Fraud and Corruption Control Policy 2023

DOCUMENT CONTROL

Document Title:	Fraud and Corruption Control Policy
Policy Type:	Council
Responsible Branch:	Governance & Risk
Responsible Officer:	Manager Governance
Document Status:	Draft
Approved By:	Council
Adopted Date:	October 2023
Review Date:	October 2026

Document Set ID: 10761756
Version: 3, Version Date: 12/10/2023

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1. INTRODUCTION

Purpose

The purpose of this Policy is to provide a framework to ensure the prevention, deterrence, detection and investigation of all forms of fraud and corrupt conduct.

The Council is committed to protecting its reputation and assets from any attempt by a Councillor, Council staff or any external person or parties 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.

Scope

This policy applies to all Councillors, Council staff, volunteers and contractors and any associated external parties of the Council. Procedures have been developed in support of this Policy

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

Definitions and Terminology

Term	Meaning
Fraud[1]	Dishonest activity involving deception that causes actual or potential financial loss. Examples of fraud include: • theft of money or property • falsely claiming to hold qualifications • false invoicing for goods or services not delivered, or inflating the value of goods and services • theft of intellectual property or confidential information • falsifying an entity's financial statements to obtain an improper or financial benefit • misuse of position to gain financial advantage. • Using a council credit card for personal use • Using a council fuel card to fill-up their own vehicle

[1] Meaning of 'Fraud' and 'Corruption' sourced from Victorian Auditor-General's Report on *Fraud and Corruption Control – Local Government*, June 2019.

Term	Meaning
	• Seeking reimbursement for items not bought, or not for genuine council business.
Corruption	Dishonest activity in which employees act against the interests of their employer and abuse their position to achieve personal gain or advantage for themselves or others. Examples of corruption include: • payment or receipt of bribes • a serious conflict of interest that is not managed and may influence a decision • nepotism, where a person is appointed to a role because of their existing relationships, rather than merit • manipulation of procurement processes to favour one tenderer over others • gifts or entertainment intended to achieve a specific outcome in breach of an agency's policies.
IBAC	Independent Broad-based Anti-corruption Commission

References

Legislation	Public Interest Disclosures Act 2012 Local Government Act 1989 Local Government Act 2020 Independent Broad-based Anti-corruption Commission Act 2011
Standards & Guidelines	Commonwealth Fraud Control Guidelines – 2011 Victorian Auditor-General's Office (VAGO) report 6 June 2012 Australian Standards AS 8001-2008 Code of Good Governance IBAC Safeguarding Integrity Local Government Best Practice Guideline for the Sale, exchange and Transfer of land 2009
Council Related Policy & Procedures	Fraud & Corruption Control Procedures Protected Disclosure Procedures Privacy Policy Risk Management Policy & Procedures Councillors Code of Conduct Staff Code of Conduct Recruitment and Selection Policy Disciplinary Policy& Procedure Gifts & Benefits Policy Audit and Risk Committee charter Procurement Policy

	Acceptable computer use policy Corporate Credit Card Policy Corporate Credit Card Procedure

2. POLICY

Commitment

The Council is committed to developing and maintaining an organisational culture supported by appropriate controls, procedures and strategies, which prevent fraud and corrupt conduct.

The Council's commitment to fraud and corruption control will be managed by ensuring that fraudulent or corrupt activity is prevented, conflicts of interest are avoided, and auditing systems are in place to deter and/or identify corrupt activities.

Principles

- The Council has a zero tolerance to fraud, theft, corruption, or misconduct.
- The Council will implement effective controls to eliminate or reduce the possibility of fraud occurring, including Fraud & Corruption Control Procedure, fraud Risk Assessments and auditing. The Council will utilise available resources to:
  o Implement effective fraud controls;
  o Conduct any investigations and analysis of fraudulent activities; and,
  o Conduct appropriate awareness training for staff.
- The Council is committed to detecting, investigating, reporting and prosecuting cases of fraud, theft, corruption, or misconduct.
- All Councillors and Council staff have are obliged to assist the Council to:
  o Identify and detect suspected fraudulent or corrupt activities, and
  o Report any potential suspected fraudulent or corrupt activities.
- The Council will provide a fair mechanism to ensure that:
  o Those who have become aware of, or who suspect that fraudulent activity may be occurring, are not victimised or disadvantaged for making allegations in accordance with the Council's Public Interest Disclosure Procedure;
  o There is a fair process in place for staff against whom allegations are made; and,
  o All matters concerning the suspicion of fraud are treated with strictest of confidence.

Reporting and Investigation

Councillors and staff are obligated to report all suspected incidents of fraudulent or corrupt activities.
- Councillors will report all suspected fraud, theft, corruption, or misconduct to the Chief Executive Officer, or the Manager Governance, except where it relates to a Councillor. If the matter relates to a Councillor, then a Councillor should follow the relevant provisions of the Councillor Code of Conduct, or if protected disclosure matter, report the matter to IBAC.

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- Council staff can report to their supervisor, manager, Director, the Chief Executive Officer, Public Interest Disclosure Coordinator, Public Interest Disclosure Officers or IBAC.

Subject to the requirements of the *Public Interest Disclosures Act 2012* and *Independent Broad-based Anti-Corruption Commission Act 2011*, all reports of fraud, theft, corruption, and misconduct, will be assessed and, if appropriate, investigated, in accordance with the Fraud & Corruption Control Procedure.

The Chief Executive Officer will report:
- Any suspected corrupt conduct to IBAC (mandatory reporting) occurring
  - in the Council; and
  - in other organisations where it is connected with the Chief Executive Officer's duties, functions and exercise of powers.
- Confirmed incidences of fraud, theft, corruption, or misconduct to the Audit and Risk Committee (that are not protected disclosures).
  - Where a suspected fraud or corrupt behaviour is reported or detected and is deemed likely to have a material impact on Councils reputation or operations, in the opinion of the CEO. They will inform the Chair of the Audit and Risk Committee of the incident subject to the limitations on disclosure that may be imposed by external integrity bodies.

Appropriate disciplinary actions will be applied to persons found to be perpetrating fraudulent or corrupt activities or behaviours and include termination of employment.

The Council will report appropriate matters to the police for prosecution. Council will seek financial recovery of losses in all cases and civil proceedings may be initiated.

3. GOVERNANCE

Review
No later than three years after previous review.

Compliance Responsibility

Body/Persons	Responsibilities
Council	As the body responsible for the good governance of the municipality it is responsible for setting the tone for honesty and integrity in the provision of services to the community and the management of the Council. Ensure that Management has appropriate systems in place to detect and prevent fraud. Councillors must not use their position to gain personal advantage or to confer advantage, or disadvantage, on any other person or body.
Audit and Risk Committee	Monitor and provide advice on fraud prevention systems and controls. This includes: • Reviewing processes in the prevention and management of fraudulent activity;

Body/Persons	Responsibilities
	• Reviewing reports of fraud from management, the status of ongoing investigations and recommendations to improve fraud controls; and • Assessing the operational effectiveness of the fraud prevention controls
Chief Executive Officer	Principal responsibility for fraud control and to ensure staff compliance with this Policy and associated Procedures. Ensure that appropriate governance structures are in place. Will report instances where Council investigations have revealed sufficient evidence of fraudulent or corrupt activity to the appropriate external authority.
Executive Management Team (EMT)	Responsible for the co-ordination, monitoring, ongoing review and communication of the Policy.
Council Staff	Responsible for acting with propriety in all council activities. Must not use their position with the Council to gain personal advantage or to confer advantage, or disadvantage, on any other person.