

	Fraud and Corruption Control Policy
	Strategic

1. Purpose

The purpose of this policy is to limit Council's exposure to fraud or corrupt activities of any kind, including for the benefit of Warrumbungle Shire Council (Council).

2. Objectives

This policy aims to ensure the actions of any persons undertaking Council business do not result in fraudulent acts by ensuring:

- This policy manages fraud and corruption.
- Established procedures manage prevention and detection.
- Guidance is provided to the General Manager for reporting purposes.
- Staff are made aware of the policy.

3. Scope

This policy applies to all Councillors, staff, contractors, volunteers, consultants and outsourced service providers in their conduct of Council business.

4. Legislation and Associated Documents

ASSOCIATED POLICIES	<ul style="list-style-type: none"> • Fraud and Corruption Control Plan • Internal Reporting Policy • Code of Conduct • Complaint Handling Policy
ASSOCIATED LEGISLATION	<ul style="list-style-type: none"> • <i>Independent Commission Against Corruption Act 1988 (NSW)</i> • <i>Local Government Act 1993 (NSW)</i> • <i>Public Interest Disclosures Act 1994 (NSW)</i>
ASSOCIATED DOCUMENTS	<ul style="list-style-type: none"> • Internal Reporting Policy – Public Interest Disclosures Act 1994 • Public Interest Disclosures Procedure • Risk Management Policy • Internal Audit Charter • Australian Standard AS/ISO 19600:2015 Compliance Management Guidelines Standard AS4390 Records Management • Local Government (State) Award • Workplace Complaints and Grievances Procedure

5. Definitions

Term	Definition
Council	Warrumbungle Shire Council
Executive Leadership Team	General Manager and Directors of Warrumbungle Shire Council

Term	Definition
Fraud	An intentional or deliberate dishonest act or omission to deprive an organisation or person of something of value or gain an unfair benefit (usually a financial benefit by deception, false suggestions or other unfair means which are believed and relied upon).
Fraudulent act or omission	An act or omission that may be illegal, unethical, improper, or dishonest including but not limited to embezzlement, misappropriation, misapplication, destruction or removal/ concealment of property, theft of any asset (including trade secrets or intellectual property), false claims (including incorrect completion of timesheets and plant sheets), inappropriate use of Council equipment, alteration or falsification of accounts/records, and unlawful destruction of records.

6. Policy Statement

The associated Fraud and Corruption Control Plan is to be applied when dealing with fraud and/or corrupt behavior.

Council has a zero tolerance for fraud and corrupt conduct and sets a high standard of honesty and probity. Council is committed to this policy that is designed to encourage prevention, early detection, and protection of Council's assets and to identify a clear and concise procedure for investigation and response to corruption.

This policy and the associated plan are based on a series of comprehensive and integrated procedures to prevent fraud or corrupt acts or omissions.

Internally there is a continuous review of systems and internal controls, while externally a high degree of scrutiny from Council's auditor.

6.1 Prevention Responsibility

The General Manager, through the implementation of fraud prevention procedures and effective internal controls is responsible for the detection of fraud or corruption.

The Executive Leadership Team, Managers and Supervisors also have a responsibility to prevent, detect and report any fraud or corrupt activities to the General Manager. Directors are also responsible for the training of employees in fraud and corruption prevention, detection and reporting.

Under this policy all employees have a responsibility to report fraud or corrupt activities.

6.2 Prevention Strategy

Council recognises a key preventative measure in the fight against fraud and corruption is to create an environment that develops a culture where fraud and corrupt acts will not be accepted.

Effective measures commence with Council's recruitment process and a thorough screening and pre-employment check with referees and previous employers of all potential staff.

The Executive Leadership Team will conduct risk assessments of all operational areas to ascertain Council's exposure to fraud and corrupt activities for the purpose of:

- Developing and documenting workplace procedures.
- Developing new systems (recruitment, purchasing etc).
- Reviewing of internal controls (segregation of duties).
- Training of relevant staff in fraud prevention.
- Monthly reporting of work status by staff.
- Internal audits.
- Review of reconciliations.

Council is committed to preventing fraud of any manner including waste, abuse and mismanagement of equipment and material resources. The Executive Leadership Team in its delivery of this policy will convey to staff and the general public that fraud and corrupt activities are not accepted and all allegations will be investigated. Should an investigation find improper behaviour, disciplinary action will be taken.

In certain circumstances the behaviour may constitute a criminal offence and the matter will be referred to the appropriate agency for processing.

