

# ANTI-FRAUD ANTI-CORRUPTION & WHISTLEBLOWER PROTECTION POLICY



DEPARTMENT OF PRIME MINISTER AND NATIONAL EXECUTIVE COUNCIL

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## GLOSSARY

| TERMS                  | DEFINITION   |
|------------------------|--|
| Accomplice             | An associate in the commission of a crime; a participator in an offence, whether a principal or an accessory.  |
| Bribery                | Dishonestly persuade (someone) to act in one's favour by a gift of money or other inducement.  |
| Corruption             | Involve many activities which include bribery, influence peddling, and embezzlement.   |
| Deputy Secretary       | Refers to a Deputy Secretary within the Department of PM&NEC   |
| Director               | Refers to a Director within the Department of PM&NEC   |
| Director General       | Refers to a Director General within the Department of PM&NEC   |
| False Representation   | Someone making a false statement, such as to identity or authority over someone or something, with the intent to defraud or to induce a person to act to the person's loss, injury or damage.  |
| Fraud                  | The use of deception by an individual with the intention of obtaining an advantage for himself or herself or for a third party or parties, avoiding an obligation, or causing loss to another party  |
| Influence Paddling     | The practice of using one's influence in government or connections with authorities to obtain favours or preferential treatment for another, usually in return for payment.  |
| Investigation Report   | A report prepared by the investigator of the findings arising from the investigation.  |
| Occupational detriment | In relation to a staff of the Department who is: <ul style="list-style-type: none"> <li>• Being subjected to any disciplinary action; or</li> <li>• Being dismissed, suspended, demoted, harassed or intimidated; or</li> <li>• Being transferred to a different position against the staff's will; or</li> <li>• Being refused transfer or promotion; or</li> <li>• Being subjected to a term or condition of employment or retirement which is altered to the staff's disadvantage; or</li> <li>• Being victimised or intimidated at the workplace; or</li> <li>• Being refused a reference or being provided with an adverse reference; or</li> <li>• Being denied appointment to any employment of office; or</li> <li>• Being threatened with any of the actions listed above; or</li> <li>• Being adversely affected in respect of the Staff's employment, profession or office in any other way.</li> </ul> |
| Officer                | Refers to an officer within the Department of PM&NEC   |

|                      |   |
|----------------------|---|
| Official Corruption  | A form of dishonesty or a criminal offense that is undertaken by a person or a Branch or Division which is entrusted in a position of authority, in order to acquire illicit benefits or abuse power for one's personal gain.   |
| Perpetrator          | Person(s) who commits an offence or crime.  |
| Political Corruption | occurs when an office-holder or other governmental employee acts with an official capacity for personal gain.   |
| Price-Fixing         | An anti-competitive agreement between participants on the same side in a market to buy or sell a product, service, or commodity only at a fixed price, or maintain the market conditions such that the price is maintained at a given level by controlling supply and demand. |
| Procure              | To obtain (something) by particular care and effort.  |
| Public Servant       | Employee of the State or Government   |
| Public Service       | Government Employment   |
| Stakeholders         | A person or organisation with a legitimate interest in a given situation, action or enterprise.   |
| The Department       | The Department of Prime Minister & National Executive Council   |
| The Staff/staff      | Refers to the staff/staff within the Department of PM&NEC   |
| The/this Policy      | The Anti-Fraud & Whistleblower Policy Manual  |
| Whistleblower        | An Eligible Whistleblower who makes a disclosure of Reportable Conduct in the manner described in this policy.  |
| Whistleblower Report | A Reportable Conduct disclosure made by a Whistleblower that is being treated in accordance with this policy.   |

## ACRONYMS

| Acronyms    | Descriptions  |
|-------------|---|
| AAWP Policy | Anti-Fraud, Anti-Corruption & Whistleblower Protection Policy |
| AGO         | Auditor General's Office                                      |
| CACC        | Central Agencies Coordinating Committee                       |
| DPM&NEC     | Department of Prime Minister & National Executive Council     |
| DSP         | Development Strategic Plan                                    |
| IAB         | Internal Audit Branch   |
| ICAC        | Independent Commission Against Corruption                     |
| IFMS        | Integrated Financial Management System                        |
| MTDP        | Medium Term Development Plan                                  |
| NEC         | National Executive Council                                    |
| NPA         | National Procurement Act                                      |
| NSC         | National Security Council                                     |
| PFMA        | Public Finance Management Act                                 |

## MOTTO

“Custodians of Public Trust”

|          |                      |
|----------|----------------------|
| <b>C</b> | <b>OME</b>           |
| <b>O</b> | <b>UT</b>            |
| <b>R</b> | <b>ESOLUTELY</b>     |
| <b>R</b> | <b>ISE</b>           |
| <b>U</b> | <b>P</b>             |
| <b>P</b> | <b>UBLIC</b>         |
| <b>T</b> | <b>RUST</b>          |
| <b>I</b> | <b>S</b>             |
| <b>O</b> | <b>UTRIGHT</b>       |
| <b>N</b> | <b>ON-NEGOTIABLE</b> |

## 1.0 INTRODUCTION

Fraud and Corruption within the Department of Prime Minister and National Executive Council (DPM&NEC) is evident and deep-rooted, occurring in numerous forms. Evidence abounds that the Department continues to encounter incidences of fraud and corruption adversely affecting the attainment of the Departments Mission, Vision and Core Functions. Refer to the DPM&NEC's Corporate Plan for details of the Mission, Vision and Core Functions.

DPM&NEC is the Premium Department of the Government. The *PM&NEC Act of 2002* mandates the Department to provide and coordinate strategic policy advice to the Prime Minister and other relevant key stakeholders. In the course of executing and administering its core functions and responsibilities, the Department has a duty to prevent, minimise or eliminate fraud and corruption.

The Anti-Fraud, Anti-Corruption and Whistleblower Protection (AAWP) Policy sets out the Department's commitment to combat fraud and corruption. It aims to provide a strategic direction to strengthen the existing risk, legal and institutional framework for combating fraud and corruption, protect whistleblowers and guide Senior Management in the fight against fraud and corruption. In line with that, this policy document hereby declares that DPM&NEC has a **ZERO-TOLERANCE** stance to all forms of fraud, corruption, bribery and theft, both from within the Department and from external sources.

The Department is committed to an effective Anti-Fraud and Anti-Corruption culture, by promoting high ethical standards and encouraging the detection and prevention of fraudulent and corrupt activities. Any proven acts of fraud and corruption will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be pursued against anyone perpetrating, or seeking to perpetrate fraud, corruption, bribery or theft against the Department.

In line with that, the Anti-Fraud, Anti-Corruption and Whistle-blower Protection Policy must not be read and interpreted in isolation from all relevant Laws and Regulations that have already been established.

## 2.0 PURPOSE

The Anti-Fraud, Anti-Corruption and Whistleblower Protection (AAWP) Policy is established to safeguard the reputation and financial viability of the Department through improved management of the risk of fraud and corruption. Furthermore, it is to strengthen the Governance Structure of the Department.

The purpose of the AAWP Policy is to:

- 2.1 Ensure that the Department is protected against Fraud and Losses;
- 2.2 Create an Anti-Fraud and Anti-Corrupt Culture which highlights the Department's **ZERO-TOLERANCE** of Fraud and Corruption;
- 2.3 Provide a best practice "Counter-Fraud" Service which:
  - 2.3.1 Proactively deters, prevents and detects Fraud and Corruption;
  - 2.3.2 Investigates suspected or detected Fraud and Corruption;
  - 2.3.3 Enables the Department to apply appropriate sanctions for the recovery of losses; and
  - 2.3.4 Provides appropriate recommendations to improve systems and processes and/or internal controls, thereby reducing the Department's exposure to Fraudulent and Corrupt activities.
- 2.4 Encourage employees to report in good faith suspected, actual or planned Fraud and Corruption;
- 2.5 Provide procedures for reporting Fraud and Corruption;
- 2.6 Ensure reported information is timely and thoroughly investigated with the appropriate investigative expertise and resources;
- 2.7 Ensure confidentiality of the whistleblower's identity and reported information;
- 2.8 Protect employees who report improprieties in good faith from suffering occupational detriment; and
- 2.9 Provide remedies to employees who suffer occupational detriment having made reports on fraud and corruption.



## 3.0 SCOPE AND APPLICATION

This AAWP Policy applies to ALL employees of DPM&NEC perpetrating improprieties (Perpetrator), facilitating improprieties (Accomplice) or reporting on improprieties in good faith (Whistleblower).

- 3.1 Employees include;
  - 3.1.1 NEC Appointees engaged by DPM&NEC;
  - 3.1.2 Contract Officers;
  - 3.1.3 Non-contract Officers;
  - 3.1.4 Short-term Contract Officers;
  - 3.1.5 Unattached Officers; and
  - 3.1.6 Casual Officers.
  
- 3.2 Certain parts of this Policy Document is applicable to external parties, including:
  - 3.2.1 Consultants and Advisors;
  - 3.2.2 Suppliers, Service Providers and Contractors;
  - 3.2.3 Partner Agencies/Constitutional and Other Offices;
  - 3.2.4 Committees that affiliate/associate with DPM&NEC administratively;
  - 3.2.5 External Auditors and Investigators (including Police); and
  - 3.2.6 Others as Chief Secretary deems applicable.
  
- 3.3 The **Whistleblower Protection Section** of this Policy does **NOT** apply to or does **NOT** protect employees or external parties who intentionally make false or misleading reports.

## 4.0 ACCESSIBILITY OF THE POLICY

The AAWP Policy is available to all DPM&NEC employees and stakeholders via:

- 4.1 Internal Audit Branch;
- 4.2 Legal Branch; and
- 4.3 DPM&NEC Website.

## 5.0 OVERSIGHT AND ADMINISTRATION

The Audit Committee, through the Internal Audit Branch (IAB) is responsible for oversight of this Policy. The Policy will be reviewed on an annual basis, or as and when deemed appropriate.

The Chief Secretary oversees **COMPLIANCE** with this Policy. Under Chief Secretary's direction, IAB undertakes the day-to-day inquiries and routine application of the processes and guidelines as outlined in this Policy.

## 6.0 FRAUD

### 6.1 DEFINITION OF FRAUD

Fraud is defined as the use of deception by an individual with the intention of obtaining an unlawful advantage for himself or herself or for a third party or parties, avoiding an obligation, or causing loss to another party.

The term Fraud is used to describe offences such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

### 6.2 TYPES OF FRAUD

Most types of fraud can be classified into, but not limited to, seven (7) categories which include Asset Misappropriation, Vendor Fraud, Accounting Fraud, Bribery, Payroll Fraud, Data Theft and Procurement Fraud.

#### 6.2.1 ASSET MISAPPROPRIATION

Asset misappropriation (Insider Fraud) entails the theft and misuse of the Department's assets by an employee or third party. It occurs when an employee or third party abuses their position to defraud the Department.

#### 6.2.2 VENDOR FRAUD

Vendor fraud entails manipulating the Department's accounts payable and payment systems/processes for personal and illegal gain. Vendor fraud occurs when an individual or third party obtains funds through false pretence and then uses those funds for personal gain. Examples of vendor fraud include billing schemes, bribery and kickbacks, cheque tampering, overbilling and price-fixing.

#### 6.2.3 ACCOUNTING FRAUD

Accounting fraud entails manipulating the Department's Accounts Payable and Receivable by employees or third parties to perpetrate fraud. Account fraud occurs when an employee or third party uses the Department's financial information to obtain cash or other assets illegally. Examples of accounting fraud include embezzlement, accounts payable fraud, fake supplier, personal purchases, double-cheque issuance fraud, and account receivable fraud. Identity theft, financial fraud, and asset forfeiture are significant types of fraud.

#### 6.2.4 BRIBERY

Bribery entails giving or receiving an undue reward to influence an employee's decision and behaviour.

Bribery may include offering, pledging, or promising valuables (money, assets, gifts or services) to another employee or third party to control or obtain favourable decisions, contracts, financial statements, documents or records. Bribery may include receiving payments and valuables from service providers, suppliers or contractors.

Kickback is a common form of bribery. Kickback is an unearned reward to unduly influence employees or third parties determination.

The offence of Bribery is generally simplified as the following:

#### **6.2.4.1 Bribing another Person/Party**

- A. A person or party is guilty of Bribery:
  - 1. Where he/she offers, promises or gives a financial or other advantage to a public official, and
  - 2. Where he/she intends the advantage to:
    - a) induce a public official to perform improperly a relevant function or activity, or
    - b) reward a public official for the improper performance of such a function or activity.
  
- B. A person or party is guilty of Bribery:
  - 1. Where he/she offers, promises or gives a financial or other advantage to a public official, and
  - 2. Where he/she knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

#### **6.2.4.2 Being Bribed by another Person/Party**

- A. A public official is accountable for being Bribed:
  - 1. Where he/she requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly.
  
- B. A public official is accountable for being Bribed:
  - 1. Where he/she requests, agrees to receive or accepts a financial or other advantage, and
  - 2. The request, agreement or acceptance itself constitutes the improper performance by his/her relevant function or activity.

#### **6.2.5 PAYROLL FRAUD**

Payroll fraud is a theft committed through the Department's Payroll System. Payroll fraud occurs when the Department and employees cheat the system by overstating employee salaries/wages or claim undue entitlements or allowances. Payroll fraud occurs when employees obtain payments without proper approvals, without adhering to proper processes and regulations and without producing documentation to trace the funds. Payroll fraud may include, but not limited to, ghost employee fraud, advanced retention fraud, timesheet fraud, and pay cheque diversion fraud. Payroll fraud is a high-risk target.

