FRAUD & CORRUPTION CONTROL POLICY

1. Overview

1.1 Policy at a glance

Hunter Water Corporation ('Hunter Water') is an ethical organisation which does not tolerate fraud or corruption.

This Fraud and Corruption Control Policy outlines Hunter Water's approach to the effective and efficient management of fraud and corruption.

1.2 Scope

This Policy applies to all Hunter Water people and any Public Official acting in the service of Hunter Water, regardless of their employment status.

This Policy governs conduct that may amount to fraud or corruption.

1.3 Objective

The objectives of this Fraud and Corruption Control Policy are to:

(a) promote ethical, professional conduct and risk aware decision making

(b) protect the reputation of Hunter Water as an ethical organisation

(c) prevent, detect and respond appropriately to allegations and incidents of fraud or corruption

(d) assign accountability and responsibility for implementation of fraud and corruption control arrangements

(e) ensure public finances and public assets, including government information, are protected.

2. Policy statement

2.1 Policy framework

Hunter Water has developed a Fraud and Corruption Control Framework which comprises:
- this Policy
- the Fraud and Corruption Control Plan
- the Fraud and Corruption Control Fact Sheet

The Framework aligns with Hunter Water's value of 'Trust':

Our customers and community trust us to act honestly and ethically. They also trust us to safeguard Hunter Water's assets and to ensure that they are used for a proper purpose. The Fraud and Corruption Control Framework is designed to create an atmosphere where everyone is comfortable in identifying and reporting fraud and corruption risks, suggesting control improvements and reporting actual or suspected misconduct.

The Fraud and Corruption Control Framework is part of a broader system of policies, procedures and processes that have been developed as part of Hunter Water's commitment to promote sound corporate governance. Therefore, this Fraud and Corruption Control Policy does not operate in isolation. It is part of a larger group of ethical behaviour policies that guide the values of Hunter Water and provide standards for behaviour and decision making. These ethical behaviour policies set the organisational culture that is fundamental to the success of the Fraud and Corruption Control Framework. The central ethical behaviour policy is the Code of Conduct.

3. Application of policy

The Hunter Water principles for the prevention and detection of and the response to fraud and corruption include:

(a) people identifying areas where there may be a risk of fraud or corruption occurring and suggesting improvements

(b) timely reporting of suspected instances of fraud and corruption

(c) recovery of losses (e.g. property) or securing compensation equivalent to any loss suffered; and

(d) protecting people who make a report, whether it is actual or suspected.

It is expected that all of Hunter Water's people:

(a) demonstrate behaviours which are ethical, moral and aligned with the Hunter Water Code of Conduct and reflect our values.

(b) report fraud or corruption risks or breaches to their supervisor or other appropriate person.

(c) are familiar with the Fraud and Corruption Control Policy.

(d) cooperate with any internal or external investigation into alleged fraud or corruption.

3.1 Prevention

Prevention strategies are the first line of defence and include proactive measures designed to help reduce the risk of fraud and corruption occurring. The measures adopted by Hunter Water are:

(i) leadership (setting the ethical tone for the organisation)

(ii) risk assessments

(iii) prevention systems (such as IT system controls, robust and transparent procurement processes and adherence to best practice in managing human resources)

(iv) training and awareness

(v) registers of interests for the purposes of managing conflicts of interests.

3.2 Detection

No organisation is impervious to incidents of fraud and corruption, however fraudulent and corrupt conduct can be detected through robust internal control systems and mechanisms for recognising deviations from standards. Early detection of fraud and corruption is an essential element of fraud and corruption control.

While reporting of fraud and corruption from internal and external sources is a common means of detection, other measures include monitoring high-risk areas, internal reviews and audits, intrusion detection systems, conducting reviews focused on risk, or data mining and data matching.

Internal reports of actual or suspected fraud or corruption may come with protections for the reporter under the *Public Interest Disclosures Act 1994.* Reporters may be protected against reprisals and some other types of legal action, such as defamation and breach of confidence. Hunter Water also offers support and protections. People should refer to the Fraud and Corruption Control Plan and other relevant policies and fact sheets available on the intranet for further information on the support and protections available and how to make a report.

External reports of actual or suspected fraud or corruption may be made as follows:

Website: www.hunterwater.com.au
Phone: 1300 657 657
Post: Hunter Water Corporation, PO BOX 5171 HRMC NSW 2310.

3.3 Response

Despite the implementation of prevention mechanisms for detecting fraud and corruption, Hunter Water recognises the risk that incidents of fraud and corruption may occur. Hunter Water takes its responsibilities seriously in line with its no tolerance approach to fraud and corruption, and its commitment to the Code of Conduct. Hunter Water will act promptly and decisively through relevant policies or legal mechanisms to deal with those who engage in, attempt to obscure, or in any way participate in, or encourage this behaviour.