Internal Reporting

Under this policy all employees have a responsibility to report fraud or corrupt activities to their Director. Employees may wish to make a protected disclosure under the *Public Interest Disclosures Act 1994* (NSW). Such a disclosure must be made in accordance with the provisions of Council's *Internal Reporting Policy*. Employees can report any suspected activity knowing the information will be treated in confidence and properly investigated. The positions to whom internal disclosures can be made in accordance with the Internal Reporting system are:

- Disclosure Coordinator – Manager Organisation Development
- Nominated Disclosure Officers – Directors of Corporate and Community Services, Environment and Development, and Technical Services
- The General Manager
- The Mayor (if the disclosure concerns or involves the General Manager or a Councillor).

External Reporting

Council offers to the general public the same reporting opportunity as employees under the *Internal Reporting Policy*.

The *Internal Reporting Policy* provides an alternative avenue for employees who feel more comfortable in reporting fraud or corrupt acts to an external investigating authority, being the Independent Commission Against Corruption (ICAC), or the Director-General of the Office of Local Government.

The General Manager is required under the *Local Government Act 1993* (NSW) and *Independent Commission Against Corruption Act 1988* (NSW) to report instances of fraud or corruption.

Investigation

The purpose of a fraud or corruption investigation is to find out as much as possible about what happened. It is not to establish the guilt of a suspect.

When a fraudulent or corrupt act comes to the notice of a Council Officer or to the general public, then they are required to make such reports in accordance with this policy or Council's *Internal Reporting Policy*.

Whenever an allegation or suspicions of fraud or corruption arise, it is the responsibility of Disclosure Officers to ensure confidentiality. Releasing information can result in serious damage to the investigation and to the suspected fraudster.

In all cases of reported alleged fraud or corruption, the General Manager should be immediately informed of the matter and then kept informed of the progress of the investigation.

The General Manager will report to ICAC any suspected concerns of corrupt conduct. The report will be made after the existence of corrupt conduct has been established.

The nature of the allegation will determine who, firstly, will assess information relating to the possible act of fraud or corruption. Disclosure Officers may conduct an initial investigation to establish the existence of an alleged act and whether it can be handled within the respective Department or Division.

If the Director and General Manager, in consultation with the Disclosure Coordinator, consider that the investigation should be conducted outside their Department, then it should be handled by Council's Auditor, Police or outsourced to an independent investigator.

The Council Officer who is responsible for the conduct of any investigation must prepare a process plan, notwithstanding the following actions:

- Defining the objective or scope of the investigation,
- Methodology of the investigation,
- Details of any initial enquiries, or
- Time frame and finalisation arrangements.

Information obtained during the investigation must be recorded to determine:

- Whether the information is trivial, frivolous or vexatious,
- How much specific evidence exists to support the information provided,
- How long ago the alleged misconduct occurred, and
- Whether additional resources are required to investigate the allegation.

In all cases, investigations must be carried out objectively, thoroughly and without prejudice. The Executive Leadership Team must ensure high standards of

investigation that preserve due process and protect the integrity of the process, whilst ensuring confidentiality and fairness.

Disciplinary Action

Council will comply with the provisions of its Code of Conduct, associated policies, relevant industrial instrument, conditions and legislation in dealing with confirmed fraudulent acts.

When an investigation confirms that a fraud has occurred, it should recommend the appropriate level of action to be implemented. Such level will depend upon the amount of evidence obtained during the investigation.

If there is sufficient information for the matter to be reported to the police, then that authority should manage the remainder of the investigation.

If there is not enough evidence to sustain criminal charges, then Council should investigate implementing disciplinary action. Prior to taking disciplinary action the General Manager or delegate will give the alleged perpetrator an opportunity to respond to the allegations.

Preventing Further Fraud

It is important that any fraud or corrupt acts are not repeated. Details of any disclosed fraud or corrupt acts will be provided to all Disclosure Officers in order that they may examine their operations for similar circumstances and risks.

Officers from Organisation Development will work in conjunction with other relevant Council Officers to develop internal controls and procedures to reduce the risk of fraud or corrupt acts recurring within Council.

There will be a continual revision of all Council internal controls and procedures to ensure that they serve the purpose for which they were developed and to improve controls and procedures where they are warranted.

The main basis for preventing further fraud is for all Council employees to be proactive in assisting Disclosure Officers in detecting or preventing fraud or corrupt acts before they can materialise into a major concern for Council. This can be achieved if Council has a well-developed staff training and awareness program.

Staff Training and Awareness

Council will develop a comprehensive training program to inform Council employees of policies and procedures in relation to making them aware of fraud and corruption issues.

Such issues include appropriate provisions within Council's *Internal Reporting Policy*, and *Complaint Handling Policy* pertaining to the risk management process, the reporting process, internal support mechanisms and the management of investigations.

