



Council Policy Manual

WEST WIMMERA SHIRE COUNCIL

COUNCIL POLICY	
FRAUD & CORRUPTION CONTROL POLICY	Policy No:
	Adopted by Council: 18 June 2020
	Next review date: March 2022
Senior Manager:	Director Corporate & Community Services
Responsible Officer:	Manager Business Performance and Development
Functional Area:	Financial Services
Introduction & Background	<p>West Wimmera Shire Council is committed to controlling fraud and corruption, being committed by or against the organisation.</p> <p>A key strategy in managing the risks associated with fraud and corruption is a sound ethical culture, underpinned by a fraud and corruption control framework that makes clear the roles, rights and responsibilities of all members of the organisation.</p> <p>This policy sets the framework for the fraud and corruption control program.</p> <p>The policy applies to all employees, Councillors, contractors and volunteers engaged directly by Council.</p>
Purpose & Objectives	<p>The purpose of this policy is to provide a framework for managing risk exposure associated with fraud and corruption that aligns to the Australian Standard 8001-2008, Fraud and Corruption Control.</p> <p>Council is committed to protecting the assets (whether financial, reputational, infrastructure, data or in any other form) of the organisation and its ratepayers from loss or damage from within or by others seeking to gain by deceit.</p> <p>The objectives of the policy are:</p> <p>To ensure that Council and Management are aware of their responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.</p> <p>To provide guidance to employees, contractors and volunteers as to which action should be taken when they suspect any fraudulent activity.</p>



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	<p>To provide a clear statement to all those involved with Council activities forbidding any illegal activity, including fraud for the benefit of the Council.</p> <p>To provide clear guidance as to responsibilities for conducting investigations into fraudulent activities.</p> <p>To provide assurances that any and all suspected fraudulent activity will be fully investigated.</p> <p>To provide adequate protection and guidance in circumstances where a person is / could be victimized as a consequence of reporting, investigating or being witness to fraudulent activities.</p> <p>To provide a suitable environment for the reporting of matters that appear or raise concern of corrupt conduct, criminal conduct, criminal involvement or serious improper conduct.</p> <p>To enable fraud exposures to be recorded in the risk register.</p>
<p>Definitions</p>	<p>Fraud and corruption are forms of dishonesty, deceit or false representation (including electronic or cyber representation) which may be used to gain an unjust or unlawful advantage or benefit. The following definitions are summarised from the standard (AS8001-2008)</p> <p>Corruption</p> <p>Dishonest activity of a person associated with Council, acting contrary to the interests of Council, abusing their position of trust in order to achieve some gain for themselves, another, or for the organisation itself.</p> <p>Examples may include (but are not limited to):</p> <ul style="list-style-type: none"> • Release of confidential information • Collusive tendering • Manipulation of the tendering process • Payment or solicitation of donations • Serious conflict of interest <p>Fraud</p> <p>Dishonest activity causing actual or potential financial loss to any person or Council including theft of money or other property by anyone (either internal or external) where deception is involved.</p> <p>Examples include (but are not limited to):</p> <ul style="list-style-type: none"> • Theft or private use of plant and equipment • Theft of inventory • False invoicing or other theft of funds



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	<ul style="list-style-type: none"> • Unauthorised use of a credit card • Theft of intellectual property or other confidential information • Release or use of misleading or inaccurate information for the purposes of deceiving, misleading or to hide wrongdoing • Insider trading <p>Employee</p> <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>
Policy Details	
1.	<p>Principles</p> <p>This Policy sets the framework for fraud and corruption control across prevention, detection and response.</p> <p>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. 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>Responsibility for Fraud and Corruption Control</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 resources to support the implementation of the Fraud and Corruption Control Framework for the prevention, detection and response to fraud and/or corruption.</p> <p style="text-align: center;">2.1 Chief Executive Officer's Responsibilities</p> <p>The Chief Executive Officer accepts ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.</p>



2.2 All Director's Responsibilities

All Directors must take responsibility for the prevention and detection of fraud and for the implementation of the Risk Management Strategy. Similarly, managers, all staff and volunteers must share in that responsibility.

It is the responsibility of all Directors to ensure that there are mechanisms in place within their area of control to:

- Assess the risk of fraud;
- Promote employee and volunteer awareness of ethical principles subscribed to by Council; Educate employees and volunteers about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

2.3 Director Corporate and Community Services' Responsibilities

The Director Corporate Services is responsible for:

- Assisting Directors and Managers in strengthening internal controls;
- Serving as the official contact for reporting fraudulent acts;
- Conducting of necessary initial reviews;
- Managing of fraud incident review and analysis in a timely manner, including the completion of the fidelity 'Significant Incident Analysis';
- Communicating incidents, findings and recommendations for action to the Chief Executive Officer and the Audit and Risk Committee;
- Notifying police of incidents of fraud, unless deemed unnecessary;
- Developing a Risk Management Strategy;
- Recording of fraud exposures in the Risk Register and an annual review of the Risk Register;
- Developing and delivering of appropriate training programs for managers, other staff and volunteers relative to fraud; and
- Providing regular advice to managers as to literature (including abstracts thereof) relevant to fraud.

