public Sector Executives (1998)* which form the basis for agency Codes of Conduct and provide guidance on standards of behaviour expected of public sector employees

- The Ethics Working Party, constituted under the Chief Executives' Committee developed the *NSW Public Sector Ethics Framework (1997)* which promotes and supports ethical practices in policies and guidelines, recruitment and selection, and training and development. One outcome has been Premier's Department Circular 97-48 (1 August 1997) specifying inclusion of "commitment to ethical practices" as an essential requirement in recruitment advertisements. Although not a legislated requirement, this reflects a similar effort in the Commonwealth, where there is now a legislated requirement for agencies to manage "efficiently, effectively and ethically"

- The Ombudsman's Office with its document *Consequences for Whistleblowers* (1997) providing advice to management as to their obligations and responsibilities to whistleblowers, including those who, by their actions, have exposed themselves to disciplinary action

- The NSW Treasury with its publication *Risk Management and Internal Control (1997)* which provides a toolkit to facilitate implementation of its 1995 *Statement of Best Practice - Internal Control and Internal Audit.* The toolkit assists chief executives by providing the assurance necessary to enable signoff of a *Statement of Responsibility* to be included in the agency Annual Report regarding the effective operation of internal control. The toolkit draws together consideration of all areas of risk facing the agency

Whilst this range of guidance material is impressive, it demonstrates a tendency towards a piecemeal approach to separate challenges, with potential for responses by agencies to be piecemeal. This audit has revealed that not all agencies are aware of the existence of all such documents. This Report includes a suggested approach to developing a central repository of guidance information.

Appendix 3: NSW Public Sector Corruption Prevention Committee

The NSW Public Sector Corruption Prevention Committee was formed in late 1994 as a collective of practitioners and interested parties to serve as a networking and self-help group, and to share information and experiences in dealing with the challenges of all aspects of corruption prevention. Its interests extend beyond just the State public sector, and beyond just fraud. The Committee is focused on the broad topic of corruption prevention, and its target audience is any level or facet of the public sector within the geographic area of NSW (ie. State Government, Local Government and even Commonwealth Government people based within NSW).

The Committee is currently an "informal" body. It is moving towards incorporation, and securing a patron. The Committee currently consists of 11 elected Executive Members (representing various State, Local and Commonwealth bodies) and 4 Non-Executive Members (representing The Audit Office of NSW, the Independent Commission Against Corruption, the Ombudsman's Office and the NSW Police Service).

The Committee has employed two main mechanisms for addressing its goals.

First, it has sought to develop a database of public sector officers interested in this field. This provides the basis for a "network".

Second, the Committee organises two "Forums" each year. The Forums run for half a day, and are organised around a relevant theme. They include a series of practitioner-speakers who provide real-life perspectives on how they have dealt with the issue. Other "special information" sessions are also included as relevant. The highlight of most Forums is a case study workshop session, based around the selected theme.

Appendix 4: Commonwealth Fraud Control Activities

To place the New South Wales situation into context, it is helpful to review activities in other jurisdictions. The Commonwealth approach is outlined here.

The Commonwealth system operating in 1990 (when NSW developed its policy) was based on the outcomes of the 1987 *Review of Systems for Dealing with Fraud on the Commonwealth*. The Commonwealth approach featured three key elements:

- a requirement that each agency prepare a detailed fraud risk assessment

- the development of detailed fraud control plans by each agency for areas of significant risk

- review of fraud risk assessment and control plans by a central Fraud Control Committee prior to implementation.

This strategy was reviewed in 1993 by the House of Representatives Standing Committee on Banking, Finance and Public Administration. The Committee's Report, *Focusing on Fraud* (commonly known as the *Elliott Committee Report.*), found that:

> The outstanding achievement of the policy to date has been to put fraud on the agenda of managers. The significance of this achievement should not be underestimated. All agencies that are required to do so are meeting their obligation to prepare risk assessments and fraud control plans. The focus of the nineties is to ensure that plans are actually implemented. (page xiii)

The *Elliott Committee Report,* in conjunction with initiatives generated within the Commonwealth bureaucracy, led to the current guidance document *Fraud Control Policy of the Commonwealth / Best Practice for Fraud Control* (commonly known as the *Blue Book),* published in 1994.

