



WARRNAMBOOL  
CITY COUNCIL

# **Fraud and Corruption Control Policy**

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## 1. INTRODUCTION

### 1.1 Overview

Warrnambool City Council is committed to protecting its reputation and assets from any attempt by a Councillor, Council staff or any associated external parties of the Council to gain financial or other benefits by deceit or dishonest conduct.

The Council recognises that Fraud and Corruption have the potential to cause significant financial and non-financial harm and that the prevention and control of Fraud and Corruption should feature predominantly within the systems and procedures of Council.

This policy has been developed utilising best practice principles including the Australian Standards AS8001-2008, the Victorian Auditor General's report June 2012 on Fraud prevention strategies in Local Government.

In relation to the update policy direction has been obtained by using publications from IBAC.

### 1.2 Purpose

The purpose of this policy is to:

- Promote and guide the conduct of all Councillors, Council staff and external parties associated with Warrnambool City Council, with a view to the avoidance of fraud and the management of situations which may be regarded as unethical conduct or behaviour;
- To demonstrate that Council is committed to the detection and investigation of any such occurrences;
- Encourage and facilitate the notification of matters that will assist in the avoidance of fraud;
- Ensure that notifications are treated in strict confidence and investigated fully;
- Protect those people making notifications from retribution.

### 1.3 Scope

This policy applies to any irregularity or suspected irregularity of a fraudulent or corrupt nature, involving a Councillor, Council staff (employees, volunteers & contractors) and any associated external parties of the Council.

This policy does not cover general misconduct involving a Councillor and Council staff. These matters are dealt with in accordance with the Council's Codes of Conduct and associated disciplinary policies and procedures.

## 1.4 References

<b>Acts</b>	Protected Disclosure Act Local Government Act 1989 <ul style="list-style-type: none"> <li>• S.77 Confidential Information.</li> <li>• S.78 Indirect Interests by close association</li> <li>• S. 79 Disclosure of Conflict of Interest</li> <li>• IBAC Act 2012</li> </ul>
<b>Guidelines</b>	<ul style="list-style-type: none"> <li>• Commonwealth Fraud Control Guidelines – 2011</li> <li>• Victorian Auditor-General's Office (VAGO) report 6 June 2012</li> <li>• Australian Standards AS 8001-2008</li> <li>• Code of Good Governance</li> <li>• IBAC Safeguarding Integrity</li> </ul>
<b>Council Related Policy &amp; Procedures</b>	<ul style="list-style-type: none"> <li>• Fraud &amp; Corruption Control Procedures</li> <li>• Protected Disclosure Procedures</li> <li>• Privacy Policy</li> <li>• Risk Management Policy &amp; Procedures</li> <li>• Councillors Code of Conduct</li> <li>• Staff Code of Conduct</li> <li>• Recruitment and Selection Policy</li> <li>• Disciplinary Action Policy</li> <li>• Gifts &amp; Benefits Policy</li> </ul>

**1.5 Definitions**

<b>Term</b>	<b>Definition</b>
<b>Fraud</b>	<p>Fraud is defined as dishonest activity involving deception which causes actual or potential financial loss to any person or entity including theft of moneys or other property by a Councillor, Council staff (employees, volunteers &amp; contractors) and any associated external parties of the Council, whether or not deception is used at the time, immediately before or following the activity. It also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use in the course of Council Business and the improper use of information and/or position.</p> <p>A benefit is not restricted to monetary or material benefits, and may be tangible or intangible, including the unauthorised provision of access to or disclosure of information. A benefit may also be obtained by a third party rather than, or in addition to, the perpetrator of the fraud.</p> <p>Examples of fraud include, but are not limited to</p> <ul style="list-style-type: none"> <li>• Theft of Council Property (such as IS/telephone equipment, motor vehicles or parts, stationery etc)</li> <li>• Unlawful or unauthorised use of Council computers, vehicles, telephones and other property or services</li> <li>• Obtaining property, a financial advantage or any other benefit (see note) by deception</li> <li>• Accounting Fraud (false invoices, misappropriation etc.)</li> <li>• Making or using false, forged or falsified documents</li> </ul>
<b>Corruption</b>	<p>Corruption is dishonest activity where a Councillor, Council staff (employees, volunteers &amp; contractors) or any associated external parties of the Council acts contrary to the interests of the Council and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or entity.</p>
<b>Bribe</b>	<p>The act of paying a secret commission to another individual.</p>
<b>Kickback</b>	<p>The act of paying a secret commission to another individual.</p>
<b>Control</b>	<p>Control is defined as an existing process, policy, device, practice or other action that acts to minimise negative risks or enhance positive opportunities.</p>

## 2. POLICY STATEMENT

Warrnambool City Council is committed to developing and maintaining an organisational culture supported by appropriate controls, procedures and strategies, which prevent fraud and corruption.

The objectives of this Policy are to:

- Protect the revenue, expenditure and property of the organisation.
- Protect the reputation of the organisation.
- Identify areas of risk in relation to fraud within the organisation.
- Implement fraud prevention and detection controls within the organisation to minimise losses through fraud.
- Maintain an ethical climate within the organisation that encourages all staff and Councillors to be active in protecting public money and assets.
- Monitor and review fraud risk areas and controls on an ongoing basis.
- Prosecution of offenders following appropriate investigation.

