Fraud and Corruption Policy Statement

July 2024

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CEO's Statement

The work of Food Standards Australia New Zealand (FSANZ) is vital. The standards we develop and maintain ensure safe food for Australian and New Zealand consumers, help achieve positive public health outcomes and support thriving food, beverage and hospitality sectors. We seek to underpin confidence in our food supply by helping industry and regulators mitigate food-related risk while fostering innovation, competitiveness and trade at an industry and global level.

FSANZ is committed to deterring and preventing fraud and corruption. Fraud and corruption undermines the ability of FSANZ to achieve its objectives.

The following Fraud and Corruption Policy Statement details FSANZ's approach to preventing, detecting, and countering fraud and corruption and ensures compliance with the requirements of section 10 of the Public Governance, Performance and Accountability Rule 2014 (Cth) (PGPA Rule).

Fraud and corruption prevention and detection is the responsibility of all FSANZ staff, including those individuals engaged as contractors. These individuals all play a critical role in reducing FSANZ exposure to fraud and corruption.

The aim of this Policy Statement is to reflect better practice in fraud and corruption risk management and to protect public money, property and information.

Dr Sandra Cuthbert
Chief Executive Officer

Introduction

FSANZ has zero tolerance for dishonest, fraudulent or corrupt behaviour. This means FSANZ will take all steps necessary to prevent, detect and respond to fraud and corruption and will:

- promote awareness of fraud, corruption and ethics to employees.

- assess and, where appropriate, investigate all allegations of fraud and corruption.

- seek to recover losses caused by illegal activity through proceeds of crime and civil recovery processes and criminally prosecute where appropriate.

The Policy Statement identifies the key principles underlying FSANZ's approach to controlling fraud and corruption and assigns responsibility for the management of fraud and corruption risks and responses within the organisation.

Fraud and corruption control environment

FSANZ promotes a culture that encourages and supports all staff and externally engaged individuals to be accountable for their actions and act with integrity, trust, honesty and respect. FSANZ requires all staff comply with the Public Service Act and uphold the APS Values and Code of Conduct.

Legislative and policy requirements

The foundations for the Policy Statement and fraud risk assessment are stipulated in sections 15 to 19 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and section 10 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). These sections set out fraud control requirements to assist FSANZ to meet its obligations under the PGPA Act.

Other relevant legislation includes the *Public Interest Disclosure Act 2013* (the PID Act) which provides the legislative basis for whistleblowing including corruption or wastage of public funds, the *Public Service Act 1999* (PS Act) and the *Australian Public Service* (APS) Values and Code of Conduct.

Definition of fraud

FSANZ has adopted the definition of fraud being "*Dishonestly obtaining a benefit, or causing a loss, by deception or other means.*" Examples of fraud may include but is not limited to:

- theft;

- accounting fraud (false invoices, misappropriation etc);

- causing a loss, or avoiding and/or creating a liability;

- providing false or misleading information to the Commonwealth, or failing to provide information where there is an obligation to do so;

- misuse of Commonwealth assets, equipment or facilities;

- making or using false, forged or falsified documents; and

- wrongfully using Commonwealth information or intellectual property.

A benefit is not restricted to monetary or material benefits. A benefit may also be obtained by a third party rather than, or in addition to, the perpetrator of the fraud.

Definition of corruption

Corruption is defined as *"dishonest activity in which a director, executive, manager, employee, member or contractor of an entity acts contrary to the interests of the entity and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or organisation."* Examples of corruption may include but is not limited to:

- collusion between a Commonwealth official and a contractor;

- bribery (domestic or foreign);

- obtaining, offering, or soliciting secret commissions, kickbacks, or gratuities;

- one or more individuals manipulating a procurement process for personal gain;

- nepotism: preferential treatment of family members;

- cronyism: preferential treatment of friends and associates;

- acting (or failing to act) on a conflict of interest;

- unlawful disclosure of official or commercially sensitive information; and

- insider trading: misusing official information to gain an unfair private, commercial or market advantage for self or others.

