



# Council Policy Manual

## WEST WIMMERA SHIRE COUNCIL

<b>COUNCIL POLICY</b>	
<b>FRAUD AND CORRUPTION CONTROL POLICY</b>	Policy No:
	Adopted by Council: 21 February 2018
	Next review date:
Senior Manager:	Director Corporate & Community Services
Responsible Officer:	Finance Manager
Functional Area:	Financial Services
Introduction & Background	<p>West Wimmera Shire Council is committed to the prevention, detection and management of fraud and corruption in its activities and to ensuring there are measures for dealing in matters relating to fraud and corruption. The active promotion and enforcement of a comprehensive policy to focus and guide management and staff around prevention reporting and investigation of fraud and corruption will contribute to the protection of Council's assets and reputation with the public.</p> <p>Council does not tolerate fraud or corruption and acknowledges the responsibility for fraud and corruption control and for implementing a structured, ongoing fraud and corruption control plan within the organisation.</p> <p>This policy applies to all employees, Councillors, contractors and volunteers engaged directly by Council.</p>
Purpose & Objectives	<p>The aim of this policy is to ensure that Council is protected from reputational damage, loss of revenue or increased costs, damage to organisational culture, costly litigation and other negative consequences.</p> <p>Council's policy on fraud and corruption control is based on the following key principals and objectives:</p> <ul style="list-style-type: none"> <li>• Council operates in an environment in which ethical conduct is expected, encouraged and supported, with no tolerance for corrupt conduct or fraudulent activities;</li> <li>• All Councillors and Council staff are placed in a position of trust and are required to maintain and enhance the public's confidence in the integrity of Council and to be active in protecting public money and property;</li> <li>• Council will ensure that it has in place effective operational controls and procedures for the prevention and detection of corrupt conduct</li> </ul>



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	<p>and fraudulent activities;</p> <ul style="list-style-type: none"> <li>• Council will investigate and manage all reported cases of alleged fraud or corruption in accordance with relevant Policies and Procedures; and</li> <li>• Council will foster an environment for all persons to feel confident about reporting matters of suspected fraud or corruption.</li> </ul>
<p>Definitions</p>	<p>Fraud and corruption are forms of dishonesty, deceit or false representation which may be used to gain an unjust or unlawful advantage or benefit. Some examples of fraud and corruption are given below, however this is not intended to be a complete list and fraud and corruption are not limited to these activities:</p> <ul style="list-style-type: none"> <li>• Unlawful or unauthorised use of Council equipment and other property or services;</li> <li>• Theft;</li> <li>• Bribery, corruption or abuse of office;</li> <li>• Making, using or possessing forged or falsified documents;</li> <li>• Providing false or misleading information to Council, or failing to provide information where there is an obligation to do so;</li> <li>• Obtaining property, a financial advantage or any other benefit by deception;</li> <li>• Causing a loss, or avoiding or creating a liability by deception; and</li> <li>• Any other offences of a like nature to those listed above.</li> </ul> <p>The items listed above may be either tangible or intangible. Examples include:</p> <ul style="list-style-type: none"> <li>• Withdrawing Council funds for unauthorised purposes or uses;</li> <li>• Charging Council for goods or services that are incomplete or not delivered;</li> <li>• Using a false identity to obtain payments from Council;</li> <li>• Provision of false payroll information to obtain financial advantage including failure to provide relevant information or documentation;</li> <li>• Hacking into, or interfering with a Council computer system;</li> <li>• Using Council's equipment or facilities for unauthorised and private purposes;</li> <li>• Using Council's systems to gain access to other systems without</li> </ul>