#### **6.2.6 DATA THEFT**

Data theft, also known as security breach and theft of trade secrets, is stealing digital information stored on computers, servers, and electronic devices to compromise privacy and access confidential information. Theft of data is unauthorised access of information from computers or mobile devices. Data theft can include trade secret theft, theft of customers account details, theft of contact lists, and theft of personally identifiable information.

### **6.2.7 PROCUREMENT FRAUD**

Procurement fraud is the unlawful manipulation of a procurement process to acquire contracts, good or services or to obtain an unfair advantage during the procurement process.

## **6.3 FOUR (4) MAIN WAYS THE ACT OF FRAUD IS COMMITTED**

An employee or third party commits fraud where he/she intentionally engages in any of the following deceptive actions:

### **6.3.1 Fraud by false representation. When an employee:**

- A. dishonestly makes a false representation; and
- B. intends, by making the representation:
  - 1. to make a gain for themselves or another party, or
  - 2. to cause loss to the Department (or another party) or to expose the Department (or another party) to a risk of loss.

### **6.3.2 Fraud by false representation. When a third party:**

- A. dishonestly makes a false representation; and
- B. intends, by making the representation:
  - 1. to make a gain for themselves, or
  - 2. to cause loss to the Department or to expose the Department to a risk of loss.

### **6.3.3 Fraud by failing to disclose information. When an employee:**

- A. dishonestly fails to disclose to the Department or another party, information which they are under a legal duty to disclose; and
- B. intends, by failing to disclose the information:
  - 1. to make a gain for themselves or another party, or
  - 2. to cause loss to the Department (or another party) or to expose the Department (or another party) to a risk of loss.

### **6.3.4 Fraud by abuse of position. When an employee:**

- A. occupies a position in which they are expected to safeguard, or not to act against, the financial interests of the Department;
- B. dishonestly abuses that position; and
- C. intends, by means of the abuse of that position:
  - 1. to make a gain for themselves or another party, or
  - 2. to cause loss to the Department (or another party) or to expose the Department (or another party) to a risk of loss.

## **7.0 CORRUPTION**

### **7.1 DEFINITION OF CORRUPTION**

Corruption is a form of dishonest conduct by an officeholder or public official who is entrusted in a position of authority, in order to acquire illicit benefits. It is also defined as an abuse of power for personal gain.

Corruption involves numerous activities which include, but not limited to, bribery, embezzlement and influence peddling (influencing officeholders/public officials to obtain favours).

### **7.2 IMPACTS OF CORRUPTION**

Corruption destabilizes public confidence, constrains the Department's ability to devise and/or implement policies, exacerbates inequality, suppresses transparent/loyal/skilled employees, weakens democracy and hinders economic development at the expense of taxpayers.

### **7.3 FORMS OF OFFICIAL CORRUPTION**

Official Corruption occurs when an officeholder in a position of authority or power acts within that official capacity for personal gain. Below are some forms or examples of official corruption:

- 7.3.1 Forgery or alteration of documents or accounts;
- 7.3.2 Misappropriation of funds, assets or resources;
- 7.3.3 Impropriety in the handling or reporting of financial transactions;
- 7.3.4 Personal gain from an official position or enabling family or others to do so;
- 7.3.5 Disclosure of official information for an advantage;
- 7.3.6 Theft or misuse of property, facilities or services; and
- 7.3.7 Attempt to achieve personal gain from third parties by virtue of official position or authority.

## 8.0 FRAUD & CORRUPT BEHAVIOUR WITHIN THE DEPARTMENT

### 8.1 INSTANCES OF FRAUD & CORRUPT PRACTICES WITHIN DPM&NEC

The contents of **Table 1.1** to **Table 1.5** depicts various instances of Fraudulent and Corrupt Practices that exist within DPM&NEC's Operations. Some of the instances highlighted herein are based on actual occurrences that are ongoing. Refer below Table 1.1, 1.2, 1.3, 1.4 and 1.5:

**Table 1.1 PAYROLL FRAUD**

| # | AREA             | TYPE OF FRAUD | DESCRIPTION OF FRAUD  |
|---|------------------|---------------|---|
| 1 | Payroll Function | Payroll Fraud | <i>"Ghost Employees"</i><br>Such occurs where Payroll Officers create fake/ghost employees in the payroll records and alter the payment records so that deposit payments are made out to them either directly or indirectly.  |
| 2 | Payroll Function | Payroll Fraud | <i>"Pay Rate Alteration"</i><br>Occurs where Public Officials collude with Payroll Officers to increase the amount of their hourly pay rate in the Payroll System.  |
| 3 | Payroll Function | Payroll Fraud | <i>"Unauthorized Hours"</i><br>Occurs where Public Officials get paid for hours not worked. Eg: Getting paid for unjustified absenteeism. Eg: Unauthorized Sick or Compassionate Leave etc.   |
| 4 | Payroll Function | Payroll Fraud | <i>"Advance Retention"</i><br>Occurs where Public Officials request for an advance entitlement payment and then never pays it back or never offsets the advances paid. Eg: Gratuities and Recreation Leave Fares.   |
| 5 | Payroll Function | Payroll Fraud | <i>"False Entitlement Claim"</i><br>Occurs where Public Officials claim Recreation Leave Fares for falsified or unqualified beneficiaries. Officials claim for beneficiaries they do not maintain. Eg: Ex-Spouses or Partners, Children not living with or not fully maintained, Children not legally adopted, Lukaut Pikinini etc. |
| 6 | Payroll Function | Payroll Fraud | <i>"Duplicate Payment"</i><br>Occurs where Public Officials are paid Salaries or Entitlements twice. Eg: Salaries paid twice on the same fortnight or Entitlements (Gratuity) paid twice on different fortnights in the same financial year.  |
| 7 | Payroll Function | Payroll Fraud | <i>"Overtime Fraud"</i><br>Occurs where Public Officials claim overtime hours that they did not actually work in order to increase their salary.  |

|          |  |                      |                         |
|----------|--|----------------------|-------------------------|
| <b>8</b> | <b>Payroll Function</b>  | <b>Payroll Fraud</b> | <i>"Demanding Tips"</i> |
|          | Payroll/Finance Officers or other Public Officials in position of authority demanding commissions or tips from other Public Officials in return for approval or quick turnover of payment of Salaries or Entitlements. Eg: Casuals Pay, Overtime Payments, Gratuity Payments or other Outstanding Salary Payments etc. |                      |                         |

**Table 1.2 ASSET MISAPPROPRIATION**

| <b>#</b> | <b>AREA</b>   | <b>TYPE OF FRAUD</b>          | <b>DESCRIPTION OF FRAUD</b>                      |
|----------|---|-------------------------------|--|
| <b>1</b> | <b>Asset Management Function</b>  | <b>Asset Misappropriation</b> | <i>"Illegal Possession of Department Assets"</i> |
|          | <p>Asset misappropriation (Insider Fraud) entails the theft, misuse or abuse of the Department's Assets by an Officer or third party.</p> <p>It also occurs when an Officer or third party abuses their position to steal or misuse the asset.</p> <p>Eg 1: Being in possession of Department MV illegally or using a Department MV without proper approvals obtained from Chief Secretary.<br/>Eg 2: Being in possession of Department Furniture, Office Equipment illegally.</p> <p>Employees usually collude to manipulate Asset Registers, manipulate Tender/Bid Records and Documents, destroy/supress Payment Records, destroy/supress Asset Information etc.</p> <p>It sometimes occurs when Internal Controls are WEAK or when Custodians of the Asset Management Function display incompetence or negligence in the discharge of their duties or where an opportunity to steal or misuse is posed.</p> |                               |  |

**Table 1.3 CASH ADVANCES NOT ACQUITTED**

| <b>#</b> | <b>AREA</b>   | <b>TYPE OF FRAUD</b>         | <b>DESCRIPTION OF FRAUD</b>    |
|----------|---|------------------------------|--------------------------------|
| <b>1</b> | <b>Cash Advance Management Function</b>   | <b>Cash Misappropriation</b> | <i>"Cash Misappropriation"</i> |
|          | <p>Occurs where Cash Advance holders do NOT provide acquittals within the prescribed timeframe.</p> <p>Eg: No Travel Documentation, Receipts, Invoices, Bank Deposit Slips/Receipts, Bank Statements, State Declarations etc. provided as acquittals.</p> <p>Cash Advances are lent for Duty Travels, State Visits, Haus Cry, Special Events/Engagements/Operations, etc.</p> |                              |                                |

**Table 1.4 TRAVEL ALLOWANCE NOT ACQUITTED**

| # | AREA   | TYPE OF FRAUD         | DESCRIPTION OF FRAUD           |
|---|--|-----------------------|--------------------------------|
| 1 | Travel Allowances  | Cash Misappropriation | <i>"Cash Misappropriation"</i> |
|   | <p>Occurs where Officers on Duty Travel (Domestic or Overseas) do NOT provide acquittals within the prescribed timeframe, upon their return.</p> <p>Eg 1: No Travel Documentation, Receipts, Invoices, Bank Deposit Slips/Receipts, Bank Statements, State Declarations etc. provided as acquittals.</p> <p>Eg 2: Officers receive Travel Allowances but do not travel, nor do they return their Travel Allowances.</p> <p>Eg 3: Officers short-stay over the Duty Travel period initially claimed, but do not reimburse/return the unused/excess Travel Allowances.</p> |                       |                                |

**Table 1.5 PROCUREMENT FRAUD**

| # | AREA   | TYPE OF FRAUD     | DESCRIPTION OF FRAUD          |
|---|--|-------------------|-------------------------------|
| 1 | Procurement Function   | Procurement Fraud | <i>"Kickbacks"</i>            |
|   | <p>Occurs where a Public Official responsible for purchasing a product or service collude with a Supplier, Service Provider or Contractor to purchase a product/service at a higher cost or a cheaper product/service that does not meet the quality requirements. In return, the Public Official receives a <b>"KICKBACK"</b>.</p> <p>Eg: The Public Officials facilitate the payment of false or inflated invoices through the normal process.</p> |                   |                               |
| 2 | Procurement Function   | Procurement Fraud | <i>"Phantom Vendor"</i>       |
|   | <p>Occurs where Public Officials collude to form a fictitious vendor or fraudulent company and then issue payments to that vendor/company.</p>   |                   |                               |
| 3 | Procurement Function   | Procurement Fraud | <i>"Inflated Invoices"</i>    |
|   | <p>Occurs where Public Officials collude with Suppliers, Service Providers or Contractors to overinflate invoices or contract values, so the Public Official gets a cut from the inflated portion of the cost.</p>   |                   |                               |
| 4 | Procurement Function   | Procurement Fraud | <i>"Conflict Of Interest"</i> |
|   | <p>Such occurs where a Public Official abuses his/her position to award contracts to vendors in exchange for personal gain. Such conflicts occur when a Public Official has a vested interest such as money, whereby his/her actions, judgment, or decision-making is <b>"BIASED"</b>.</p>   |                   |                               |



|  |                      |                   |   |
|--|----------------------|-------------------|---|
| 5  | Procurement Function | Procurement Fraud | <i>"Duplicate or False Invoice"</i>           |
| <p>Occurs where a vendor submits duplicate or false invoices for goods or services that weren't delivered, usually in collusion with a Public Official.</p> <p><b>Red flags:</b> Multiple payments to a vendor in the same or similar amounts or for the same invoice number; photocopied invoices; lack of appropriate supporting documentation etc.</p>  |                      |                   |   |
| 6  | Procurement Function | Procurement Fraud | <i>"Bid Rigging"</i>                          |
| <p>Occurs where, two or more vendors coordinate their bids to eliminate competition, thus increasing the price, including:</p> <ol style="list-style-type: none"> <li>1. Bid Suppression - vendors agree to refrain from bidding;</li> <li>2. Complementary Bidding - vendors agree to submit bids with unacceptable terms;</li> <li>3. Bid Rotation - vendors conspire to take turns submitting the lowest bid;</li> <li>4. Collusion - insider information is used to prepare a winning bid.</li> </ol> <p><b>Red flags:</b> The same vendor consistently submits winning bids; the same group of vendors appears to take turns submitting the winning bid; some bids are much higher than published price lists or previous bids by the same vendor; and winning bidders subcontract work to one or more of the unsuccessful bidders.</p> |                      |                   |   |
| 7  | Procurement Function | Procurement Fraud | <i>"Price Fixing &amp; Defective Pricing"</i> |
| <p>Price fixing includes bid rigging and other anticompetitive agreements among vendors to maintain or raise prices. Defective pricing occurs when a vendor uses inaccurate or incomplete pricing data to reach a price agreement or it charges a higher price than the company agreed to.</p> <p><b>Red flags:</b> Prices don't change over time; price increases aren't supported by increased costs; vendors eliminate discounts that were customary in the past; and vendors charge lower prices to customers in other geographic areas.</p>   |                      |                   |   |

Refer to **Annex 'F'**: for the case scenario as an elaborated example.

## 9.0 WHY FRAUD OCCURS & FRAUD DRIVERS

Fraud arises due to a lack of proper Internal Control Policies and Procedures, failure by employees to observe Internal Controls, carelessness in carrying out Checks and Balances and/or having inadequate Separation of Duties.