That document continued the system whereby agencies were responsible for performing a biannual fraud risk analysis and developing a fraud risk plan to match the risks identified, with both documents subject to assessment by (the now) Office of Law Enforcement Coordination within the Attorney-General's

Department. It also confirmed the investigation responsibility of agencies in areas of minor, routine or agency specific matters.

In addition to clarifying the existing systems described above, the *Blue Book* also provided for:

- the development of Investigation Standards

- the development of Competency Standards for staff / contractors engaged in Fraud Prevention, Detection, and Investigation (since accepted under the National Training Framework as National Competency Standards)

- The development of a Quality Assurance Review process for Investigation

- The development of a Commonwealth Fraud Information Database.

The Commonwealth system is quite prescriptive compared to that in place in New South Wales. The NSW approach reflects, to the fullest extent, the philosophy of "let the managers manage".

Appendix 5: National Competency Standards for Fraud Prevention and Detection

A Commonwealth Law Enforcement Board project has been the development of validated and endorsed national competency standards for fraud prevention, detection and investigation. The competencies have recently been formally approved by the Australian National Training Authority. They have been adopted in the Commonwealth public sector: meaning they are compulsory for all Commonwealth agencies and for all staff working in positions primarily concerned with aspects of fraud control. The competency standards are a major step towards establishing fraud control as a recognised professional area, and are a key tool in raising the level of quality in the fraud control area. This in turn should lead to the ultimate aim of increased effectiveness in fraud control.

The competency standards will serve a number of purposes, including:

- defining the fraud control roles and responsibilities of individual groups within organisations

- defining the skill levels necessary to achieve best practice in the delivery of fraud control services

- providing benchmarks for use in managing outsourced aspects of fraud control activities

- providing a basis for recruitment in specialist areas of fraud control, development of job descriptions and performance evaluation

- establishing national standard against which to develop in house and external training programs for officers involved in fraud prevention, detection and investigation

- a stimulus to the training marketplace to develop programs leading to formal tertiary qualifications in fraud control.

Each of these uses of the competency standards addresses significant current deficiencies and needs in the area of fraud control.

An Implementation Handbook has been finalised to introduce the competency standards. The Implementation Handbook allows for a wide range of different pathways for meeting the new competency standards. The approach being used is focused around the national vocational training and education framework, involving recognition of prior learning and current competency for credit points in programs leading to three levels of educational award (Certificate IV, Diploma, Advanced Diploma).

To put things into action, Commonwealth agencies will need to make decisions about how they will choose the *competency-assessment* and the *training* services which are required to implement the new framework. Choices are for agencies to outsource all or part of this; or to become a registered training/assessment provider themselves in this area (some large organisations are doing this).

NSW Premier's Department is currently engaged in the development of a training and development strategic policy framework, involving the use of competency standards and accredited learning strategies, for implementation across the NSW public sector. The applicability of the national fraud control competency standards will be determined as part of that project. NSW Premier's Department have also held initial discussions with the Public Sector Industry Training Advisory Body regarding the development of generic competencies for ethical behaviours.

Appendix 6: Audit Methodology

The purpose of the audit was to determine the extent to which agencies conformed to the 1990 Premier's Department policy requirement that they have in place appropriate measures to combat the risks of both internal and external fraud.

To prepare for this Audit, research was conducted into current fraud control activities in other jurisdictions and significant input was obtained from the Commonwealth area.

Audit criteria used were those set out in the 1994 best practice guide, *Fraud Control: Developing an Effective Strategy.* That document provided details of ten Attributes of a best practice fraud control system (Refer Appendix 1), and included a checklist so that an agency could review its efforts at any time to measure its progress along the path of improvement.

For this Performance Audit, agencies were provided with copies of relevant material from *Fraud Control: Developing an Effective Strategy*, and were requested to perform a self-assessment of their fraud control strategy. Each Attribute was scored by the agency using a 0 to 5 scoring system provided, and the result, certified by the Chief Executive as a fair representation of the current situation, was returned to The Audit Office. The individual Attribute results for each agency were summed by The Audit Office to provide an overall self-assessment result for that agency.

Agencies were also requested to provide answers to a series of Supplementary Questions aimed at gauging an overall view of the scene. Questions related to the number of instances of detected fraud in the last financial year, the loss consequent to this fraud, and the modifications made to fraud control strategies as a consequence of recent detection of fraud. Additional questions were also included to gauge agency knowledge and views about some of the guidance documents issued in recent years. As indicated in the Supplementary Questionnaire, this latter information will be shared with the agencies who published those documents.