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	<p>authority;</p> <ul style="list-style-type: none"> <li>• Disclosing confidential and proprietary information to outside parties;</li> <li>• Disclosing to other persons confidential activities proposed to be engaged in by parties which require approval of Council; and</li> <li>• Making false statements under the <i>Local Government Act 1989</i> or other relevant legislation.</li> </ul> <p>For the purpose of this policy, 'employee' includes Councillors, Council employees (Including full-time; part-time; temporary and casual), contractors, volunteers or the employees of anybody providing services on Council's behalf.</p>
<b>Policy Details</b>	
1.	<p><b>Principles</b></p> <p>While the overall responsibility for managing the risk of fraud and corruption rests with both Executive and Senior Management, it needs to be clear that all Council employees have an obligation to fulfil responsibilities in complying with all relevant policies and procedures to establish and promote an environment and culture of good governance and integrity.</p> <p>It is the responsibility of Councillors and Senior Management to demonstrate to employees and customers a genuine and strong commitment to fraud and corruption control.</p> <p>Council will provide information and training on fraud and corruption control and reporting through Council's induction process and will support this with training provided at least every three years.</p> <p>Council's Codes of Conduct clearly outline expected behaviours and the need for staff and Councillors to be fully aware of their responsibility to foster and develop the highest standards of integrity and to promote an ethical workplace culture.</p>
2.	<p><b>Council Responsibility for Fraud and Corruption Prevention</b></p> <p>Council has a corporate responsibility and obligation to all of its stakeholders to ensure the good governance of the municipality. It is responsible for setting the highest standards of honesty and integrity to provide assurance to the community and for the management of the organisation.</p> <p>Council will ensure that Management has appropriate measures in place to detect and prevent fraud and/or corruption.</p>
3.	<p><b>Management Responsibility for Fraud Prevention and Detection</b></p> <p>Management is responsible for setting the highest standards of honesty and integrity in the provision of services to the community and a pivotal role in promoting and sustaining ethical behaviours and culture. Additionally, they have ultimate responsibility</p>



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	<p>for ensuring the following:</p> <ul style="list-style-type: none"> <li>• Implementation of the overall anti-fraud and corruption control framework;</li> <li>• Effective risk management, by identifying risks and developing internal control systems to mitigate those risks;</li> <li>• promote ethical and honest behaviour of all employees;</li> <li>• coordinate, implement, monitor, review and communicate Council's Fraud and Corruption prevention policy and associated procedures;</li> <li>• ensure employees are aware of their responsibilities in relation to complying with the framework as well as their obligation for reporting and preventing fraud and corruption;</li> <li>• exercise due diligence and control to prevent, detect and report to the Chief Executive Officer, Director, Manager or the Mayor suspected acts of fraud;</li> <li>• handle matters relating to fraud in the strictest confidence; and</li> <li>• ensure that employees have the qualifications that they assert they have.</li> </ul>
4.	<p>Employee Responsibility for Fraud and Corruption Prevention and Detection</p> <p>Employees are responsible for :</p> <ul style="list-style-type: none"> <li>• acting with propriety in all Council activities;</li> <li>• complying with the Council Codes of Conduct;</li> <li>• identify potential fraud risks to their Director or Manager;</li> <li>• not using their position with the Council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity;</li> <li>• the safeguarding of Council assets against theft, misuse or improper use; and</li> <li>• reporting of any incident or suspected incident of fraud or corruption of which they become aware.</li> </ul>
5.	<p>Audit Committee and Internal Audit Responsibility for Fraud and Corruption Prevention and Detection</p> <p>The Audit Committee monitors the identification of risk and that the appropriate controls are in place and operating effectively to protect Council's resources and assets. The Committee will review the Fraud and Corruption Control policies to satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud and corruption related information.</p> <p>Internal audit assists in the overall deterrence of fraud and corruption by independently examining and evaluating the adequacy and effectiveness of the internal control environment and to ensure that processes are in place to support Council's ongoing commitment in promoting an anti-fraud culture.</p>
6.	<p>External Audit Responsibility for Fraud and Corruption Prevention and Detection</p>