### 9.1 FOUR (4) ELEMENTS PRESENT WHERE FRAUD OCCURS

The four (4) basic elements usually present when fraudulent activities occur include:

- 9.1.1 Fraudster(s) or Individual(s) who carryout fraudulent activities – inside or outside the Department;
- 9.1.2 Asset(s) to be acquired, used, or disposed off fraudulently;
- 9.1.3 Intent to commit fraud; and
- 9.1.4 Opportunity to commit fraud.

### 9.2 THREE (3) CONDITIONS PRESENT FOR FRAUD TO BE COMMITTED

The three (3) conditions that are usually present for fraud to be committed include Pressure, Opportunity and Rationalization.

#### 9.2.1 Pressure

Employees are pressured to commit fraud for different reasons. For example, they could be:

- A. Lured by **Greed** and/or an easy financial gain; or
- B. Pressured by negative influences such as loss of employment or status, gambling addictions, crippling debts, family obligations, living beyond their means or health issues etc.

#### 9.2.2 Opportunity

Where employees see an opportunity to commit fraud. Generally, this occurs where an entity has weak countermeasures such as lack of oversight.

#### 9.2.3 Rationalization

Where employees rationalise the act of fraud in their own mind. Usually employees find a way to make it okay to perform the fraudulent act. Such rationalisations may include the mentality of:

- A. "I'll pay it back later"
- B. "No one will even notice it"
- C. "No one will even notice it's gone"
- D. "I deserve it"
- E. "Everyone else is doing it"
- F. "Bosses or Leaders are doing it"

## **10.0 APPROACH TO COUNTERING FRAUD & CORRUPTION**

All employees of the Department, including stakeholders, have a responsibility to contribute to the management of Fraud Risk and combating Corruption.

All employees of the Department, including stakeholders, will fulfil their responsibility to reduce or eliminate fraud and corruption and protect the Department's resources by completing work in each of the following **Key Areas**:

### **10.1 DETERRENCE**

The Department will develop and promote a strong “**counter-fraud & corruption**” culture, raise awareness and provide information on attributes of its “counter-fraud and corruption” work. This includes conducting fraud awareness trainings, publicizing the results of proactive work, investigating fraud/corruption referrals and seeking the recovery of any losses.

- 10.1.1** The Department will ensure that all employees undergo Fraud and Corruption Awareness Trainings so that employees become aware of all aspects of fraud and corruption, including their responsibilities for fraud control and consequences. Targeted trainings will be conducted for:
- A. New Employees - during Induction Programs
  - B. Existing Employees - during Refresher Trainings/Workshops

### **10.2 PREVENTION**

The Department will strengthen measures to prevent fraud and corruption. Both External and Internal Audits will work with Senior Management to ensure new and existing systems, processes and policy initiatives consider any fraud/corruption risks. Audit activity will also consider fraud/corruption risks as part of its' review.

### **10.3 DETECTION**

Internal Audit will maintain a log of all fraud and corruption referrals. The log helps to establish those areas within the Department most vulnerable to the risk of fraud and corruption. This also enables a Department wide fraud and corruption profile to be created which then outlines any detailed work in areas throughout the Department aimed at detecting existing and new types of fraudulent/corrupt activity.

Internal controls are established for financial and other systems within the Department. They are designed to mitigate or eliminate fraud and corruption and provide indicators of any fraudulent and corrupt activity.

### **10.4 INVESTIGATION**

The Department will investigate all reported incidents of fraud, irregularity or corruption.

### **10.5 SANCTIONS**

The Department will apply realistic and effective sanctions for individuals or stakeholders where an investigation reveals fraudulent/corrupt activity. This will include legal action in addition to criminal and disciplinary action, where appropriate.

## 10.6 REDRESS

A crucial element of the Department's response to tackling fraud/corruption is seeking financial redress and the recovery of defrauded monies will be pursued, where appropriate.

## 10.7 INTERNAL AUDIT BRANCH

Independent reviews will be undertaken by the Internal Audit Branch as per the Annual Audit Plan to assess and examine the effectiveness and efficiency of the Internal Controls and review operations for evidence of fraud/corruption.

The Annual Audit Plan is approved and monitored by the Audit Committee and Chief Secretary.

## 10.8 COMPLY WITH RELEVANT LAWS, REGULATIONS, INSTRUCTIONS, POLICIES AND PROCEDURES, SYSTEMS AND PROCESSES

**10.8.1** The Department will ensure adherence to the following existing Laws, Regulations, Instructions, Control Policies and Procedures, Systems and Processes:

- A. National Procurement Act;
- B. National Procurement Instructions;
- C. The Public Finance Management Act;
- D. Finance Instructions;
- E. Financial Management Manual;
- F. Whistleblower Act;
- G. Public Services Management Act;
- H. General Orders;
- I. AAWP Policy; and
- J. Other Internal Policies, Procedures, Guidelines and Instructions.

## 10.9 STRENGTHEN INTERNAL CONTROLS (PROCUREMENT)

The Procurement Payment Process Flowchart (Flowchart 1.1) highlights the process required for procuring goods, services and assets by the Department. This process flowchart highlights the **Control Check-Points** where the key custodians, identified as the **(1) Vetting Committee, (2) Senior Examiner** and **(3) Certifier** are vested with the roles and responsibilities to ensure that all claims meet the mandatory financial and procurement requirements and that they mitigate any opportunity for fraudulent /corrupt activities.

The Senior Examiner performs detailed "**Checks-and-Balances**" prior to furnishing the claim to the Vetting Committee for their independent verifications.

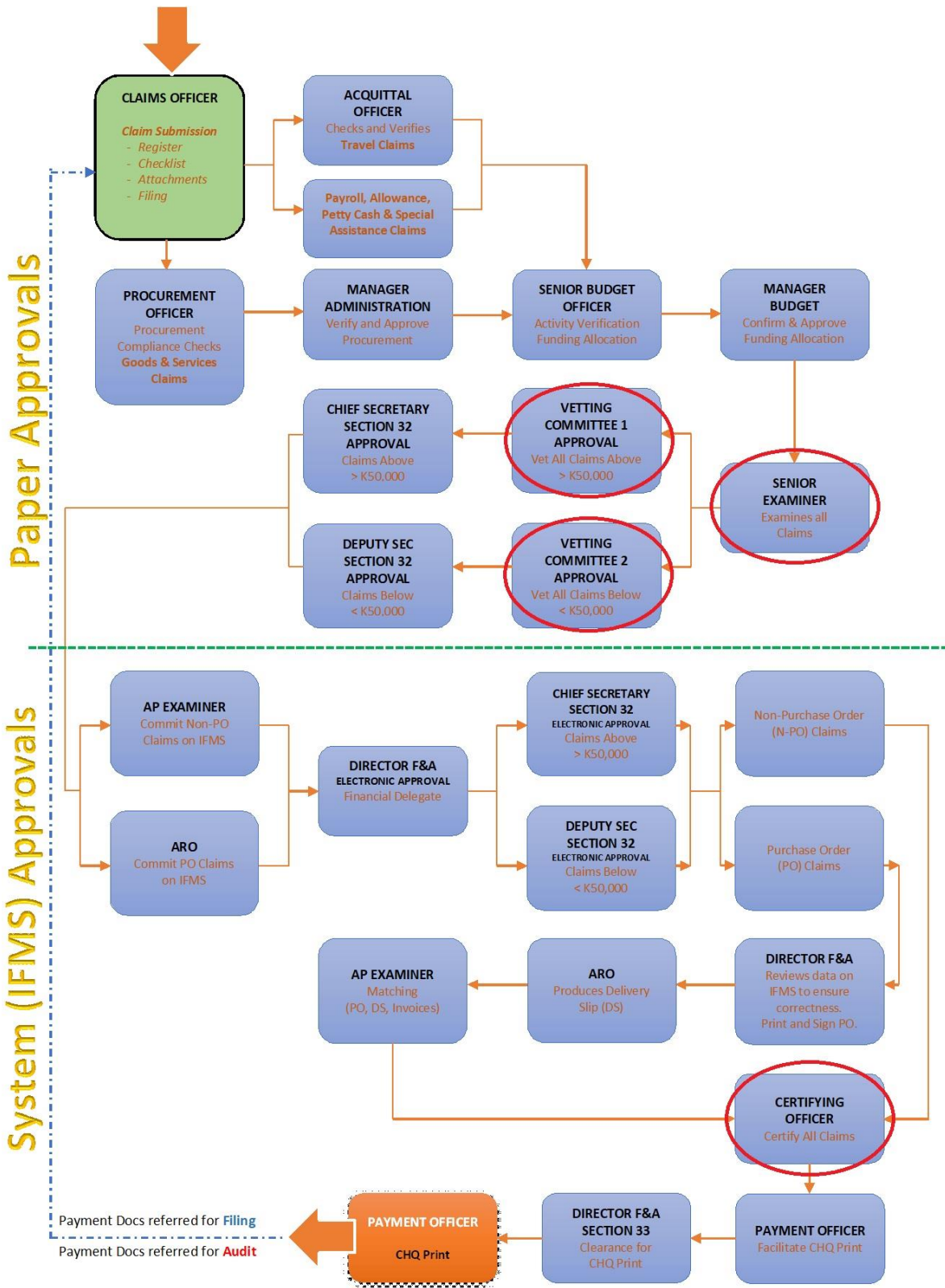
The Certifying Officer performs the final "**Checks-and-Balances**" prior to Cheque Print. The Certifying Officer ensures that the Paper Transactions are appropriately completed, compliant and that it matches the IFMS Transaction.



**PAPER Transaction = IFMS Transaction**

- 10.9.1** The Department will ensure that the Vetting Committee, Senior Examiner and Certifying Officer perform their duties with **Honesty** and **Ethics** in delivering their control responsibilities.
- 10.9.2** The Department will ensure that the Vetting Committee, Senior Examiner and Certifying Officer are suitable for the job requiring:
- A. Competence;
  - B. Transparency;
  - C. Trustworthiness;
  - D. Integrity;
  - E. Secrecy; and
  - F. Free from **Conflicting Interests**.
- 10.9.3** The Department will ensure that the Principles of the Code of Conduct governing Public Officials are applied accordingly. The code requires Public Officials NOT to:
- A. Place themselves in positions in which they have or could have a **Conflict of Interest**;
  - B. Compromise the fair exercise of their official functions or duties;
  - C. Use their Office or Positions for private gain;
  - D. Allow their integrity to be called into question;
  - E. Demean their Office or Position; and
  - F. Endanger or diminish respect of, or confidence in, integrity of the Department.
- 10.9.4** The Department will ensure that the following exist within the Payment Process:
- A. Segregation of Duties;
  - B. No Duplication of Roles and Responsibilities;
  - C. Clarity of Roles and Responsibilities; and
  - D. Routine Review/Audit of the Payment Process.

# FLOWCHART 1.1 PAYMENT PROCESS



**TABLE 1.6 CONTROL POINTS AND RESPONSIBILITIES**

| # | CONTROL POINTS         | CONTROL RESPONSIBILITIES  |
|---|------------------------|---|
| 1 | CLAIMS OFFICER         | <p><b>Part A</b> (<i>Pre-CHQ Print</i>)</p> <ul style="list-style-type: none"> <li>A. Declare “<b>Conflict of Interest</b>”</li> <li>B. Register Claim;</li> <li>C. Raise Procurement Checklist Form;</li> <li>D. Ensure all necessary Documents are attached;</li> <li>E. Furnish qualified Claim to Acquittal Officer or Procurement Officer;</li> <li>F. Reject unqualified Claim;</li> </ul> <p><b>Part B</b> (<i>Post-CHQ Print</i>)</p> <ul style="list-style-type: none"> <li>G. File paid Claim appropriately;</li> <li>H. Provide Weekly Reports for <b>Audit</b> Purposes:               <ul style="list-style-type: none"> <li>I. Updated Register</li> <li>II. Procurement Checklist</li> <li>III. Soft Copy of Claims</li> </ul> </li> </ul> |
| 2 | ACQUITTAL OFFICER      | <ul style="list-style-type: none"> <li>A. Declare “<b>Conflict of Interest</b>”</li> <li>B. Register Travel, Advance or Petty Cash Claim;</li> <li>C. Check &amp; Verify Travel Claims:               <ul style="list-style-type: none"> <li>I. Domestic Travel Allowance</li> <li>II. Overseas Travel Allowance</li> </ul> </li> <li>D. Check &amp; Verify Cash Advance Claim;</li> <li>E. Check &amp; Verify Petty Cash Reimbursement Claim;</li> <li>F. Furnish Claim to Senior Budget Officer;</li> <li>G. Reject unqualified Claim.</li> </ul>   |
| 3 | PROCUREMENT OFFICER    | <ul style="list-style-type: none"> <li>A. Declare “<b>Conflict of Interest</b>”</li> <li>B. Check and validate that the mandatory Financial and Procurement Processes and Requirements are satisfactorily complied with, in accordance with the PF(M)A, FI, NPA, PI, including internal Instructions from Chief Secretary.</li> </ul>   |
| 4 | ADMINISTRATION MANAGER | <ul style="list-style-type: none"> <li>A. Declare “<b>Conflict of Interest</b>”</li> <li>B. Appraise mandatory compliance checks undertaken by the Procurement Officer;</li> <li>C. Accept or reject Claim based on compliance with mandatory requirements;</li> <li>D. Furnish all Contracts to State Solicitor for Clearance;</li> <li>E. Furnish Claim to Senior Budget Officer.</li> </ul>  |
| 5 | SENIOR BUDGET OFFICER  | <ul style="list-style-type: none"> <li>A. Declare “<b>Conflict of Interest</b>”</li> <li>B. Checks, Validates and Ensures:               <ul style="list-style-type: none"> <li>I. Funding Availability;</li> <li>II. Claims are within the Budget Management Framework;</li> <li>III. Claims are in Compliance with the Appropriations Act;</li> <li>IV. Claims are aligned to Annual Activity Plan (as per Corporate Plan);</li> <li>V. Funding is drawn from appropriate Votes;</li> </ul> </li> </ul>   |