The guiding values of this policy are:

- An ethical culture;
- Council and Senior Management commitment;
- Risk management processes;
- Management and staff awareness;
- Initial and Ongoing staff training;
- Internal control processes equity and access;

Council's Codes of Conduct set out the values and expectations for Councillors and Council staff with specific reference to obligations under the *Local Government Act 1989* and the Councils internal policies.

## 3. FRAUD PREVENTION AND CONTROL

For the fraud prevention controls to be effective the responsibility for ownership of the policy must not be one person, but must include all levels of management and staff.

### 3.1 Fraud Prevention Strategies

Council will manage and monitor its activities in such a way that fraudulent and corrupt activities and behaviour can be deterred. The following is a listing of fraud prevention actions which will be implemented as part of this policy:

- Council will create an environment and culture in which fraudulent or corrupt acts will not be tolerated, and which will be fully investigated where they are suspected or reported;
- Structured fraud risk assessments to be undertaken;
- Development of a fraud risk profile utilising findings from assessments,

- Development of a Fraud Control Plan utilising findings from assessments;
- An ongoing internal audit process;
- External audit review;
- Maintain strict recruitment practices and confirm all employee details and references are thoroughly checked;
- Conduct qualification checks on any required training qualifications
- Conduct regular staff fraud awareness and prevention training;
- All Councillors, Council staff, Contractors and Volunteers to have access to the policy (electronic or paper)
- Accurate asset registers and regular checks performed to ensure significant items are present;
- Have procedures in place in relation to the use of Council assets by employees;
- Councillors and Management completing the appropriate disclosure of interest forms;
- Set standards of conduct for suppliers and contractors;

### 3.2 Reporting and Investigation

All councillors and council staff are responsible for assisting Council to:

- identify and detect suspected fraudulent and corrupt activities, and
- report any potential suspected activities in order that activities are investigated
- report any cultural and attitudinal behaviours of concern

Reports of suspected fraudulent or corrupt activities can be made to the Chief Executive, Directors, independent Internal Auditor, Manager Governance or Risk Management Coordinator for investigation.

Any person wishing to report fraud may also request for the matter to be dealt with under the Protected Disclosure Act if this is requested please refer to the associated protected disclosure policy and procedures.

A disclosure about improper conduct or detrimental action by Council or its employees may also be made directly to the Ombudsman or to IBAC

#### **The Ombudsman Victoria**

Level 22, 459 Collins Street

Melbourne, Victoria, 3000

(DX 210174)

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Email: [ombudvic@ombudsman.vic.gov.au](mailto:ombudvic@ombudsman.vic.gov.au)

Tel: 9613 6222

Toll Free: 1800 806 314

#### **IBAC**

Level 1, North Tower, 459 Collins Street

Melbourne, Vic, 3001

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Postal Address: GPO Box 24234,  
Melbourne, Vic., 3000  
Tel: 1300 735 135 Fax: (03) 8635 6444

All suspected instances of fraud or corrupt conduct will be investigated. All reports and investigation of suspected fraudulent activities will be conducted in an impartial manner and with due reference to the Public (Protected) disclosures Act, Council's Privacy Policy and relevant Codes of Conduct

Appropriate disciplinary actions will be applied to persons found to be perpetrating fraudulent or corrupt activities or behaviours and include termination of employment. Council will seek prosecution of offenders for restitution of losses suffered by Council.

## 4. GOVERNANCE

### 4.1 Owner

The Manager Governance Projects & Risk is responsible for monitoring the currency and viability of this policy and updating it when required.

### 4.2 Review

The Manager Governance Projects & Risk will review the policy for any necessary amendments no later than three years after its formulation or after the last review.

### 4.3 Compliance Roles & Responsibilities

All Councillors and staff have a responsibility to report suspected fraud, corruption and potentially damaging events to the Chief Executive Officer and/or the Mayor or through the protected disclosure procedures under the Protected Disclosure Act. Councillors and staff are encouraged to be constantly vigilant and report in confidence, without fear of reprisal, any matter that they regard as suspicious.

**Council:** Council as the body responsible for the good governance of the municipality is responsible for setting the tone for honesty and integrity in the provision of services to the community and the management of the Council's organisation. Council will ensure that Management has appropriate measures in place to detect and prevent fraud.

**Audit & Risk Committee:** The Audit & Risk Committee is responsible for monitoring Council's performance in respect to fraud and corruption. Regular assessment of the operational effectiveness of the controls shall be undertaken by Council and the Internal Auditor as part of the normal audit program to assist Council to identify any potential fraud risks and the results shall be reported to the Audit & Risk Committee.

**Chief Executive:** The Chief Executive has principal responsibility for fraud control and to ensure staff compliance with this policy and associated standards and guidelines, and to ensure that appropriate governance structures are in place.

**Management:** The Management Executive Group (MEG) is responsible for the co-ordination, monitoring, ongoing review and communication of the policy. Managers at all levels are responsible for exercising due diligence and control to prevent, detect and report acts of fraud. Managers must set an example and advise employees of the acceptability or otherwise of their conduct

**Staff:** All staff (employees, contractors and volunteers) are responsible for acting with propriety in all council activities. Employees must not use their position with the council to gain personal advantage or to confer advantage, or disadvantage, on any other person.

#### 4.4 Charter of Human Rights Compliance

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act (2007).

Warrnambool City Council is committed to consultation and cooperation between management and employees. The Council will formally involve elected employee health and safety representatives in any workplace change that may affect the health and safety of any of its employees.