

Fraud and Corruption Prevention Policy

Corangamite Shire

March 2021



CORANGAMITE
SHIRE



Council Policy

Fraud Prevention and Control

Introduction

This policy sets the framework for the prevention, identification, management and prosecution of acts or potential acts of fraud that could be encountered by Corangamite Shire Council (Council).

Purpose

The purpose of the Fraud and Corruption Prevention Policy is to:

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

Scope

This policy reflects the principles contained within the Councillor Code of Conduct and The Code of Conduct for Staff and applies to all:

- Councillors, employees and volunteers of Council.
- persons who interact with Council including members of the public, contractors, consultants and committee members.

Council employees are responsible for ensuring there are adequate measures to prevent and detect fraud within the areas under their control by:

- complying with legislation and Council policies and practices;
- ensuring staff understand their responsibilities through adequate supervision, acting within their delegated powers, written procedures and position descriptions;

Definitions

- Fraud: A deception through an act, expression, omission or concealment which is deliberately practiced in order to secure unfair or unlawful advantage for personal gain while causing injury or loss to Council. Or more simply, fraud is dishonestly obtaining a benefit, or causing a loss, by deception or by other means. Fraud may include, but is not limited to, the following acts:
 - theft
 - obtaining property, a financial advantage or any other benefit by deception
 - providing false or misleading information to a statutory authority or failing to provide information where there is an obligation to do so
 - causing a loss, or avoiding or creating a liability by deception
 - creating, using or possessing forged or falsified documents
 - bribery, the acceptance of bribes, corruption or abuse of office

- unlawful (including unauthorised) use of Council resources and assets, including misuse of information technology, plant and machinery, light fleet vehicles, telephones and other property or services
- non declaration of Conflicts of Interest or receipt of gifts leading to personal or associated advantage
- disclosure of sensitive or confidential information with the discloser obtaining some benefit; and
- any offences of a like nature to those listed above.
- Fraud Control Officer: senior council officer responsible for the development and implementation of the Fraud and Corruption Control Plan. The Director Corporate and Community Services assumes this function.
- Fraud and Corruption Control Plan: The Fraud and Corruption Control Plan is a summary of Council's fraud risks and controls in place, or being developed, to minimise and combat those risks. It is intended to clearly set out prescriptive measures to prevent and limit the effects of fraud.
- Corrupt Conduct: is that defined under section 4 of the *Independent Broad-based Anti-corruption Commission Act 2011*

References

Corangamite Shire Councillor Code of Conduct

Corangamite Shire Employee Code of Conduct

Public Interest Disclosure Policy

Local Government Act 2020

Financial Management Act 1994

Independent Broad-based Anti-corruption Commission Act 2011

Public Interest Disclosures Act 2012 Victorian Auditor General's Office

Australian Standard AS 8001-2008: Fraud and Corruption Control

Policy Detail

Council will not tolerate any act or behaviour that is illegal, will materially damage Council and or is likely to bring Council's reputation into disrepute. Council will prosecute those acting illegally and take further legal action to recover any losses.

Council's Fraud Control Officer will implement a structured Fraud and Corruption Control Plan. The Fraud and Corruption Control Plan will ensure that there are procedures, guidelines, programs and subsidiary policies (if necessary) in place that protect Council's assets and resources, integrity, security and consequently its reputation within the community from fraudulent acts.

All administrative and management practices will support the Fraud and Corruption Control Plan through the fostering of an ethical culture, transparency and accountability. Councillors and employees are to maintain a high degree of integrity and ethical behaviour at all times. Ethical behaviour in all Council dealings will also foster an external environment that encourages the prevention, detection and reporting of any fraudulent act involving or impacting on Council.

Actual or suspected fraudulent acts must be reported immediately either directly or via senior management to the Chief Executive Officer (CEO). The CEO will investigate such acts, report to Council and involve the Police where necessary. The Fraud Control Officer will report such acts to the Audit and Risk Committee. The CEO must report all suspected corrupt conduct (defined above) to the Independent Anti-Corruption Commission in the first instance (section 57A *Independent Broad-based Anti-corruption Commission Act 2011*).