The response actions taken by Hunter Water include:

(a) internal investigations

(b) referrals to external investigators where appropriate

(c) referrals to the police or Independent Commission Against Corruption where appropriate

(d) remedies for dealing with misconduct, such as disciplinary action up to and including termination of employment (consistent with the relevant performance management, misconduct and disciplinary policy) or termination or non-renewal of contracts

(e) recovery of proceeds of fraud or corruption

(f) internal reporting to the Audit & Risk Committee and/or Board

(g) review of internal controls by the Audit & Assurance Group.

3.4 Monitor and Review

The Fraud and Corruption Control Framework will be subject to ongoing monitoring and review by the Manager Audit & Assurance. In line with Hunter Water's obligations contained in TC 18-02 *NSW Fraud and Corruption Control Policy,* the Fraud and Corruption Control Plan will also be periodically reviewed by the Audit & Risk Committee.

3.5 Roles and Responsibilities

The following table sets out the fraud and corruption control responsibilities for various positions and divisions within Hunter Water.

Hunter Water Role	Corruption Control Responsibility
All Hunter Water people	• Comply with the Code of Conduct • Report actual/suspected fraud and corruption • Identify potential sources of fraud and corruption and report them
Managers/Supervisors/Team Leaders	• Maintain an effective system of internal control • Ensure everyone is aware of Fraud & Corruption Control Framework and relevant policies & procedures
Manager Audit & Assurance	• Maintain the Fraud & Corruption Control policies and procedures • Conduct investigations into alleged fraud and corruption
Executive Management Team	• Promoting an ethical culture • Awareness of fraud and corruption risks
Managing Director	• Promoting an ethical culture • Receive and review reports of alleged fraud and corruption • Ensuring Hunter Water complies with the obligations set out in the Public Interest Disclosures Act 1994 and the Independent Commission Against Corruption Act 1988

Hunter Water Role	Corruption Control Responsibility
Audit & Risk Committee	• Receive reports on investigations into alleged fraud and corruption
Board of Directors	• Receive reports on investigations into alleged fraud and corruption • Establishing and promoting an ethical culture

4. Associated Internal Documents

Document Type	Title
Policy, Standard	Code of Conduct
Plan, Fact Sheet	Fraud and Corruption Control
Policy, Standard, Fact Sheet, Form	Complaints and Allegations
Policy	Performance Management, Misconduct and Disciplinary
Policy, Standard	Public Interest Disclosures
Policy, Standard, Procedure, Form	Conflict of Interests
Policy, Procedure, Form	Gifts and Benefits
Fact Sheet	Whistleblower Service

5. Associated regulations and standards

Document Type	Title
Act	*Independent Commission Against Corruption Act 1988*
Act	*Public Interest Disclosures Act 1994*
Treasury Circular	TC 18-02 NSW Fraud and Corruption Control Policy
Guideline	NSW Audit Office's Fraud Control Improvement Kit 2015
Australian Standard	8001-2008 Fraud and Corruption Control

6. Definitions, acronyms and abbreviations

Term	Definition
Corruption	Defined in sections 8 and 9 of the Independent Commission Against Corruption Act 1988 (ICAC Act). In summary, it is conduct: • that adversely affects, or could adversely affect, the honest or impartial exercise of official functions by a public official; • that impairs, or that could impair, public confidence in public administration; • of a public official that involves the dishonest or partial exercise of any of his or her public official functions; • of a public official or former public official that involves a breach of public trust; or • of a public official or former public official that involves the misuse of information or materials acquired in the course of public functions.

Term	Definition
	Corrupt conduct can take many forms. Some examples are: taking or offering bribes, dishonestly using official influence, blackmail, fraud, theft, forgery, favouritism, election bribery and illegal gambling. More examples are found in the ICAC Act
Employee	For the purpose of this Policy, is defined as any individual employed on a permanent, temporary or casual basis.
Fraud	Dishonestly obtaining a benefit, or causing a loss, by deception or other means (*Commonwealth Fraud Control Framework 2017*).
	Dishonest activity causing actual or potential financial loss to any person or entity where deception is used at the time, immediately before or immediately after the activity. It includes:
	• the deliberate falsification, concealment, destruction or use of falsified documents used or intended for use for normal business purposes; or
	• the improper use of information or position for personal financial benefit; or
	• theft of moneys or other property by people internal or external to the entity; and
	• the theft of property belonging to an entity by a person internal to the entity even where deception is not used.
	(From Australian Standard 8001-2008, pg. 16)
People	Includes employees and all individuals performing work in any capacity for Hunter Water such as contractors, subcontractors, agents, consultants, secondees, work experience students and labour hire staff
Public Official	Includes an individual who is an employee of or otherwise in the service of a public authority, such as Hunter Water, and an individual who is engaged by a public authority under a contract to provide services to or on behalf of the public authority.

Signed:

Darren Cleary
Managing Director

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