|    |  |  |
|----|--|--|
| 6  | BUDGET<br>MANAGER  | A. Declare "Conflict of Interest"<br>B. Appraise checks and validations undertaken by the Senior Budget Officer;<br>C. Accept or reject Claim based on requirements being satisfactorily met;<br>D. Furnish Claim to Senior Examiner.  |
| 7  | SENIOR<br>EXAMINER   | A. Declare "Conflict of Interest"<br>B. Examine and Confirm that:<br>I. Acquittal Officer has properly substantiated the Cash (Travel, Advance, Petty Cash) Claim Requirements;<br>II. Procurement Section has properly substantiated that the Claim satisfies the Mandatory Finance and Procurement Requirements, and Chief Secretary's Instructions;<br>III. Budget Section has properly substantiated the Claim satisfies the Budgetary Requirements;<br>C. Furnish Claims above > K50,000 to <b>Vetting Committee 1</b> for Vetting;<br>D. Furnish Claims below < K50,000 to <b>Vetting Committee 2</b> for Vetting; |
| 8  | VETTING<br>COMMITTEE 1                                       | A. Declare "Conflict of Interest"<br>B. Vet Claims above > K50,000;<br>C. Furnish Claim to <b>Section 32 (Chief Secretary)</b> for Approval.   |
| 9  | VETTING<br>COMMITTEE 2                                       | A. Declare "Conflict of Interest"<br>B. Vet Claims below < K50,000;<br>C. Furnish Claim to <b>Section 32 (Deputy Secretary)</b> for Approval.  |
| 10 | SECTION 32<br>CHIEF<br>SECRETARY                             | A. Declare "Conflict of Interest"<br>B. Approve Claims above > K50,000.  |
| 11 | SECTION 32<br>DEPUTY<br>SECRETARY                            | A. Declare "Conflict of Interest"<br>B. Approve Claims below < K50,000.  |
| 12 | ACCOUNTS<br>PAYABLE<br>EXAMINER (APE)                        | A. Declare "Conflict of Interest"<br>B. Commit <b>Non-Purchase Order</b> (NPO) Claims on IFMS. (OSTA, DTA, Advance, Petty Cash, Casuals W&S etc.)  |
| 13 | AUTHORIZED<br>REQUISITION<br>OFFICER (ARO)                   | A. Declare "Conflict of Interest"<br>B. Commit <b>Purchase Order</b> (PO) Claims on IFMS. (Goods & Services, Assets etc.)  |
| 14 | DIRECTOR<br>FINANCE & ADMIN<br>(F&A)<br>(Financial Delegate) | A. Declare "Conflict of Interest"<br>B. Electronic Approval of NPO and PO Claims on IFMS.  |



|           |                                      |   |
|-----------|--------------------------------------|---|
| <b>15</b> | SECTION 32<br>CHIEF<br>SECRETARY     | A. Electronically Approve Claims above > K50,000 on IFMS.   |
| <b>16</b> | SECTION 32<br>DEPUTY<br>SECRETARY    | A. Electronically Approve Claims below < K50,000 on IFMS.   |
| <b>17</b> | DIRECTOR F&A<br>(Financial Delegate) | A. Review data on IFMS to ensure correctness;<br>B. Produce/Print PO from IFMS;<br>C. Sign PO.<br>(PO Claims Only)      |
| <b>18</b> | ARO                                  | A. Produce/Print Delivery Slip (DS) from IFMS<br>(PO Claims Only)   |
| <b>19</b> | APE                                  | A. Matches PO, DS and Invoices to ensure that all data/information are aligned and in order (PO Claims Only).           |
| <b>20</b> | CERTIFYING<br>OFFICER                | A. Certify both Non-PO and PO Claims.<br>B. Ensures that Paper and Systematic Verifications and Approvals are in order; |
| <b>21</b> | PAYMENT<br>OFFICER                   | A. Confirms Claim listing;<br>B. Sends listing to Director F&A (Section 33) for electronic approval for cheque print;   |
| <b>22</b> | SECTION 33<br>Director F&A           | A. Electronically Approve Claims for cheque print.  |
| <b>23</b> | PAYMENT<br>OFFICER                   | A. Print cheque;<br>B. Payout cheques;<br>C. Furnish Claim Files to Claims Officer;                                     |

## 11.0 ROLES AND RESPONSIBILITIES

There are different levels of Leadership and Management within the Department. These Leadership and Management positions are vested with respective **Roles** and **Responsibilities** which contribute immensely to detect, prevent and respond to Fraud and Corruption and promote the act of Whistleblowing within the Department.

### 11.1 THE EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team (ELT) comprises the Chief Secretary, Secretary NEC, First Legislative Council, Chief of Staff and Deputy Secretaries.

The ELT provides Strategic and Operational Oversight to the Department. They set goals, develop plans and implement strategies to encourage success.

In terms of preventing, detecting and responding to Fraud and Corruption and promoting the act of Whistleblowing within the Department, the ELT's Roles and Responsibilities include:

**11.1.1** Setting the “**Tone from the Top**”, where all Executive Leaders must exercise good leadership and display commitment to being **Honest** and **Ethical**.

The Executives must, at all times, uphold the Department's **ZERO-TOLERANCE** stance against all forms of Fraud and Corruption;

**11.1.2** Ensuring that there are effective Counter Measures established within the Department to prevent, detect or respond to Fraud and Corruption;

**11.1.3** Providing support to all Internal and External Audit/Investigation activities;

**11.1.4** Facilitating the Implementation of the Whistleblowers Act 2020;

**11.1.5** Protecting both the Whistleblower and the Whistleblower Protection Officer (Internal Audit Branch Officers) from **Occupational Detriment**; and

**11.1.6** Ensuring that the Executive Management Team undergoes appropriate trainings on Fraud, Corruption and Whistleblowing.

All members of the Executive Management Team must be familiar with the types of improprieties that might occur within their area of responsibility and be alert of any indication of irregularities.

### 11.2 THE EXECUTIVE MANAGEMENT TEAM

The Executive Management Team comprises all Director Generals, Directors, Principal Internal Auditor and Principal Legal Advisor.

In terms of detecting, preventing and responding to Fraud and Corruption and promoting the act of Whistleblowing within the Department, the Executive Management Team's Roles and Responsibilities include:

- 11.2.1 Assessing risks of improprieties encompassing their area of functions, roles and responsibility and ensuring that an adequate system of internal controls are in place;
- 11.2.2 Ensuring that internal control systems and processes are operating efficiently. The Executive Management must regularly review the control systems to ensure it operates effectively;
- 11.2.3 Encouraging staff to report actual, alleged or planned fraudulent and corrupt activity through the Whistleblower Call-Centre.

### 11.3 DISCIPLINARY COMMITTEE

In terms of detecting, preventing and responding to Fraud and Corruption and promoting the act of Whistleblowing within the Department, the Disciplinary Committee's Roles and Responsibilities include:

- 11.3.1 Ensuring that swift action is taken to respond to substantiated cases of Fraud and Corruption;
- 11.3.2 Determining appropriate disciplinary actions are taken against perpetrators of Fraud and Corruption and also ensuring that appropriate **"recovery actions"** are applied.

### 11.4 HEAD OF INTERNAL AUDIT

The Internal Audit Branch is the key custodian responsible for the **Administration, Revision, Interpretation** and **Application** of this Policy. This Policy will be reviewed annually.

The **Head of Internal Audit Branch** is the designated **Whistleblower Protection Officer**. In terms of detecting, preventing and responding to Fraud and Corruption and promoting the act of Whistleblowing within the Department, the Head of Internal Audit is entrusted with various Roles and Responsibilities. These include, but not limited to:

- 11.4.1 Protecting the Whistleblower;
- 11.4.2 Promoting the Deterrence and Prevention of Fraud and Corruption within the Department;
- 11.4.3 Devising and implementing effective control mechanisms for countering and mitigating the risk of Fraud and Corruption;
- 11.4.4 Periodically appraising the effectiveness and efficiency of Internal Control Mechanisms within the Department to counter Fraud and Corruption and report on their adequacy to Chief Secretary;
- 11.4.5 Conducting Investigations of alleged, planned or actual Fraud and Corrupt activities within the Department;
- 11.4.6 Recommending appropriate Referrals, Charges and Recovery actions;
- 11.4.7 Administration, Revision, Interpretation and Application of this Policy.

## 11.5 HEAD OF LEGAL

11.5.1 Provide legal advice and guidance to Chief Secretary and Head of Internal Audit on matters relating to Fraud, Corruption and Whistleblowing:

- A. Administrative Disciplinary Processes;
- B. Administrative Disciplinary Charges;
- C. Referrals to Law Enforcers;
- D. Criminal Law;
- E. Criminal Charges;
- F. Criminal Prosecution;
- G. Court Proceedings;
- H. Loss Recoveries (Administrative & Criminal);
- I. Whistleblower Act 2020; and
- J. Others as deemed appropriate.

## 11.6 FINANCE & ACCOUNTING FUNCTION

11.6.1 Strengthen Internal Control Measures by:

- A. Ensuring Claims are processed via the established Payment Process (Refer to Flowchart 1.1, Pg 22);
- B. Ensuring all mandatory requirements, including Chief Secretary's Instructions, are strictly adhered to;
- C. Ensuring that elements essential to the Control Systems are put in place and exercised accordingly:
  - i. Segregation of Duties;
  - ii. Role Clarity;
  - iii. Declaration of Conflicting Interests;
  - iv. Engagement of Qualified, Competent, Honest, Committed Staff.
- D. Ensuring that proper **Checks** and **Balances** are undertaken in the Payment Process, particularly in the following **3-Control Points**:
  - i. Senior Examiner - Check Point 1
  - ii. Vetting Committee 1 & 2 - Check Point 2
  - iii. Certifying Officer - Check Point 3

11.6.2 Be the first to report alleged, planned or actual Fraud or Corrupt activities that may be identified in the Payment Process.

## 11.7 PAYROLL FUNCTION

11.7.1 Ensure there is a proper system of Checks and Balances in place;

11.7.2 Periodically review the Internal Payroll Control Mechanisms to ascertain its effectiveness in preventing, detecting and responding to Fraud and Corruption; and

11.7.3 Be the first to report alleged, planned or actual Fraud or Corrupt activities that may be identified in the Payroll Process.

## 11.8 ALL STAFF

- 11.8.1 All Staff must maintain the highest standards of honesty, propriety and integrity in the exercise of their duties. All staff are responsible for:
- A. Acting with propriety in the use of the Department's resources and in the handling and use of public funds whether they are involved with cash or payment systems, receipts or dealing with contractors or suppliers;
  - B. Reporting any instances of suspected, planned or actual impropriety in good faith to managers responsible or to the Whistleblower Call-Centre; and
  - C. Providing any information or evidence relating to the suspected, planned or actual impropriety.
- 11.8.2 Attend in-house Trainings (Seminars/Workshops) on Fraud, Corruption and Whistleblowing (including awareness campaigns);
- 11.8.3 Comply with this Policy; and
- 11.8.4 It is compulsory for all staff to sign the **Consent Form** (Annex 'F') as an oath of compliance.

## 12.0 REPORTING ALLEGATIONS OF FRAUD AND CORRUPTION

Before reporting allegations of Fraud or Corruption, the Whistleblower should satisfy himself/herself that he/she has reasonable grounds to suspect Reportable Conduct. Reasonable grounds to suspect is based on objective reasonableness of the reasons for the suspicion.

In practice, a mere allegation with no supporting information is unlikely to reach that standard. However, a Whistleblower does not need to prove their allegations. In addition, the disclosure can still qualify for protection even if the disclosure turns out to be incorrect.

It is important that all information pertaining to Fraud and Corruption provided are in **Good Faith, Truthful, Clear and Relevant**. The more specific the information the whistleblower provides, the better it is for the investigation of the allegation(s). The important basic information include: *Who? What? Where? How and When the alleged activities took place?*

### 12.1 REPORTABLE CONDUCT

Whistleblowers must report any reasonably suspected, planned or actual Fraud and Corrupt activities.

Suspected, planned or actual irregularities or violations that should be reported include, but are not limited to:

- 12.1.1 Forgery;
- 12.1.2 Theft;
- 12.1.3 Blackmail;
- 12.1.4 Embezzlement;
- 12.1.5 Collusion or Conspiracy to defraud the State;
- 12.1.6 Double Dipping;
- 12.1.7 Dishonest or Fraudulent acts;
- 12.1.8 Tax evasion;
- 12.1.9 Money laundering;
- 12.1.10 Misuse of assets or services;
- 12.1.11 Dishonestly using influence;
- 12.1.12 Receiving or offering bribes;
- 12.1.13 Receiving Kickbacks or Commissions;
- 12.1.14 Conflict of Interest;
- 12.1.15 Inflating Invoices;
- 12.1.16 Alteration/Falsifying of documents or accounts;
- 12.1.17 Misappropriation/Misapplication of funds, supplies or assets;
- 12.1.18 Disclosure of official/confidential information for a gain or an advantage;
- 12.1.19 Impropriety in managing resources or reporting of financial information; and
- 12.1.20 Personal gain from official position or enabling family or others to do so.