Key fraud and corruption control initiatives

Fraud and corruption control requires the implementation of initiatives which contribute to an effective control framework. These initiatives are interdependent and subject to a cyclic process of review and enhancement. The initiatives are grouped into four key themes:

- **prevention** involves those initiatives designed to prevent fraud or corruption from occurring in the first instance;

- **risk management and detection** includes initiatives to discover fraud or corruption as soon as possible after it has occurred;

- **response** covers the systems and processes that assist an entity to respond appropriately to alleged fraud or corruption when it is detected; and

- **monitoring, reporting and evaluation** are initiatives to provide assurance that legislative responsibilities are being met, as well as promoting accountability by providing information that demonstrates compliance with specific fraud and corruption control initiatives.

Governance

FSANZ places a high value on protecting the integrity of our decision making concerning food quality and safety, and management of the information and other resources we are entrusted with to carry out this work.

FSANZ is committed to minimising the incidence of fraud and corruption through identification of risk and the development, implementation and regular review of a range of fraud and corruption prevention and detection strategies.

FSANZ fraud and corruption prevention and detection initiatives are supported by the following principles:

- Effective fraud and corruption control starts from a position of prevention and is based on a thorough assessment of the risk that takes into account FSANZ structure, functions or activities. Controls are developed and implemented to deal with identified fraud and corruption risk as soon as practicable.

- FSANZ adopts a risk management approach to the prevention, detection and investigation of suspected fraudulent or corrupt activity. This approach is incorporated into business processes, management practices, internal controls and related activities which are reviewed for their effectiveness on a periodic basis.

- FSANZ commits to providing staff with training and other support to enable them to fulfil their responsibilities in relation to the control of fraud and corruption.

- All FSANZ staff have a role in preventing and detecting fraud and corruption and are required to report suspected fraud or corruption.

- The FSANZ response to fraud or corruption allegations begins with an assumption that all allegations will be investigated and appropriately acted upon to deter further fraud or corruption, to pursue remedies and to identify breakdowns in controls.

- FSANZ takes seriously the privacy of those who report suspected fraud or corruption, and those against whom allegations of fraudulent or corrupt behaviour have been made. It also acknowledges that disclosure of private information may be necessary to allow for a proper investigation.

Responsibilities

All FSANZ employees and externally engaged individuals are require to understand what constitutes fraud and corruption and what to do if they suspect fraudulent or corrupt activity. All FSANZ employees are expected to comply with legislative requirements and internal policies, behave in accordance with the APS Values and Code of Conduct, and identify and report fraud and corruption risks. Fraud and corruption awareness and prevention training is included as part of the induction package for all new employees, with annual refresher training mandatory for existing staff. Externally engaged individuals will be provided access to fraud and corruption policies and given the opportunity to undertake fraud and corruption awareness training where appropriate.

Certain positions and committees have additional responsibilities, including:

- **The FSANZ Board**: is responsible for ensuring that FSANZ has in place the appropriate policies, procedures and guidelines to prevent, detect and investigate fraud and corruption. The Board also plays a role in fostering and maintaining the highest standards of ethical behaviour to encourage an environment that makes fraud and corruption prevention the responsibility of all staff and board members.

- **The Finance, Audit and Risk Management Committee (FARMC):** is responsible for overseeing FSANZ's fraud and corruption control arrangements. FARMC monitors identified risks and response strategies, ensuring risks are assigned to the appropriate level of management, controls are in place and being reviewed and monitored and that where required the internal audit program is focused on evaluating these controls.

- **The Chief Executive Officer (CEO):** is responsible for the effective implementation of fraud and corruption controls, ensuring staff are aware of their obligations under the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013.* The CEO is also responsible for taking all reasonable measures to prevent and detect fraud and

corruption and that appropriate action is taken in response to investigation outcomes and recommendations.

- **Executives and Management:** are responsible for supporting the implementation and operation of the Fraud and Corruption Policy Statement, including through demonstrating and encouraging high standards of ethical behaviour, identification of organisation and fraud and corruption risks, ensuring that appropriate internal controls are maintained and staff are undertaking regular fraud and corruption awareness training. Executive and Management are also responsible for ensuring contractors engaged to work in their areas are aware of the FSANZ position on fraud and corruption and have access to this document.

- **The Chief Information Officer (CIO):** is responsible for the control environment of FSANZ's Information and Communication Technology, including the establishment of security arrangements and implementation of processes and procedures to limit access to and protect data held by FSANZ.

