

Corrupt conduct involving alleged fraud on two Sydney hospitals

ICAC FINDINGS

- The ICAC has found that Sandra Lazarus engaged in corrupt conduct in relation to claims she made and authorised, although she had no delegation to do so, for payments in excess of more than \$680,000 from the Royal Hospital for Women (RHW) and the Royal North Shore Hospital (RNSH) to companies in which she had undisclosed interests and for services that were never provided.
- The ICAC has found that Sandra Lazarus' sister, Michelle Lazarus, engaged in corrupt conduct in relation to both hospitals by concurring with the submission of false invoices by Sandra Lazarus on behalf of Wish Consulting Pty Ltd, one of three companies in which Sandra Lazarus or Michelle Lazarus had an undisclosed interest.

CORRUPTION PREVENTION RECOMMENDATIONS

The ICAC investigation highlighted a number of flaws in organisational structures and processes. The Commission has made seven recommendations to improve these systems, including that the NSW Department of Health (NSW Health):

- requires non-employees who are to be given access to hospital campuses, records, facilities, and patients, be subjected to screening checks and afforded a level of access that is determined by the role they are to perform and the degree of risk attached to this role.
- ensures that a centralised record of screening checks and access levels is maintained by hospitals in respect of each individual and that records are made available to staff who are required to access them
- ensures that ID cards for security access are not issued until all relevant screening and other checks have been satisfactorily completed.
- develops procedures for ensuring that electronic approvals are used for all procurement transactions except for emergencies
- takes action to ensure that complainant vendors, as well as NSW Health employees following up payment on behalf of vendors, are dealt with by a designated responsible person(s) at Health Support Services and Local Health Networks in order to prevent direct access to staff who process claims for payment.

ICAC RECOMMENDATIONS

- The ICAC recommends that the advice of the Director of Public Prosecutions (DPP) should be obtained with respect to the prosecution of Sandra Lazarus for several offences under the *Crimes Act 1900* including obtaining money by false or misleading statements, and with respect to the prosecution of Michelle Lazarus for offences of giving false or misleading evidence, contrary to the *Independent Commission Against Corruption Act 1988*.

BACKGROUND

- The Commission's investigation arose out of a report made in January 2009 under section 11 of the ICAC Act by the Chief Executive of the SESIAHS in relation to possible corrupt conduct involving fraud at the RHW connected with clinical trials of the Medex device, an aid in the screening of cancer.
- Another report from the Chief Executive of the Northern Sydney Central Coast Area Health Service received some 12 months later concerning RNSH contained similar allegations to the first report and mentioned a third company in addition to the two mentioned in the first report.
- The ICAC's full report can be accessed from the ICAC website at www.icac.nsw.gov.au.

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