## **12.2 REPORTING PROCESS**

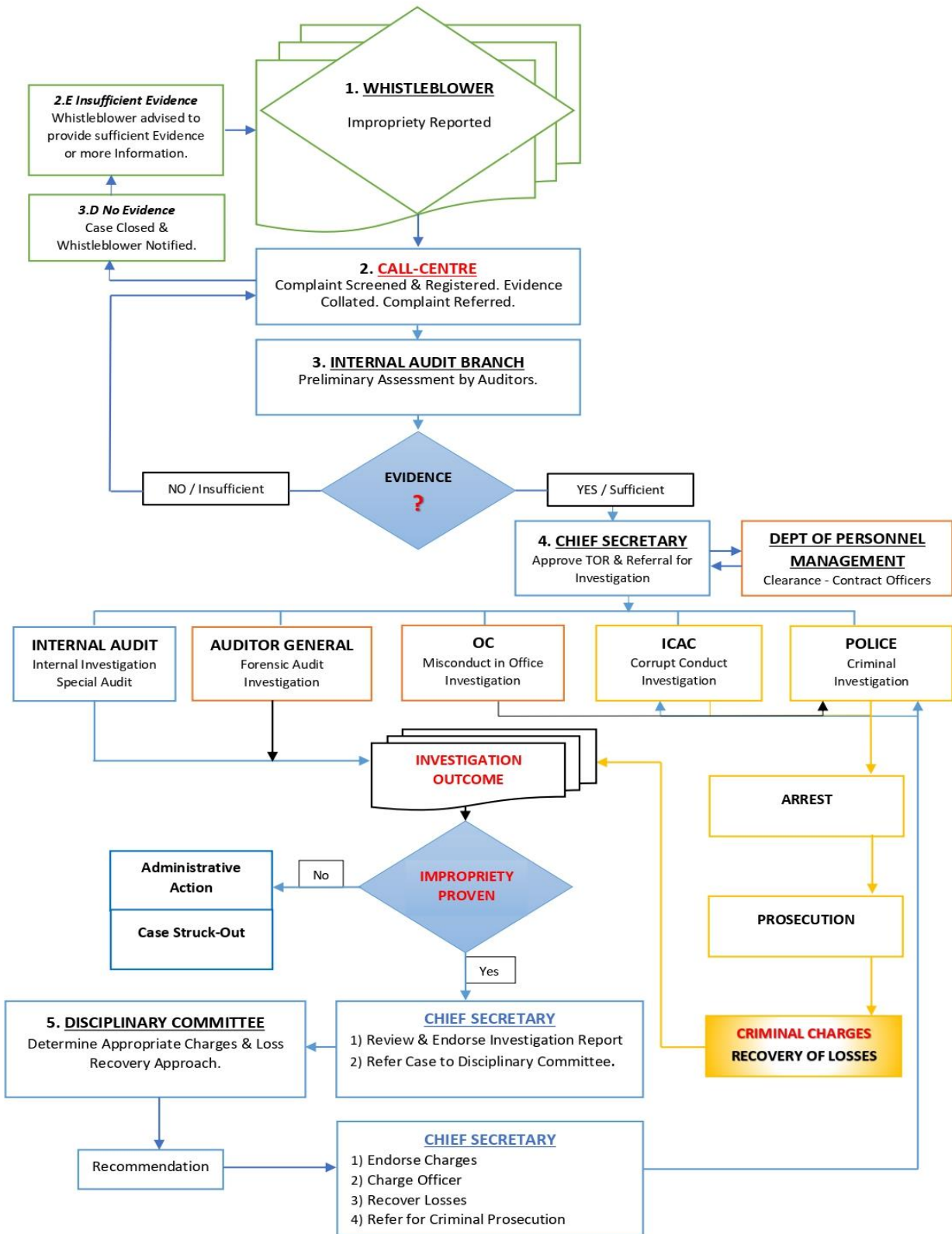
Whistleblowers must report allegation(s) of Fraud or Corruption through the Department's **Whistleblower Call Center** via the established mediums, as specified in **Section 12.3**.

Written Reports can be made by completing **Form A: *Written Complaint*** depicted in Annex "A" and submit through a suitable medium. Note that all mediums specified in Section 12.3 are linked to or accessible by the Whistleblower Call-Center.

Verbal Reports can be made by communicating directly with the Call-Center via one of the mediums, as specified in Section 12.3. The Case Officer will collate details of the allegations by completing **Form B: *Verbal Complaint*** depicted in Annex "B".

Refer to the Reporting & Investigation Process **Flowchart 12.1** and Internal Reporting Process **Table 12.1** for details of the process.

# Reporting & Investigation Process Flowchart 12.1





## INTERNAL REPORTING PROCESS TABLE 12.1

|   | PROCESS POINT         | PROCESS STEPS  |
|---|-----------------------|--|
| 1 | Whistleblower         | <ul style="list-style-type: none"> <li>A. Impropriety Witnessed or Exposed; and</li> <li>B. Impropriety Reported via Call-Centre.</li> </ul>   |
| 2 | Call Centre           | <ul style="list-style-type: none"> <li>A. Receives Complaint from Whistleblower;</li> <li>B. Acknowledges Receipt of Complaint;</li> <li>C. Screens Complaint;</li> <li>D. Collates Information, Facts &amp; Evidence;</li> <li>E. Register Case (Issue Case File Number - CFN);</li> <li>F. Refer Case to Head of Internal Audit;</li> <li>G. <b>No Evidence</b> – Where there is no evidence, the case is Closed and the Whistleblower is advised;</li> <li>H. <b>Insufficient Evidence</b> – Where there is insufficient evidence, the Call-Centre notifies the Whistleblower to provide more information;</li> <li>I. <b>Insufficient Evidence</b> – Where evidence can be accessed ONLY by investigators (Auditors, Police, etc.), the Call-Centre refers the matter to the Head of Internal Audit.</li> </ul>  |
| 3 | Internal Audit Branch | <ul style="list-style-type: none"> <li>A. Head of Internal Audit (Whistleblower Protection Officer)               <ul style="list-style-type: none"> <li>I. Review Case;</li> <li>II. Assign Case to Internal Auditor (Case Officer);</li> </ul> </li> <li>B. Internal Auditor               <ul style="list-style-type: none"> <li>I. Conduct Preliminary Assessment;</li> <li>II. Determine where or not, evidence is sufficient to warrant an Investigation;</li> <li>III. Where sufficient evidence surface, a Terms of Reference (ToR) is prepared and referred to Head of Internal Audit for Vetting;</li> </ul> </li> <li>C. Head of Internal Audit               <ul style="list-style-type: none"> <li>I. Vett ToR;</li> <li>II. Refer ToR to Chief Secretary for Endorsement;</li> </ul> </li> <li>D. Where there is <b>NO/Weak Evidence</b>, the case is closed and referred to the Call-Centre to notify the Whistleblower.</li> </ul> |
| 4 | Chief Secretary       | <ul style="list-style-type: none"> <li>A. Determines which Constitutional Office, Department, Branch or Team Investigates the Case. Selection is based on Capacity and Relevance of Functions               <ul style="list-style-type: none"> <li>I. Internal Audit Branch;</li> <li>II. Auditor General’s Office (AGO), Forensic Investigation Unit;</li> <li>III. Ombudsman Commission (OC) PNG;</li> <li>IV. ICAC; or</li> <li>V. Police (Criminal Investigation and Prosecution).</li> </ul> </li> <li>B. Endorses ToR.</li> </ul>  |

|    |                            |  |
|----|----------------------------|--|
| 5  | Investigative Body         | A. Conduct Investigation;<br>B. Refer for Criminal Prosecution; and<br>C. Refer for Administrative Charges.  |
| 6  | Chief Secretary            | A. Accepts/Rejects Recommendations of the Investigation Report;<br>B. Refers Administrative Investigation Report to Disciplinary Committee; and<br>C. Refer Administrative Investigation Report to relevant Party to conduct Criminal Investigation and Prosecution. |
| 7  | Disciplinary Committee     | A. Convenes Disciplinary Hearing;<br>B. Deliberates on the Findings & Recommendations of the Investigation Report;<br>C. Recommends appropriate Disciplinary Charges; and<br>D. Impose <b>“Loss Recovery”</b> where appropriate.                                     |
| 8  | Chief Secretary            | A. Endorse/Reject Disciplinary Committees Recommendations for Charges to be laid; and<br>B. Endorse/Reject Disciplinary Committees Recommendations for Recoveries to be made.  |
| 9  | Human Resources Management | A. Facilitate and Implement Charges;<br>B. Facilitate or Implement the internal process of <b>“Loss Recovery”</b> .  |
| 10 | Internal Audit Branch      | A. Conduct reviews to ensure charges are appropriately applied and losses recovered.   |

## 12.3 ACCESSIBLE DISCLOSURE CHANNELS FOR REPORTING ALLEGATIONS OF FRAUD AND CORRUPTION

Reports (Written/Verbal) alleging Improprieties of Fraud and Corruption can be reported via the following channels listed below:

- 12.3.1 Hand-Deliver to the Whistleblower Call Center Counter;
- 12.3.2 Post via the designated Postal Address;
- 12.3.3 Email;
- 12.3.4 Call via Telephone Landline;
- 12.3.5 Call via Mobile Phone;
- 12.3.6 Text via Mobile Phone;
- 12.3.7 WhatsApp Message;
- 12.3.8 WhatsApp Call;
- 12.3.9 WhatsApp Video Chat;
- 12.3.10 FB Message;
- 12.3.11 Video Conference via Zoom/Skype; and
- 12.3.12 Report in Person at the Whistleblower Call Center Service Center.

Special Note: Details of Toll Free Numbers, Addresses, Website, Emails, Mobile Numbers, Landline Numbers, Facebook Page, Links etc. will be disseminated via a Circular Instruction, from the Office of the Chief Secretary, as and when appropriate.

## 12.4 FALSE OR BASELESS REPORTING

- 12.4.1 All information provided to the Whistleblower Call Center or Head of Internal Audit will be treated with the highest level of confidentiality. All reasonably justified allegations will be treated seriously and systematically and will be properly investigated.
- 12.4.2 If allegations raised are deemed frivolous, in bad faith, malicious, for personal gain/self-interest, or for revenge, **Disciplinary Actions** will be taken against the person making the allegations.

## 13.0 INVESTIGATION OF ALLEGATIONS

Upon establishment of substance or material evidence from a **Preliminary Assessment** of allegations of improprieties, the matter will be referred for investigations. Only the Chief Secretary to Government can and will Approve or Disapprove for Investigations to be carried out.

Chief Secretary determines, in consultation with the Head of Internal Audit whether the matter will be Investigated **Internally** or **Externally**.

1. Internal Investigation
  - a. Internal Audit Branch
2. External Investigation
  - a. Auditor General's Office, Forensic Audit Investigation (AGO)
  - b. Ombudsman Commission (OC)
  - c. Independent Commission Against Corruption (ICAC)
  - d. Police

Refer to the Reporting & Investigation Process **Flowchart 12.1** (Page 32) for details of the process.

### 13.1 INTERNAL INVESTIGATION

When allegations of Fraud or Corruption are raised, Senior Management must turn its attention to an **Internal Investigation**. Depending on the nature of the supposed wrongdoing, the matter must be promptly investigated.

Successfully navigating the potential pitfalls of internal investigations is essential as it protects the Department from losses. It also poses an opportunity to strengthen key controls and seal loopholes within the systems and processes, on a timely basis.

### 13.2 INTERNAL INVESTIGATION PROCESS

- STEP 1: Conduct a preliminary assessment to determine if the allegations have merit.** Analyse facts surrounding the allegations. If the allegations are specific and the reporter has no stake in the outcome, then there is a likelihood that the allegations have merit.

Determining the merit of an allegation can be difficult, especially if the allegation is anonymous. Anonymous claims of allegations seldom include truth. In some instances, information may be fabricated or concealed if the reporter of the allegations has a vendetta.

**STEP 2: Assign a case officer to investigate and deploy appropriate resources.**  
Assign a case officer to investigate allegations. The officer must possess the appropriate expertise (knowledge, qualifications, skills and experience) required to conduct investigations.

The Department must ensure that the Case Officer's roles and responsibilities are clearly defined and that IAB is well-resourced with the investigative necessities.

**STEP 3: Conduct appropriate background research.**  
Conduct background checks of all persons of interest.

**STEP 4: Obtain and review available Documents, Files & Records.**  
Collate all relevant evidence relating to the allegations.

- a. Documents and Files (Hard & Soft Copy);
- b. Computer Documents, Files and Records;
- c. Computer Generated Reports;
- d. Statements from Suspects and Witnesses;
- e. Email Records;
- f. Phone Records;
- g. CCTV;
- h. Personal Records & Information from HRM; and
- i. Others, as deemed necessary.

**STEP 5: Analyze Financial and Electronic Records.**  
Analyse financial and electronic records that are applicable to the investigation.