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	<p>The responsibility of external audit is ensuring its procedures are designed to provide reasonable assurance that financial information is properly stated in all material respects. External auditors are not required to search specifically for irregularities and fraud and their audit should not be relied upon to disclose them.</p> <p>However, external auditors shall plan the audit so that there is reasonable expectation of detecting material misrepresentation in the financial statements arising from fraud or a breach of regulations.</p>
7.	<p>Fraud and Corruption Prevention and Detection</p> <p>All Council's managers and coordinators are responsible for the prevention and detection of fraud and corruption. They must ensure they have suitable mechanisms in place to:</p> <ul style="list-style-type: none"> <li>• Assess the procedures and processes within their responsibilities to determine the likelihood of fraud and corruption;</li> <li>• Follow any existing procedures and processes that are established as having strong internal control characteristics;</li> <li>• Introduce new procedures and processes as required to establish and maintain strong internal controls;</li> <li>• Educate their staff about controls that prevent fraud and corruption;</li> <li>• Educate their staff in the procedures following the detection of fraud and corruption;</li> <li>• Adhere to the procedures to follow once fraud or corruption has been alleged and/or identified; and</li> <li>• Continuously promote ethical behaviour by their actions and advice.</li> </ul>
8.	<p>Reporting Suspected Fraud or Corruption</p> <p>Employees are encouraged to report known or suspected incidences of improper conduct or detrimental action immediately to the Chief Executive Officer, Director, Manager or the Mayor as that person sees fit.</p> <p>Any reported or suspected acts of fraud, corruption, misappropriation or other similar irregularity will be thoroughly investigated. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or standing of any person who becomes the subject of such investigation.</p> <p>Where the fraudulent or corrupt behaviour is disclosed under the provisions of the <i>Protected Disclosure Act 2012 (PDA)</i>, the matter will be dealt with in accordance with that Act and associated Regulations. Where the behaviour is not disclosed under the provisions of the PDA, the matter will be dealt with in accordance with the provisions of this policy.</p> <p>If a person seeks to disclose behaviour which may be fraudulent or corrupt, the person may achieve the protections afforded by the PDA by ensuring the disclosure is made in conformity with the provisions of the PDA.</p>



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	<p>A disclosure is not a protected disclosure under the PDA if the disclosure has not been made in accordance with the requirements of the PDA and Regulations or the discloser expressly states in writing, at the time of making the disclosure, that the disclosure is not a disclosure under the Act.</p> <p>The highest degree of confidentiality will be a feature of reporting and investigating fraud. Confidentiality of employees who report fraud is guaranteed, and the reputation of those accused must also be allowed the highest level of protection until a definite decision is reached.</p> <p>There are significant penalties under the PDA for breach of confidentiality, to protect those who report fraudulent activity.</p> <p>In order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct, and to protect the Council from potential civil liability, the results of the audits/investigations will be disclosed or discussed only with those persons who require knowledge of each such investigation in the proper performance of their office or function.</p> <p>Where appropriate, Council will seek advice from its legal advisors to ensure that appropriate documentation of the facts has been achieved in order to permit:</p> <ul style="list-style-type: none"> <li>• protection of innocent persons</li> <li>• appropriate personnel action</li> <li>• appropriate civil or criminal actions</li> <li>• documentation of claims against Council's insurers</li> <li>• preservation of the integrity of any criminal investigation and prosecution</li> <li>• avoidance of any unnecessary litigation.</li> </ul> <p>An employee who feels that their confidentiality has been breached has the right to initiate grievance action under Council's dispute resolution and Grievance processes.</p>
9.	<p>Investigation Standards</p> <p>Employees who make complaints will not be victimised or disadvantaged. The person against whom the complaint is made will be treated with procedural fairness.</p> <p>Any person who feels they have been victimised as part of this process has recourse to the Discrimination Resolution Procedures, and to the <i>Protected Disclosures Act 2012</i>.</p>
10.	<p>Procedures</p> <p>A set of procedures has been established under this Policy, and will be subject to amendment by the Chief Executive Officer, as and when required.</p>
11.	<p>Related Documents and Legislation</p> <ul style="list-style-type: none"> <li>• Employee Code of Conduct &amp; Ethical Behaviour</li> <li>• Councillor Code of Conduct</li> <li>• Protected Disclosures Policy</li> </ul>



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	<ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Procurement Policy</li> <li>• Fraud and Corruption Control Procedures</li> <li>• <i>Local Government Act 1989</i></li> <li>• <i>Local Government (General) Regulations 2015</i></li> <li>• <i>Protected Disclosure Act 2012</i></li> <li>• <i>Crimes Act 1958</i></li> </ul>
12.	<p>Review</p> <p>The Fraud and Corruption Control Policy shall be reviewed every two years, as determined by the Chief Executive Officer or as required in the light of significant legislative change.</p>

<b>Policy Adopted:</b>	Ordinary Meeting 18/06/15	Minute Book Page 30667	RecFind 15/002612
<b>Policy Reviewed:</b>	Ordinary Meeting 21/02/18	Minute Book Page 37594	RecFind 18/000616