Sensitivity analysis was undertaken on the self-assessment data to examine variations due to factors such as budget sector type (budget sector, non budget sector, universities) and agency size (small agencies being defined as those with 50 or fewer employees).

The audit methodology included site visits to a number of agencies to seek input for best practice material to be incorporated in this Report, and to obtain some validation for the self-assessment responses provided. Validation of agency responses was also sought by seeking comments on each agency's self-assessment from the relevant attest audit manager within The Audit Office.

Initial site visits were directed at those (generally larger) agencies that had a demonstrated track record of fraud control implementation. A number of smaller agencies queried the applicability of the ten point fraud control strategy to them. Consequently a second series of site visits, to smaller agencies which had self-assessed superior performance, was carried out to gain best practice case studies from smaller agencies. In the overall site visit program a total of ten agencies were visited.

Performance Audit Reports

Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
Department of Housing	*Public Housing Construction: Selected Management Matters*	5 December 1991
Police Service, Department of Corrective Services, Ambulance Service, Fire Brigades and Others	*Training and Development for the State's Disciplined Services: Stream 1 - Training Facilities*	24 September 1992
Public Servant Housing	*Rental and Management Aspects of Public Servant Housing*	28 September 1992
Police Service	*Air Travel Arrangements*	8 December 1992
Fraud Control	*Fraud Control Strategies*	15 June 1993
HomeFund Program	*The Special Audit of the HomeFund Program*	17 September 1993
State Rail Authority	*Countrylink: A Review of Costs, Fare Levels, Concession Fares and CSO Arrangements*	10 December 1993
Ambulance Service, Fire Brigades	*Training and Development for the State's Disciplined Services: Stream 2 - Skills Maintenance Training*	13 December 1993
Fraud Control	*Fraud Control: Developing an Effective Strategy (Better Practice Guide jointly published with the Office of Public Management, Premier's Department)*	30 March 1994
Aboriginal Land Council	*Statutory Investments and Business Enterprises*	31 August 1994
Aboriginal Land Claims	*Aboriginal Land Claims*	31 August 1994
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Roads and Traffic Authority	*Private Participation in the Provision of Public Infrastructure (Accounting Treatments; Sydney Harbour Tunnel; M4 Tollway; M5 Tollway)*	17 October 1994
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Department of Courts Administration	*Management of the Courts: A Preliminary Report*	5 April 1995

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Corporate Credit Cards	*The Corporate Credit Card (including Guidelines for the Internal Control of the Corporate Credit Card)*	23 January 1997
NSW Health Department	*Medical Specialists: Rights of Private Practice Arrangements*	12 March 1997
NSW Agriculture	*Review of NSW Agriculture*	27 March 1997
Redundancy Arrangements	*Redundancy Arrangements*	17 April 1997

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NSW Health Department	*Immunisation in New South Wales*	12 June 1997
Corporate Governance	*Corporate Governance:* *Volume 1 - In Principle* *Volume 2 - In Practice*	17 June 1997
Department of Community Services and Ageing and Disability Department	*Large Residential Centres for People with a Disability in New South Wales*	26 June 1997
The Law Society Council of NSW, the Bar Council, the Legal Services Commissioner	*A Review of Activities Funded by the Statutory Interest Account*	30 June 1997
Roads and Traffic Authority	*Review of Eastern Distributor*	31 July 1997
Department of Public Works and Services	*1999-2000 Millennium Date Rollover: Preparedness of the NSW Public Sector*	8 December 1997
Sydney Showground, Moore Park	*Lease to Fox Studios Australia*	8 December 1997
Department of Public Works and Services	*Government Office Accommodation*	11 December 1997
Department of Housing	*Redevelopment Proposal for East Fairfield (Villawood) Estate*	29 January 1998
NSW Police Service	*Police Response to Calls for Assistance*	10 March 1998
Fraud Control	*Status Report on the Implementation of Fraud Control Strategies*	March 1998

For further information please contact:

The Audit Office of New South Wales

Street Address	**Postal Address**
Level 11	
234 Sussex Street	GPO Box 12
SYDNEY NSW 2000	SYDNEY NSW 2001
Australia	Australia

Telephone	(02) 9285 0155
Facsimile	(02) 9285 0100
Internet	http://www.audit.nsw.gov.au
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Contact Officer:	Stephen Horne
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