**STEP 6: Interview knowledgeable persons or key witnesses.**  
Interview persons of interest or persons who possess any knowledge of the allegations or any eye witnesses.

**STEP 7: Interview the Subjects.**  
Interview all alleged wrongdoers after all the evidences are established.

**STEP 8: Report the Findings.**  
Draft Investigation Report and Submit to Chief Secretary.

**STEP 9: Case Evaluation.**  
Fix the loopholes that allowed the improprieties to occur. Determine whether there are internal controls, policies, procedures and other guidelines that can be improved upon to prevent improprieties from reoccurring.

**STEP 10: Case Referral.**  
Depending on the severity of the proven/confirmed allegations, the Department may pursue **Criminal Actions** against the subject through the normal process.

Also refer to the Internal Reporting Process **Table 12.1** for details of the process.

### **13.3 EXTERNAL INVESTIGATION PROCESS**

External Investigations will be independently undertaken by the respective Constitutional Institutions. Investigations will be carried out in accordance with their respective mandate and processes.

DPM&NEC shall closely follow through and liaise with the concerned investigators and obtain a Copy of the completed Report. These will also include Court Decisions, where necessary. DPM&NEC may attempt **Recovery of Losses** thereafter.

Refer to the **Reporting & Investigation Process Flowchart 12.1** for details of the investigation process.

## **14.0 ACTIONS BASED ON INVESTIGATION FINDINGS**

### **14.1 SANCTIONS**

- 14.1.1 DPM&NEC Employees suspected of participating in dishonest, fraudulent or corrupt activity may be suspended without pay during the course of the investigation.
- 14.1.2 DPM&NEC Employees found to have participated in dishonest, fraudulent or corrupt activity will be **Dismissed or Terminated** as employees and may also be subject to criminal prosecution or civil action.
- 14.1.3 DPM&NEC Employees found to have knowledge of a dishonest act or fraudulent activity and who knowingly failed to report the activity will be subject to disciplinary action up to and including termination from employment.

### **14.2 DISCIPLINARY ACTION**

Depending on the Situation or Condition, the Chief Secretary may impose one or more of the listed Disciplinary Actions.

#### **14.2.1 Situation or Condition**

- A. Severity of the Circumstances;
- B. Frequency of the Occurrence;
- C. Nature of the Employee's Duties;
- D. Effect of the Behaviour on the Department;
- E. Employee's Work Record;
- F. Willingness of the Employee to Address the Issue; and
- G. Any other mitigating circumstances that may exist (particularly in relation to the employee's domestic circumstances).

#### **14.2.2 Disciplinary Actions**

- A. Verbal Warning or a first and final written warning;
- B. A change of duties or lateral transfer;
- C. Denial or Removal of entitlements, privileges or benefits;

- D. Withholding of Advancement;
- E. Demotion;
- F. Suspension;
- G. Dismissal or Termination of Employment; or
- H. Referral for Criminal Prosecution or Civil Action.

The Department's Disciplinary Committee will maintain custody of the Disciplinary Process Function. This also includes the recovery of losses.

**TABLE 14.1 DISCIPLINARY REFERENCE TO GENERAL ORDERS**

| OFFICER                     | REFERENCE                                       | CATAGORY  | DISCIPLINARY ACTION  |
|-----------------------------|---|---|--|
| <b>Contract Officer</b>     | General Order No. 9                             | Discipline of NEC APPOINTEES & MINISTERIAL APPOINTEES | 9.32 In the case of persons appointed by the National Executive Council/Minister, a report shall be made by the Departmental Head who carries responsibility for the Office, to the Minister, with an appropriate recommendation on future employment.   |
|                             |   |   | 9.33 The Minister, having been furnished with a proper legal opinion and a review of the case by the Secretary, Department of Personnel Management, in the event that the Senior Officer is to be terminated, shall: <ul style="list-style-type: none"> <li>(a) present his/her recommendation to the National Executive Council in respect of National Executive Council Appointees; or</li> <li>(b) take appropriate disciplinary action in respect of Ministerial Appointees, taking into account the advise provided by the Departmental Head.</li> </ul>  |
| <b>Contract Officer</b>     | General Order No. 9                             | Discipline of PUBLIC SERVANTS                         | 9.34 In the case of persons appointed under the Public Services (Management) Act, the Departmental Head shall, having sought advice from the Department of Personnel Management, have sole responsibility for the exercise of discipline over senior officers on contract.   |
|                             |   |   | 9.35 The Delegate of the Secretary, Department of Personnel Management shall advise the Departmental Head whether or not the Contract should be terminated, or consistent with the treatment of other Public Servants, whether or not a lesser punishment should be imposed, on the following scale: <ul style="list-style-type: none"> <li>(a) demotion to a lower graded position, together with termination of the contract and full imposition of contract penalties; or</li> <li>(b) demotion to a lower graded position, by variation of the contract; or</li> <li>(c) termination of the Contract, and retention as an unattached officer; or</li> <li>(d) permanent withholding of one annual gratuity instalment; or</li> <li>(e) a formal written warning placed on the Senior Officers personal record, (which may accompany any of the above punishments); or</li> <li>(f) withdrawal of the charges without sanction or penalty.</li> </ul> |
| <b>Non Contract Officer</b> | Public Service Management Act 1995, Section 52. | DISCIPLINE OF PUBLIC SERVICE OFFICER                  | (5) If, after considering reports relating to the offence and charge, the reply and explanation (if any) of the officer charged and any further report that he thinks necessary, the departmental head concerned is of the opinion that the charge has been sustained, the departmental head may – <ul style="list-style-type: none"> <li>(a) fine the officer a sum not exceeding 20 percent of the officer's gross fortnightly pay; or</li> </ul>  |

| OFFICER | REFERENCE | CATAGORY | DISCIPLINARY ACTION   |
|---------|-----------|----------|---|
|         |           |          | (b) reduce the officer's pay; or<br>(c) reduce the officer to an office having a lower classification and to a salary within that classification; or<br>(d) in addition to or instead of imposing a punishment specified in Paragraphs (a), (b), or (c), transfer the officer to some other office or locality; or<br>(e) dismiss the officer from the Public Service.<br>(6) The departmental head shall notify an officer of a punishment imposed or recommendation made by him under Subsection (5). |

### 14.3 LOSS RECOVERY

In situations where serious misconduct has been established and a decision is made by the Chief Secretary to proceed to dismissal, all relevant payments, including outstanding entitlements and any other accrued leave entitlements will be forfeited to the State to recover the Losses. Dismissed employees are not entitled to receive any form of redundancy payments.

Documentation of the Disciplinary process is very important and all discussions with the employee that occur during any stage of the disciplinary process are to be documented by way of file notes by the officers responsible. Copies of all documents related to the disciplinary procedure must be forwarded to Human Resources Management Branch for inclusion in the Employee's Personal File.

## 15.0 PROTECTING THE WHISTLEBLOWER

### 15.1 INTRODUCTION

A **whistleblower** is an individual who, without authorization, reveals private or classified information about an individual, a group or an organization, usually related to wrongdoing, misconduct, unlawful or immoral activity. Such actions are usually motivated by a commitment to Public Interest.

Whistleblowers within the Department are protected under the Papua New Guinean Law, as covered in the "**Whistleblower Act 2020**" passed on 18<sup>th</sup> February 2020. *Section 3.1 (b) and 3.1 (c)* of the Act states that;

*"The objects of the Act are to;*

- b. Protect employees who make protected disclosures from occupational detriment; and*
- c. Provide remedies to employees who suffer occupational detriment having made protected disclosures".*

The AAWP Policy, particularly the Whistleblower Protection Section provides guidance and ensures that the Department:

1. Treat its Employees with Respect;
2. Protects the Integrity and Reputation of both, the Department and its Employees;
3. Demonstrate its Commitment to the Whistleblower Act 2020 and other relevant Laws and Regulations of Papua New Guinea.

### 15.2 OBJECTIVE

The AAWP Policy, particularly the Whistleblower Protection Section is intended to:

- 15.2.1 Encourage employees to report in good faith suspected, actual or planned impropriety with in the Department;
- 15.2.2 Protect employees, who report improprieties in good faith, from suffering any Occupational Detriment;
- 15.2.3 Ensure reported information is timely and thoroughly investigated, with the appropriate investigative expertise and resources;
- 15.2.4 Ensure confidentiality of the whistleblower's identity and reported information; and
- 15.2.5 Provide remedies to employees who suffer occupational detriment having made reports on improprieties.



## 15.3 SCOPE

The AAWP Policy, particularly the Whistleblower Protection Section applies to All Employees from the Department reporting on improprieties in good faith.

This Policy does not apply to employees who intentionally make false or misleading reports.

As stated in **Section 12.4.2**, if allegations raised are deemed frivolous, in bad-faith, malicious, for personal gain/self-interest or for revenge, **Disciplinary Actions** will be taken against the officer making the allegations.

## 15.4 GUIDING PRINCIPLES

It is essential that the Department, through the implementation of the AAWP Policy, provide Accessible Disclosure Channels for Whistleblowers, meaningfully Protect Whistleblowers from all forms of Retaliation and ensure that the information they disclose can be used to advance needed reforms. To achieve this, the Department has established a set of Guiding Principles.

The Department MUST ensure that:

- 15.4.1 **Accessible Disclosure Channels** are established for reporting alleged improprieties. Refer to *Section 12.3* of this Policy which defines the Channels;
- 15.4.2 The utmost appropriate efforts are applied to protect whistleblowers from any Retribution or **Occupational Detriment**;
- 15.4.3 Anonymity of the whistleblower, the confidentiality of the whistleblower's identity and details of the reported impropriety are respected and protected;
- 15.4.4 There will be **NO** repercussions or implications for reporting an impropriety in good faith, even if it turns out to be unfounded;
- 15.4.5 Anonymous reports are permissible and will be investigated if they are sufficiently grounded;
- 15.4.6 Reports of improprieties are investigated promptly and in accordance with applicable laws, regulations, policies and procedures;
- 15.4.7 Disciplinary Action up to and include termination, taken against officers who raise allegations that are deemed false, frivolous, in bad-faith, malicious, for personal gain or revenge; and
- 15.4.8 Mechanisms for disclosures that promote reforms that correct policy or procedural inadequacies and prevent future wrongdoing, are in place.

## **15.5 PROTECTION OF THE WHISTLEBLOWER**

- 15.5.1 Protection from Retribution or Occupational Detriment – Employees shall be protected from all forms of retaliation, disadvantage or discrimination at the workplace resulting from whistleblowing. This includes all types of harm, including dismissal, probation, suspension and other job sanctions; punitive transfers; harassment; reduced duties; withholding of promotions or training; loss of status and benefits; and threats of such actions;
- 15.5.2 Victims Voluntary Transfer – Whistleblowers who have become victims of Retribution or Occupational Detriment may request internal transfers. The Department shall consider and facilitate this process;
- 15.5.3 Preservation of Confidentiality – The identity of the whistleblower may NOT be disclosed without the individual's explicit consent;
- 15.5.4 Burden of Proof on the Department – In order to avoid penalties, the Department must clearly and convincingly demonstrate that any measures taken against an employee were in no sense connected with, or motivated by, a whistleblower's disclosure;
- 15.5.5 Knowingly False Disclosures NOT Protected – Employees who make disclosures demonstrated to be knowingly false are subject to possible disciplinary actions, professional sanctions and civil liabilities. Those wrongly accused shall be compensated through all appropriate measures;
- 15.5.6 Waiver of Liability – Any disclosure made within the scope of whistleblower legislation shall be immune from disciplinary proceedings and liability under criminal, civil and administrative laws. The burden shall fall on the subject of the disclosure to prove any intent on the part of the whistleblower to violate the law;
- 15.5.7 Right to Refuse Participation in Wrongdoing – Employees have the right to decline to participate in corrupt, illegal or fraudulent acts. They are legally protected from any form of retribution or discrimination if they exercise this right;
- 15.5.8 Preservation of Rights – Any rule or agreement is invalid if it obstructs whistleblower protections and rights. For instance, whistleblower rights shall override employee loyalty oaths and confidentiality/nondisclosure agreements;
- 15.5.9 Anonymity – Full protection shall be granted to whistleblowers who have disclosed information anonymously and who subsequently have been identified without their explicit consent; and
- 15.5.10 Personal Protection – Whistleblowers whose lives or safety are in jeopardy, and their family members, are entitled to receive personal protection measures. The Department shall ensure that adequate resources be devoted for such protection.

## 15.6 DEFINITIONS (Whistleblower Act 2020)

“*Employees*” are persons, excluding independent contractors, working for the Department and receiving or being entitled to receive any remuneration from it.

“*Employer*” is the Department of Prime Minister and National Executive Council.

“*Protected disclosure*” is a good faith disclosure of an information made in accordance with this Policy by an employee that may show that the DPM&NEC, or an employee of DPM&NEC has engaged in, is engaging or intends to engage in conduct that constitutes an impropriety.

“*Good faith*” means that an employee is acting on an honest belief held on reasonable grounds that the information was true at the time information was disclosed.

“*Impropriety*” means any of the following:

- a. a criminal offence,
- b. a failure to comply with a legal obligation,
- c. a miscarriage of justice,
- d. endangering the health or safety of an individual,
- e. environmental damage,
- f. unfair discrimination,
- g. deliberately concealing any of the conduct listed above.