- **The Chief Financial Officer (CFO):** is responsible for setting FSANZ's financial framework and ensuring that risk associated with funding and expenditure are addressed. The CFO is also responsible for coordinating the fraud and corruption risk assessment and undertaking a regular review of FSANZ fraud and corruption control documentation.

Fraud and corruption management

Fraud and corruption prevention

Fraud prevention initiatives include proactive measures designed to reduce the risk of fraud and corruption occurring by increasing prevention awareness, encourage reporting of suspected incidents and ensuring the right mitigation controls are in place.

Key elements of the FSANZ prevention initiatives include:

- compliance with relevant policies and procedures including the implementation of the Fraud and Corruption Policy Statement and the application handbook.

- promotion and adherence to the APS code of conduct;

promotion and adherence to the conflict of interest policy focused on maintaining the agency's independence.

- regular fraud and corruption awareness training for all employees and, where appropriate, contractors;

- sound risk management processes; and

- maintaining a robust system of fraud and corruption-related controls for activities with an inherent fraud risk;

Fraud and corruption risk management and detection strategies

Risk management is crucial to fraud and corruption control because it provides a framework to identify, analyse, evaluate, and treat risks. Structured and systematic risk management methodologies assist FSANZ to assess the level and nature of its exposure to fraud and corruption threats. These methodologies also establish risk profiles so that resources proportionate to the nature and scale of the risk can be allocated to mitigate or minimise significant risks. The effectiveness of control measures can then be evaluated.

Fraud and corruption risks are considered in the broader context of organisation-wide strategic planning and risk assessment due to the considerable overlap between organisational risks (that is, enterprise risk, business risk, audit risk and security risk) and fraud and corruption risks.

FSANZ also has in place controls that are designed to identify fraud and corruption. These include:

- controls on processes that may be susceptible to fraud or corruption, such as purchasing, tendering, credit card use and other financial transactions;

- the capacity to monitor ICT activity to identify suspicious behaviour;

- designated contact points for staff to report suspected fraud and corruption;

- a wide-ranging internal audit program that takes account of key risks, including fraud and corruption risks; and

- specific strategies, identified in risk mitigation reports, that address acknowledged fraud and corruption risks.

Investigation of fraud and corruption

An investigation may be pursued when appropriate, as a response to the detection of potential fraud or corruption. Investigations of suspected internal and external fraud will be conducted in accordance with the Commonwealth Fraud Control Framework and the Australian Government Investigation Standards (AGIS).

Where the initial investigation discloses a complex situation beyond FSANZ's investigative capability, external expertise will be sought to carry out the investigation. All investigators used are required to attain minimum competency qualifications prescribed in the Framework. The decision to obtain such external expertise will be at the discretion of the CEO.

Avenues for reporting suspected fraud

FSANZ takes all fraud and corruption allegations seriously and encourages the reporting of suspected fraud and corruption from internal and external parties. All staff are expected to assist in identifying and reporting instances or events of suspected fraud. The primary contact where appropriate for staff who wish to raise suspicions of fraud is the FSANZ General Counsel.

Fraud and corruption can be reported anonymously through fraud.reporting@foodstandards.gov.au which provides a central location for staff, contractors, suppliers and stakeholders to anonymously report suspicions of fraud.

National Anti-Corruption Commission

Any person (including members of the public and public officials) can voluntarily refer a corruption issue, or provide information about a corruption issue, to the National Anti-Corruption Commission (NACC). The NACC are an independent agency that will prevent, detect, investigate and report on serious or systemic corruption in the Commonwealth public sector. It will also educate the public service, and the public, about corruption risks and prevention. FSANZ's fraud and corruption control activities, policies and procedures reflect the NACC's legislative obligations and associated integrity activities.

Public Information and Disclosure Act

Public Interest Disclosures can be used to report wrongdoing in the Commonwealth public sector where investigation and correction is in the public interest. More detailed information about the PID Act and how to make a disclosure can be found on the FSANZ website.

Monitoring and Review

FSANZ continually monitor fraud and corruption risk and report annually to the Board on risks and review of the Fraud and Corruption Policy Statement. The effectiveness of the controls described in this document are monitored through FSANZ's assurance programs including internal audit and reporting to the Board and the Finance, Audit and Risk Management Committee (advisory committee).