Where the actual or suspected fraud relates to the CEO the allegation may be reported to the Director Corporate and Community Services (DC&CS). The DC&CS is then delegated CEO responsibilities for the purposes of this policy.

Allegations of Fraud or Corrupt Conduct may also be reported to the Independent Broad-based Anti-corruption Commission (IBAC) under the *Public Interest Disclosures Act 2012* or in accordance with Council's Public Interest Disclosure Policy.

Council's Human Resource policies and procedures will ensure that all staff are kept informed of this policy. A copy of this policy is to be made available to all staff.

Specific responsibilities

Council:

- demonstrate good governance and ethical behaviour in the provision of all services to the community and in the management of Council,
- ensure management has appropriate resources and measures to detect, prevent and control fraud.

Audit & Risk Committee:

- assist management to achieve sound managerial review and control over all Council activities through the use of internal and external audit functions,
- assist the Fraud Control Officer in the preparation of the Fraud and Corruption Control Plan.
- monitor the effectiveness of the Fraud and Corruption Control Plan
- review the Fraud and Corruption Control Plan annually

Chief Executive Officer:

- ensure procedures support the reporting of all fraudulent or suspected fraudulent acts,
- investigate fraudulent acts (reported or otherwise), report to Council and take legal redress when necessary, including criminal prosecution.
- report all suspected corrupt conduct to the Independent Anti-Corruption Commission

Senior Officer Group:

- ensure there are appropriate and adequate internal controls in place to provide reasonable assurance for the prevention and detection of fraud and corruption by;
 - promptly responding to concerns and issues raised,
 - monitoring compliance with Council policies, rules and regulations,
 - promoting staff awareness of their responsibilities supported by adequate training, supervision and documented procedures,
 - setting an example and advising employees of the acceptability or otherwise of their conduct,
 - reviewing procedures as prevailing circumstances change.

Employees/Volunteers/Contractors/Consultants:

- act with propriety in all Council activities,
- must NOT use their position with Council to gain personal advantage or to confer advantage, or disadvantage, on any other person,
- safeguard Council assets against theft, misuse or improper use,
- report any suspicion of fraudulent activity.

Fraud Control Officer:

- prepare a Fraud and Corruption Control Plan in consultation with the Audit and Risk Committee
- implement the Fraud and Corruption Control Plan

Fraud and Corruption Control Plan

The Fraud and Corruption Control Plan, as a minimum, must give consideration to:

- Fraud Risk Profiling and Assessment including:
 - Areas of fraud including related party transactions
 - Associated risks
 - Controls and measures to mitigate risk
 - Officers responsible for implementing risk mitigation measures
- Ongoing monitoring and reporting;
- Identification of “red flag” indicators to assist in fraud detection;
- Employee awareness and conduct training;
- Internal controls to be maintained to minimise fraud;
- Fraud incident investigation protocol.

Fraud Investigation

The Chief Executive Officer, or delegate, will respond to, investigate and assess allegations of fraud. All reported acts or suspected act of fraud will be investigated by:

- thoroughly reviewing reported incident to establish the facts,
- allowing for an investigation independent of management if appropriate,
- acting quickly to preserve evidence, being mindful to not in any way compromise a possible future criminal investigation,
- presenting a case to police if evidence is sufficient
- taking remedial action eg pursue legal action to recover lost funds or assets.
- maintaining confidentiality and disclosing information only to those who need to know in order not to prejudice any disciplinary or any criminal action.

At the conclusion of any fraud investigation, systems and procedures will be reviewed to identify deficiencies with internal controls.

Disciplinary Matters: Codes of conduct and discipline procedures

Any individual, including councillors and employees, who commits a fraudulent act that impacts upon Council can expect legal action for redress. All councillors and employees (including contractors and volunteers) are subject to the respective Code of Conduct. Employees will be summarily dismissed where a fraud has been committed.

Miscellaneous

Council will keep a register of fraud related risks as part of its risk register and will, as part of its human resource practices, where the nature of the position requires: -

- verify employees references and qualifications; and
- conduct police checks before engaging employees.

Review Date

The Policy will be reviewed in March 2023 or earlier if necessary.

It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act 2006*. It is considered that this Policy does not adversely impact community members or employees of different genders and has been developed in accordance with the *Gender Equality Act 2020*.