“*Occupational detriment*” in relation to any employee means:

- being subjected to any disciplinary action; or
- being dismissed, suspended, demoted, harassed or intimidated; or
- being transferred to a different position against the employee’s will; or
- being refused transfer or promotion; or
- being subjected to a term or condition of employment or retirement which is altered to the employee’s disadvantage; or
- being victimised or intimidated at the workplace; or
- being refused a reference or being provided with an adverse reference; or
- being denied appointment to any employment or office; or
- being threatened with any of the actions listed above; or
- being adversely affected in respect of the employee’s employment, profession or office in any other way.

“*Whistleblower protection officer*” is an employee of DPM&NEC, appointed by Chief Secretary as a person responsible for receiving and investigating reports on improprieties and for the protection of whistleblowers. A whistleblower protection officer has appropriate knowledge, expertise and resources for fulfilling his/her tasks and unlimited access to the Senior Management.

“*Internal Reporting*” is reporting on improprieties within DPM&NEC.

“*External reporting*” is reporting on improprieties and corrupt conduct to a legal practitioner, to a Minister or to another approved authority.

“*Approved authority*” is an authority prescribed by a regulation of the Minister as the one to which protected disclosures can be made.

“*Legal practitioner*” is a person authorised under the Papua New Guinea Lawyers Act 1986 to practice as a lawyer in Papua New Guinea.

## 15.7 Whistleblower Act 2020

The Whistleblower Act makes it clear that the person(s) making the complaints or disclosures to the Whistleblower Protection Officer (WPO), are protected by the Act from any harsh treatment, threats or occupational detriment in a workplace environment. This Section also empowers the WPO to seek out the best possible way to address issues of employees who have suffered, as a consequence of being reprimanded due to whistleblowing.

Section 3.2 of the “*Whistleblower Act 2020*”, states that;

*“This Act applies to any protected disclosure made after the date on which this section comes into operation, irrespective of whether or not the impropriety concerned occurred before or after that date”.*

The “Act” protects the complainant as soon as the protected disclosure (complaint) is raised or reported to a relevant body/employer. The Act will also cover whistleblowers for reporting impropriety/malpractice that have happened before and after the ‘*Whistleblower Act 2020*’ was introduced in 2020. This gives satisfaction that, no crime goes unpunished as we endeavour to fight corruption in the workplace environment.

### 9.2 Occupational Detriment

According to Section 2 of the “ACT”, Occupational Detriment in relation to an employee means:

- a) Being subjected to any disciplinary action; or
- b) Being dismissed, suspended, demoted, harassed, or intimidated; or
- c) Being transferred to a different position against the employees’s will; or
- d) Being refused or promoted; or
- e) Being subjected to a a term or condition of employment or retirement which is altered to the employee’s disadvantage; or
- f) Being refused a reference or being provided with an adverse reference; or
- g) Being denied appointment an any employment or office; or
- h) Being threatened with any of the actions referred to in Paragraphs a) to g); or
- i) Being adversely affected in respect of the employees employment, profession or office in any other way.

The “Whistleblower Act 2020” is very clear on “Who & When” it covers in the workplace environment.

## **16.0 REVIEW OF POLICY**

The Chief Secretary will ensure that the Department conducts a thorough review of operating procedures in the areas affected by Fraud and Corruption and that improvements are made where necessary.

Lessons learned will be disseminated throughout the organization, where applicable, to strengthen the systems of internal control and foster an anti-fraud and anti-corruption culture.

The AAWP Policy will be reviewed on an Annual Basis or as required in the event of legislative changes or requirements.

The Internal Audit Branch will be in charge of the Review of the AAWP Policy as and when required.

## 17.0 APPROVAL AND ENDORSEMENT

This Policy has been drafted, and reviewed by:



**BARRY EGU**  
Principal Internal Auditor

Date: 15 / 08 / 23

This Policy has been approved, and endorsed by:



**IVAN POMALEU, OBE**  
Chief Secretary to Government

Date: 15 / 08 / 23

Department of Prime Minister & NEC  
P.O.Box 639  
WAIGANI  
National Capital District  
Papua New Guinea

# ANNEX 'A'

## FORM A: WRITTEN COMPLAINT

CASE REGISTRATION NUMBER:  2023

ARF NUMBER:  2023



### DEPARTMENT OF PRIME MINISTER & NATIONAL EXECUTIVE COUNCIL WHISTLEBLOWER CALL CENTER

### FORM A: WRITTEN COMPLAINT

**REPORT: ALLEGED, PLANNED OR ACTUAL "FRAUDULENT" OR "CORRUPT" CONDUCT**

DPM&NEC has a **Zero -Tolerance** Policy against Fraud and Corruption. All Fraud and Corrupt Conduct must be Reported, Investigated, Punished and Losses Recovered (where applicable).

As stipulated under the PM&NEC Act (Amended), the Chief Secretary has the mandate to instigate administrative investigations of any Reportable Conduct (AAWP Policy, Section 12.1) concerning Public Officials. Any irregularities or violations reported herein must be based on objective reasonableness and supported by credible evidence. Where appropriate, cases will be referred to external bodies such as:

- PNG Independent Commission Against Corruption (ICAC)
- Ombudsman Commission of PNG (OC)
- Police (Royal PNG Constabulary)
- Auditor General's Office, Forensic Audit Investigation Unit (AGO)

**Instructions:** Provide detail information with evidence. Complete and furnish Form A to the Whistleblower Call Center (WCC) via the established mediums (AAWP Policy, Section 12.3). Attach source documents. All information are to be kept strictly confidential. Whistleblowers must be protected (Whistleblower Act 2020).

| PART. A  | PARTICULARS OF COMPLAINT(S) / ALLEGATION(S)   |
|--|---|
| <p>Name, Identity &amp; Address of the Accused</p> <div style="background-color: #4f81bd; color: white; text-align: center; padding: 10px; margin-top: 20px;">ID PHOTO</div> | <p>First Name: ..... Middle Name: ..... Last Name: .....</p> <p>Employment Number: ..... N.I.D Number: .....</p> <p>Designation: .....</p> <p>Office/Division/Branch: .....</p> <p>Location: .....</p> <p>Postal Address: .....</p> <p>Residential Address: .....</p> <p>Landline/Mobile Number: .....</p> <p>Email Address: .....</p> <p>WhatsApp Number: .....</p> <p>Facebook Account: .....</p> |
| <p style="color: red; font-weight: bold;">COMPLAINT</p> <p>Details</p> <p><i>(Attach Report or Source Documents if required)</i></p>   |   |

COME OUT RESOLUTELY RISE UP, PUBLIC TRUST IS OUTRIGHT NON-NEGOTIABLE

|   |                                    |                      |                  |                      |
|---|------------------------------------|----------------------|------------------|----------------------|
| WHEN did the Incident occur?  | Date:                              | <input type="text"/> | Time:            | <input type="text"/> |
| WHERE did the Incident occur?   | <input type="text"/>               |                      |                  |                      |
| <b>PART. B ACCOMPLICE (S)</b>   |                                    |                      |                  |                      |
| WHO else was involved in the Incident?<br><i>(Attach Report or Extend List if required)</i>   |                                    |                      |                  |                      |
| 1. Who are the Key Accomplices? <i>(Public Official)</i>  |                                    |                      |                  |                      |
| Name, Identity & Address of the Accomplice<br><i>(Public Official)</i><br><br><div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center; width: 100px; margin: 0 auto;">ID PHOTO</div> | First Name: .....                  | Middle Name: .....   | Last Name: ..... |                      |
|   | Employment Number: .....           | N.I.D Number: .....  |                  |                      |
|   | Designation: .....                 |                      |                  |                      |
|   | Office/Division/Branch: .....      |                      |                  |                      |
|   | Location: .....                    |                      |                  |                      |
|   | Postal Address: .....              |                      |                  |                      |
|   | Residential Address: .....         |                      |                  |                      |
|   | Landline/Mobile Number: .....      |                      |                  |                      |
|   | Email Address: .....               |                      |                  |                      |
|   | WhatsApp Number: .....             |                      |                  |                      |
| Facebook Account: .....   |                                    |                      |                  |                      |
| 2. Who are the Key Accomplices? <i>(Contractor, Consultant, Supplier, Service Provider)</i>   |                                    |                      |                  |                      |
| Name, Company & Address of Accomplice<br><i>(Contractor, Consultant, Supplier, Service Provider)</i>  | First Name: .....                  | Last Name: .....     |                  |                      |
|   | Designation: .....                 |                      |                  |                      |
|   | Company/Organization: .....        |                      |                  |                      |
|   | Postal Address: .....              |                      |                  |                      |
|   | Company Registration Number: ..... | T.I.N: .....         | C.O.C: .....     |                      |
|   | Geographical Location: .....       |                      |                  |                      |
|   | Landline/Mobile Number: .....      |                      |                  |                      |
| Email Address: .....  |                                    |                      |                  |                      |
| <b>PART. C EVIDENCE</b>   |                                    |                      |                  |                      |
| Do you have Credible EVIDENCE?<br><i>(Attach Report or Source Documents if required)</i>  |                                    |                      |                  |                      |
|   |                                    |                      |                  |                      |



**PART. D WITNESS**

Who are the Key Witnesses?

|   |   |
|---|---|
| Name, Identity & Address<br><br><div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center;">                     ID PHOTO                 </div> | First Name: ..... Middle Name: ..... Last Name: .....<br>Employment Number: ..... N.I.D Number: .....<br>Designation: .....<br>Office/Division/Branch: .....<br>Location: .....<br>Postal Address: .....<br>Residential Address: .....<br>Landline/Mobile Number: .....<br>Email Address: .....<br>WhatsApp Number: ..... |
|---|---|

**PART E. OTHER RELATED INFORMATION**

|  |  |       |             |
|--|--|-------|-------------|
| Is there any other Information you would like to disclose? |  |       |             |
| Name of Complainant  |  | Date: | ___/___/___ |
| Signature:   |  | Time: | ..... AM/PM |

**BRIEF: RECOMMENDATION BY WHISTLEBLOWER CALL CENTER**

|   |                          |             |
|---|--------------------------|-------------|
| Refer Matter for Assessment by Internal Auditors                      | <input type="checkbox"/> | Date: ..... |
| Refer Matter to Whistleblower to provide more Information or Evidence | <input type="checkbox"/> | Date: ..... |
| Reject Matter. Lack Of Evidence                                       | <input type="checkbox"/> | Date: ..... |

**BRIEF: FINAL REMARKS BY WHISTLEBLOWER CALL CENTER**

|  |
|--|
|  |
|  |
|  |
|  |
|  |

**CHECKLIST: WHISTLEBLOWER CALL CENTER**

- 1. Who?  Yes  No  Not Sure .....
- 2. What?  Yes  No  Not Sure .....
- 3. When?  Yes  No  Not Sure .....
- 4. Where?  Yes  No  Not Sure .....
- 5. Witness?  Yes  No  Not Sure .....
- 6. Evidence?  Yes  No  Not Sure .....
- 7. Has the accused signed the Consent Form?  Yes  No .....

| Name of Call Center Officer      | Complaint Received            |             |
|----------------------------------|-------------------------------|-------------|
| .....                            | Time: .....                   | Date: ..... |
| Signature of Call Center Officer | Written Complaint Form Signed |             |
| .....                            | Time: .....                   | Date: ..... |

**CASE REFERRED TO PRINCIPAL INTERNAL AUDITOR FOR *VETTING***

|   |  |             |
|---|--|-------------|
| Name: .....                                   | <b>RECOMMENDATION:</b>   |             |
|   | <ul style="list-style-type: none"> <li>• APPROVED <input type="checkbox"/></li> <li>• DECLINED <input type="checkbox"/></li> </ul> |             |
| Signature: .....                              | Time: .....  | Date: ..... |
| Comments:<br>.....<br>.....<br>.....<br>..... |  |             |

**CASE REFERRED TO INTERNAL AUDITOR FOR *ASSESSMENT***

|                                      |   |             |
|--------------------------------------|---|-------------|
| Name: .....                          | <b>RECOMMENDATION:</b>  |             |
|                                      | <ul style="list-style-type: none"> <li>• Investigate Internally <input type="checkbox"/></li> <li>• Refer for External Investigation <input type="checkbox"/></li> <li>• Refer to WCC <input type="checkbox"/></li> </ul> |             |
| Signature: .....                     | Time: .....   | Date: ..... |
| Comments:<br>.....<br>.....<br>..... |   |             |

# ANNEX 'B'

## FORM B: VERBAL COMPLAINT

CASE REGISTRATION NUMBER:  2023

ARF NUMBER:  2023



### DEPARTMENT OF PRIME MINISTER & NATIONAL EXECUTIVE COUNCIL WHISTLEBLOWER CALL CENTER

### FORM B: VERBAL COMPLAINT

**REPORT: ALLEGED, PLANNED OR ACTUAL "FRAUDULENT" OR "CORRUPT" CONDUCT**

DPM&NEC has a **Zero -Tolerance** Policy against Fraud and Corruption. All Fraud and Corrupt Conduct must be Reported, Investigated, Punished and Losses Recovered (where applicable).

As stipulated under the PM&NEC Act (Amended), the Chief Secretary has the mandate to instigate administrative investigations of any Reportable Conduct (AAWP Policy, Section 12.1) concerning Public Officials. Any irregularities or violations reported herein must be based on objective reasonableness and supported by credible evidence.