All complaints of suspected fraudulent behaviour will be thoroughly and carefully investigated, adhering to Council Policy – Public Interest Disclosures and the Public Interest Disclosure Procedures. Provision for the protection of those individuals making the complaint, and natural justice to those individuals being the subject of such complaint will be provided.

2.4 All Managers' Responsibilities

Managers should ensure that they:

- Display a positive, appropriate attitude towards compliance with laws, rules and regulations;
- Are reasonably aware of indicators/symptoms of fraudulent or other wrongful acts (e.g. by participation in relevant staff and volunteer training programs and/or consideration of relevant literature) and respond to those indicators as appropriate;



	<ul style="list-style-type: none"> • Establish and maintain proper internal controls to provide for the security and accountability of Councils resources and prevent/reduce the opportunity for fraud, including; <ul style="list-style-type: none"> ○ Segregation of duties, ○ Suitable recruitment procedures ○ Internal checking, ○ Security (including physical and computer security), ○ Documentation of procedures, ○ Approvals within delegated authority, ○ Budget control, ○ Regular review of management reports, ○ Reconciliations, ○ Consideration of risk, and ○ Quality assurance. • Are aware of the risks and exposures inherent in their area of responsibility, and • Respond to all allegations or indications of fraudulent or wrongful acts <p style="text-align: center;">2.5 All Employees' and Volunteers' Responsibilities</p> <p>Employees and volunteers are prohibited from conducting any intentional dishonest act or omission, including those that benefit Council. Employees and volunteers expected behaviours are defined in the IP 025 – Code of Conduct.</p> <p>All employees and volunteers have the responsibility to advise their manager of facts which may give rise, at the time or later, to a conflict between their personal interest and the performance of their duties.</p> <p>All employees and volunteers have the responsibility to report suspected fraud. Any employee or volunteer who suspects fraudulent activity must immediately notify the Director Corporate Services. In situations where a Director is suspected of involvement in fraudulent activity, the matter should be notified to the Chief Executive Officer. In any event, all staff, volunteers and the public are able to make a statement to the State Ombudsman.</p>
2	<p>Fraud Prevention and Detection</p> <p>Additional to the fraud prevention strategies mentioned under specific areas of responsibilities, directors and managers must create an environment and culture in which employees and volunteers believe that dishonest acts will not be tolerated, and which will be fully investigated when they are suspected. To this end they must:</p> <ul style="list-style-type: none"> • Participate in in-house training programs covering fraud, fraud detection and fraud prevention; • Ensure that employees and volunteers understand that the internal controls are designed and intended to prevent and detect fraud; • Encourage employees and volunteers to report suspected fraud directly to those responsible for investigation without fear of disclosure or retribution; and



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	<ul style="list-style-type: none"> • As far as is practicable, require vendors and contractors to agree in writing as part of the contract process, to abide by Council's Policies and Procedures, and thereby avoid any conflict of interest. <p>Recruitment policy and practices underpin fraud prevention. All staff, volunteers and managers, must support the human resource recruitment strategies aimed at fraud prevention, which include;</p> <ul style="list-style-type: none"> • Pre-employment Police checks, as per Council's Pre-employment Police Checks Standard Operating Procedure; • Contacting previous employers, volunteer agencies and referees; and • Verifying transcripts, qualification, publications and other certification or documentation.
3	<p>Compliance, monitoring and review</p> <p>This policy sits within the Directorate of Corporate Services portfolio, with the Manager Business Finance Coordinator responsible for ensuring the policy:</p> <ul style="list-style-type: none"> • Reflects the current process and requirements; • Is implemented and monitored (i.e. the policy is followed, reflects the changing policy environment, and emerging issues are identified); and • Is reviewed to evaluate its continuing effectiveness
4	<p>Reporting</p> <p>Independent Broad-Based Anti-Corruption Commission (IBAC)</p> <p>From 1 December 2016, Council must notify IBAC of any matter which it suspects on reasonable grounds that corrupt conduct has occurred or is occurring. After receiving notification IBAC will assess the information and either choose to complete an investigation or refer the matter back to Council for internal investigation.</p> <p>Public Interest Disclosures Act 2012</p> <p>The Public Interest Disclosure Act 2012 is designed to encourage people to come forward and make complaints by offering legal protection.</p>
5	<p>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.</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</p>



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	environment and to ensure that processes are in place to support Council's ongoing commitment in promoting an anti-fraud culture.
6	Investigation Standards
	<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>
7	Procedures
	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.
8	Related Documents and Legislation
	<ul style="list-style-type: none"> • Employee Code of Conduct & Ethical Behaviour • Councillor Code of Conduct • Protected Disclosures Policy • Risk Management Policy • Procurement Policy • Fraud and Corruption Control Procedures • <i>Local Government Act 2020</i> • <i>Local Government (General) Regulations 2015</i> • <i>Protected Disclosure Act 2012</i> • <i>Crimes Act 1958</i>
9	Review
	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.



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