Client and Community Awareness

Council conducts business with a wide range of external parties that have different ethical standards. Council has developed policies and procedures which it expects potential clients to adhere to, including the *Code of Conduct* and *Statement of Business Ethics*. The *Code of Conduct* and *Statement of Business Ethics* are listed on Council's website and this information is contained within all tender documents.

Council will communicate with the community through awareness programs on fraud or corruption as a means of providing leadership to the community, with the aim of improving its standing. The programs will provide clear guidelines about Council's acceptable practices and to show that it is committed to providing honest and ethical services to the community.

7. Responsibilities

Councillors, staff, contractors, volunteers, consultants and outsourced service providers shall implement and carry out the actions listed in the Policy and associated Plan. In particular:

General Manager

The General Manager is responsible for the efficient and effective operation of Council as an organisation. The General Manager is to play a prominent role by taking a proactive stance on preventing fraud and corruption within Council by acting to, and through the promotion of, the high standard of ethical behaviour which is expected across Council. In this way, as part of this leadership role, the General Manager is responsible for ensuring that Council's Code of Conduct and associated policies are extended to all Council employees and Councillors and promoting Warrumbungle Shire Council's commitment to preventing fraud and corruption to the local community.

The General Manager also has the responsibility to fully investigate allegations of wrongdoing and to report to relevant external agencies of any allegations of fraudulent or corrupt conduct that have been identified at Council. In the same way, the General Manager has a duty under s11 ICAC Act to report to ICAC any matter that he or she suspects on reasonable grounds concerns or may concern corrupt conduct.

Councillors

Councillors are elected representatives and comprise the governing body of Council. This governing body has the role of directing and controlling the affairs of the Council in accordance with the Local Government Act 1993, ss222, 223. As councillors are members of the Council's governing body, they are required to perform civic duties and fulfil a leadership role for the community. This includes an obligation to:

- (1) report possible fraud and corruption related activities to the General Manager, Mayor, Disclosures Officer or relevant external agencies;
- (2) promote Council's commitment to the prevention of fraud and corruption throughout the community and among Council employees, and
- (3) comply with the Warrumbungle Shire Council's Code of Conduct by acting in an ethical manner.



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Directors and Managers

Directors and Managers are to actively promote Council's Fraud and Corruption Prevention Policy and lead by example by demonstrating ethical decision making and act with honesty and integrity in dealings with others. Managers and Team Leaders are to promptly report instances of suspected or actual fraud. Directors and Managers are to play a supervisory role in the implementation of the Fraud and Corruption Prevention Policy. This includes ensuring that employees within their area of responsibility receive fraud and corruption awareness training, regularly endorse Warrumbungle Shire Council's position of zero-tolerance of corrupt behaviour and reinforce the expectations of the Warrumbungle Shire Council Code of Conduct and Public Interest Disclosures Policy. Similarly, Directors and Managers have an integral role in the identification of fraud risks and the implementation of this Policy by providing input into fraud and corruption risk assessments.

Supervisors and Team Leaders

Supervisors and Team Leaders are responsible for the proactive promotion and dissemination of this policy and the standards of ethical behaviour expected of employees as outlined in the Warrumbungle Shire Council Code of Conduct to employees in their area. Similarly, supervisors and team leaders are to regularly reinforce to employees their role in preventing and detecting fraud and corruption within the organisation and promote an environment of compliance with this policy and other Council policies. Supervisors and team leaders also have an important role in ensuring that the policy is operating effectively and contributing to fraud and corruption risk assessments.

Employees

All Council employees are reminded of the obligation to comply with the Council's Code of Conduct and conduct themselves in an ethical manner including concerning the use of Council assets and resources. Under this Code of Conduct, Council employees must not participate in wrongdoing including fraudulent and corrupt activities. Council employees are required to report any activity which may comprise fraudulent and corrupt conduct in accordance with the Council's Public Interest Disclosures Policy.

Contractors, volunteers, consultants and outsourced service providers

All contractors, volunteers, consultants and outsourced service providers are reminded that they must not participate in wrongdoing including fraudulent and corrupt activities and to report any activity which may comprise fraudulent and corrupt conduct in accordance with the Council's Public Interest Disclosures Policy.

Internal Audit Committee

Council's Internal Audit Committee plays a pivotal role in the governance framework. It provides Council with independent oversight in the areas of risk, control, compliance and financial reporting.

8. Getting Help

The staff member/s who can assist with enquiries about the policy:

Position: Manager Corporate Services

Department: Corporate and Community Services

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9. Version Control

Review Date: By September 2022

Staff Member Responsible for Review: Manager Corporate Services

Policy Name	Action	Resolution No.	Date
Fraud and Corruption Policy	<i>Endorsed by MANEX</i>	272	19 March 2009
Fraud and Corruption Policy	Adopted	307/2021	17 June 2021