Where appropriate, cases will be referred to external bodies such as:

- PNG Independent Commission Against Corruption (ICAC)
- Ombudsman Commission of PNG (OC)
- Police (Royal PNG Constabulary)
- Auditor General's Office, Forensic Audit Investigation Unit (AGO)

**Instructions:** Provide detail information with evidence. Complete and furnish Form A to the Whistleblower Call Center (WCC) via the established mediums (AAWP Policy, Section 12.3). Attach source documents. All information are to be kept strictly confidential. Whistleblowers must be protected (Whistleblower Act 2020).

| PART. A  | PARTICULARS OF COMPLAINT(S) / ALLEGATION(S)   |
|--|---|
| <p>Name, Identity &amp; Address of the Accused</p> <div style="background-color: #4a7ebb; color: white; text-align: center; padding: 10px; margin: 10px 0;">ID PHOTO</div> | <p>First Name: ..... Middle Name: ..... Last Name: .....</p> <p>Employment Number: ..... N.I.D Number: .....</p> <p>Designation: .....</p> <p>Office/Division/Branch: .....</p> <p>Location: .....</p> <p>Postal Address: .....</p> <p>Residential Address: .....</p> <p>Landline/Mobile Number: .....</p> <p>Email Address: .....</p> <p>WhatsApp Number: .....</p> <p>Facebook Account: .....</p> |
| <p><b>COMPLAINT</b><br/>Details<br/><i>(Attach Report or Source Documents if required)</i></p>   |   |

**COME OUT RESOLUTELY RISE UP, PUBLIC TRUST IS OUTRIGHT NON-NEGOTIABLE**

1

|   |                                    |                     |                  |  |
|---|------------------------------------|---------------------|------------------|--|
| WHEN did the Incident occur?  | Date:                              |                     | Time:            |  |
| WHERE did the Incident occur?   |                                    |                     |                  |  |
| <b>PART. B ACCOMPLICE (S)</b>   |                                    |                     |                  |  |
| WHO else was involved in the Incident?<br><i>(Attach Report or Extend List if required)</i>   |                                    |                     |                  |  |
| 1. Who are the Key Accomplices? <i>(Public Official)</i>  |                                    |                     |                  |  |
| Name, Identity & Address of the Accomplice<br><i>(Public Official)</i><br><br><div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center; width: 100px; margin: 0 auto;">ID PHOTO</div> | First Name: .....                  | Middle Name: .....  | Last Name: ..... |  |
|   | Employment Number: .....           | N.I.D Number: ..... |                  |  |
|   | Designation: .....                 |                     |                  |  |
|   | Office/Division/Branch: .....      |                     |                  |  |
|   | Location: .....                    |                     |                  |  |
|   | Postal Address: .....              |                     |                  |  |
|   | Residential Address: .....         |                     |                  |  |
|   | Landline/Mobile Number: .....      |                     |                  |  |
|   | Email Address: .....               |                     |                  |  |
|   | WhatsApp Number: .....             |                     |                  |  |
| Facebook Account: .....   |                                    |                     |                  |  |
| 2. Who are the Key Accomplices? <i>(Contractor, Consultant, Supplier, Service Provider)</i>   |                                    |                     |                  |  |
| Name, Company & Address of Accomplice<br><i>(Contractor, Consultant, Supplier, Service Provider)</i>  | First Name: .....                  | Last Name: .....    |                  |  |
|   | Designation: .....                 |                     |                  |  |
|   | Company/Organization: .....        |                     |                  |  |
|   | Postal Address: .....              |                     |                  |  |
|   | Company Registration Number: ..... | T.I.N: .....        | C.O.C: .....     |  |
|   | Geographical Location: .....       |                     |                  |  |
|   | Landline/Mobile Number: .....      |                     |                  |  |
| Email Address: .....  |                                    |                     |                  |  |
| <b>PART. C EVIDENCE</b>   |                                    |                     |                  |  |
| Do you have Credible EVIDENCE?<br><i>(Attach Report or Source Documents if required)</i>  |                                    |                     |                  |  |
|   |                                    |                     |                  |  |

**PART. D WITNESS**

Who are the Key Witnesses?

|   |  |
|---|--|
| <p>Name, Identity &amp; Address</p> <div style="background-color: #4a7ebb; color: white; text-align: center; padding: 10px; margin-top: 20px;">                 ID PHOTO             </div> | <p>First Name: ..... Middle Name: ..... Last Name: .....</p> <p>Employment Number: ..... N.I.D Number: .....</p> <p>Designation: .....</p> <p>Office/Division/Branch: .....</p> <p>Location: .....</p> <p>Postal Address: .....</p> <p>Residential Address: .....</p> <p>Landline/Mobile Number: .....</p> <p>Email Address: .....</p> <p>WhatsApp Number: .....</p> |
|---|--|

**PART E. OTHER RELATED INFORMATION**

|   |  |                    |                    |
|---|--|--------------------|--------------------|
| <p>Is there any other Information you would like to disclose?</p> |  |                    |                    |
| <p>Name of Complainant</p>  |  | <p>Date: _____</p> | <p>___/___/___</p> |
|   |  | <p>Time: _____</p> | <p>..... AM/PM</p> |

**BRIEF: RECOMMENDATION BY WHISTLEBLOWER CALL CENTER**

|  |                          |                    |
|--|--------------------------|--------------------|
| <p>Refer Matter for Assessment by Internal Auditors</p>                      | <input type="checkbox"/> | <p>Date: .....</p> |
| <p>Refer Matter to Whistleblower to provide more Information or Evidence</p> | <input type="checkbox"/> | <p>Date: .....</p> |
| <p>Reject Matter. Lack Of Evidence</p>                                       | <input type="checkbox"/> | <p>Date: .....</p> |

**BRIEF: FINAL REMARKS BY WHISTLEBLOWER CALL CENTER**

|  |
|--|
|  |
|  |
|  |
|  |
|  |

**CHECKLIST: WHISTLEBLOWER CALL CENTER**

- 1. Who?  Yes  No  Not Sure .....
- 2. What?  Yes  No  Not Sure .....
- 3. When?  Yes  No  Not Sure .....
- 4. Where?  Yes  No  Not Sure .....
- 5. Witness?  Yes  No  Not Sure .....
- 6. Evidence?  Yes  No  Not Sure .....
- 7. Has the accused signed the Consent Form?  Yes  No .....

| Name of Call Center Officer      | Complaint Received            |             |
|----------------------------------|-------------------------------|-------------|
| .....                            | Time: .....                   | Date: ..... |
| Signature of Call Center Officer | Written Complaint Form Signed |             |
| .....                            | Time: .....                   | Date: ..... |

**CASE REFERRED TO PRINCIPAL INTERNAL AUDITOR FOR *VETTING***

|   |  |             |
|---|--|-------------|
| Name: .....                                   | <b>RECOMMENDATION:</b>   |             |
|   | <ul style="list-style-type: none"> <li>• APPROVED <input type="checkbox"/></li> <li>• DECLINED <input type="checkbox"/></li> </ul> |             |
| Signature: .....                              | Time: .....  | Date: ..... |
| Comments:<br>.....<br>.....<br>.....<br>..... |  |             |

**CASE REFERRED TO INTERNAL AUDITOR FOR *ASSESSMENT***

|                                      |   |             |
|--------------------------------------|---|-------------|
| Name: .....                          | <b>RECOMMENDATION:</b>  |             |
|                                      | <ul style="list-style-type: none"> <li>• Investigate Internally <input type="checkbox"/></li> <li>• Refer for External Investigation <input type="checkbox"/></li> <li>• Refer to WCC <input type="checkbox"/></li> </ul> |             |
| Signature: .....                     | Time: .....   | Date: ..... |
| Comments:<br>.....<br>.....<br>..... |   |             |







## **ANNEX 'E'**

### **CASE SCENARIO**

---

## **Corruption of a Procurement Process**

Mareko is the head of a department. He has recently been required to put out a tender for upgrading department infrastructure. Mareko limits the number of companies he approaches about the work he needs done. One of the companies Mareko provides information to, is owned by his brother. Kaia owns a small constructions company which is not suited for the job and is understaffed.

Mareko withholds the information that Kaia is his younger brother. Kaia's construction company is not fully licensed to complete this job and it is not properly equipped with the appropriate tools and resources, but Mareko decides to award the contract to him anyway.

Because of the position Mareko holds within his department, Mareko is able to authorize extra funds to be appropriated. Kaia uses these extra funds to restock and supply new working materials and resources which are not required for the work that he has been contracted to do.

### **Questions**

What Procedures are required in this case?

What disciplinary action is required in this case?

### **Analysis**

Mareko has not disclosed his relationship with Kaia because he has not completed the standard conflict of interest form. In addition, he has abused his position's authority by releasing funds that are above his delegated responsibilities. These actions display inappropriate behavior and breach established rules and regulations relating to the management of public funds and procurement.

Contractors must be selected based on a merit process. All potential contractors must be provided with the same information and be able to officially put forward their case for award of the contract via a transparent and fair tender process. The tenderer that best meets the Government of PNG's procurement criteria should be awarded the contract.

# ANNEX 'F'

## CONSENT FORM

EMPLOYMENT NUMBER:

N.I.D NUMBER:



### DEPARTMENT OF PRIME MINISTER & NATIONAL EXECUTIVE COUNCIL ANTI-FRAUD, ANTI-CORRUPTION & WHISTLEBLOWER PROTECTION POLICY

#### FORM C: CONSENT FORM

##### OATH OF COMPLIANCE WITH THE POLICY

DPM&NEC has a **Zero-Tolerance** Policy against Fraud and Corruption. All Fraudulent and Corrupt Conduct must be Reported, Investigated, Punished and Losses Recovered (where applicable).

**The AAWP Policy must not be read in isolation from the Public Services (Management) Act, Code of Business Ethics and Conduct, Criminal Code and other relevant Laws, Regulations and Instructions.**

The purpose of the AAWP Policy is to educate and assist Public Officials at all levels in DPM&NEC to understand what is acceptable and what is unacceptable or fraudulent and corrupt behavior. The Policy also provides for the protection of Whistleblowers and application of disciplinary sanctions against officers who fail to comply.

Public Funds, Assets and Resources must not be used for any other purpose than to serve the people of PNG as determined by the National Parliament and the Executive Government of the Day. They must not be used by officers for unlawful purposes or for personal gain at the expense of the people.

It is important to note that the AAWP Policy does not in any way replace or amend, but compliments, parts of the **Public Services (Management) Act** and the **Code of Business Ethics and Conduct** made by the Head of State on advice.

The State and the National Public Service, through the **Public Services (Management) Act** and **Code of Business Ethics and Conduct** under Paragraphs 2.4(a) and 2.4(b) require that:

- a. *An officer shall not obtain or seek to obtain from any person (including another officer or Member of Parliament), any property, benefit or payment over and above the officer's normal remuneration, or any favor, on account of any action done or not done in fulfilling his or her official duties.*
- b. *An officer shall not give or promise to give to any person (including another officer or Member of Parliament), any property, benefit, payment or favor on account of any action done or not done in fulfilling his or her official duties.*

An officer who breaches the Code under 2.4(a) and 2.4(b) has committed a corrupt and unlawful act and shall be subject to disciplinary action under General Orders or under a Contract of Employment.

Breach of the Code under paragraphs 2.4(a) and 2.4(b) may also be used as evidence against an officer, by the Police authority under the Criminal Code Act, resulting in court proceedings.

The Code imposes an obligation upon Departmental Heads and Management generally, to communicate the Code and to counsel officers in its application. It also provides that disciplinary sanctions and legal action can be taken against those who fail to comply with the Code.

I, \_\_\_\_\_ do solemnly swear that at all times I will:

1. Give loyal service to the State and DPM&NEC, without seeking personal favors over and above my normal remuneration and without fearing retribution for performing my lawful duties.
2. Obey and uphold all the Laws, Regulations, General Orders and Instructions which apply to my duties and conduct in DPM&NEC, and inform appropriate authorities (internal or lawful) of wrongdoing by others which I may know.
3. Strive to achieve excellence in serving DPM&NEC and avoid deception, fraud, theft and all other forms of Fraudulent and Corrupt behaviour, and be open, transparent and loyal to the public interest in all my dealings.
4. Deal honestly with all State Institutions, with Government clients, Contractors, Service Providers, Suppliers and Consultants and reject all temptations to pursue my own personal interest at the expense of the public interest and the State.
5. Give a full days work for an agreed days pay, obey lawful orders and respect and uphold the trust placed in me for the proper conduct of public business and for safeguarding public funds and assets under my control.
6. Avoid all behaviour on my part and all situations which may compromise my integrity and in which my presence may bring my name into public disrepute and reflect badly on DPM&NEC.
7. Deal with my fellow officers, peers, subordinates and superiors alike, in a just and honest manner regardless of their gender, or their ethnic or regional origins.
8. Not associate with or deal with any person who intends to 'corruptly undermine the integrity of DPM&NEC or the State and report such persons to the appropriate authorities.
9. Abide by the Anti-fraud, Anti-Corruption and Whistleblower Protection Policy hereto, in all my dealings, and thereby shunning Fraud and Corruption.

So Help Me God!

Signed: \_\_\_\_\_

Public Official

Witnessed: \_\_\_\_\_

Commissioner for Oaths

Date: \_\_\_\_\_

Date: \_\_\_\_\_