Policy No. PP024

Fraud and Corruption Prevention Policy

1 INFORMATION ABOUT THIS POLICY

POLICY INFORMATION

Date Adopted by Board December 2020		**Board Resolution No.** 20/127	
Policy Responsibility Corporate Services Manager			
Review Timeframe 2 yearly			
Last Review 01/2025		**Next Scheduled Review** 01/2027	

DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
	18/12/2020	Revise in accordance with NSW Audit Office Fraud Control Improvement Kit
	03/01/2025	Revise and update in line with NSW Audit Office Fraud Control Improvement Kit and the *Independent Commission Against Corruption Act 1988*.
	DD/MM/YYYY	
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FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

Related Legislation	*NSW Local Government Act 1993* *NSW Local Government General Regulation 2021* *Independent Commission Against Corruption Act 1988* *Public Interest Disclosures Act 1994*
Related Policies	PP031 Code of Conduct PP021 Internal Reporting Policy PP034 Fraud Prevention Strategy PP021 Public Interest Disclosures Policy IP010 Recruitment Policy
Related Procedures, Protocols, Statements and Documents	NSW Audit Office – "Fraud Control Improvement Kit" Australian Standard 8001-2008 Fraud and Corruption Controls

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3 PURPOSE

This policy outlines Goldenfields Water County Council (Council) approach to the prevention, identification and reporting of suspected and actual instances of fraud and corruption. Council has a zero-tolerance approach to fraud and corruption and staff to understand the fraudulent acts against Council are unacceptable, may constitute a criminal offence and will be prosecuted.

4 SCOPE AND CONTEXT

This policy applies to Council employees, Councillors and engaged external parties, including contractors, community representatives and consultants.

This document is the overarching policy statement in Council's fraud prevention framework. There are a number of components that form the strategy for fraud prevention. The below diagram summarises the components Council's Fraud Prevention framework.

Prevention
Internal Controls
Risk Assessments
Communication and awareness
Screening

Monitor and Review

Leadership and Culture
Management Committment
Staff Accountability and Delegations
Code of Conduct

Legislation, Governance, Policy and Strategy

Detection
Red Flags
Reporting Mechanisms
Internal and Extermnal Audit
Protected Disclosures

Response
Invetsigation Process
Controls Review

5 DEFINITIONS

Term	Definition
Act	*The Local Government Act (LGA) 1993*
ARIC	The Audit and Risk and Improvement Committee
Corruption	Corrupt conduct is defined in Sections 8 and (of the *Independent Commission Against Corruption Act 1988* and is broadly: (a) Any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or (b) Any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or (c) Any conduct of a public official or former public official that constitutes or involves a breach of public trust, or (d) Any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit of another person. Corruption is defined in Australia Standard AS8001-2021 Fraud and Corruption Control as: "dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage of another person or organisation….While conduct must be dishonest for it to meet the definition of corruption, the conduct does not necessarily represent a breach of law." Corrupt conduct can include but is not limited to: ❯ bribery ❯ blackmail ❯ theft (including data and information theft); ❯ embezzlement ❯ defrauding the public revenue or tax evasion ❯ currency violations ❯ fraud ❯ Obtaining or offering secret commissions ❯ Fraudulently obtaining or retaining employment or appointment as a public official ❯ Collusive tendering ❯ Selling confidential information ❯ Voting on a development matter in which the Councillor has an undisclosed financial interest.

Fraud	Intentional dishonest act or omission done with the purpose of obtaining a financial or other benefit by deception. The types of acts or omissions include, but are not limited to, theft, misappropriation, larceny, embezzlement, improper destruction or falsification of accounts or records, bribery, corruption or abuse of office, manipulation of information, causing a loss, or avoiding or creating a liability by deception.
Independent Commission Against Corruption	The Independent Commission Against Corruption (ICAC) is an independent organisation to protect the public interest, prevent breaches of public trust and guide the conduct of public officials in the NSW public sector.
Staff	Refers to all persons undertaking work for or engaged by Council in either a paid or unpaid capacity.

Fraud and Corruption are interrelated and represent the misuse of public office for private gain.

6 OBJECTIVES

- To promote an organisational culture that will not tolerate any action of fraud or corruption.
- To create an awareness of responsibilities in preventing and reporting instances of fraud within Council, ensuring high standards of ethical conduct are maintained.
- To protect public funds and assets.
- To protect the integrity and reputation of Council.

7 RESPONSIBILITIES

7.1 COUNCILLORS

- Perform civic duties in a professional and ethical manner, with care, diligence, honesty and integrity.
- Complete induction and training during Council term, as required by the General Manager.
- Report Pecuniary and Non-Pecuniary Interests as required.
- Report corruption in accordance with Council's Public Interest Disclosures Policy.

7.2 RESPONSIBLE OFFICER

- The Corporate Services Manager is the Responsible Officer for this Policy, to ensure it is reviewed on at least a biennial basis. The Responsible Officer is also accountable for developing, implementing and maintaining Council's Fraud and Corruption Control Framework.

7.3 GENERAL MANAGER

- The General Manager has ultimate responsibility for managing fraud and corruption risks in the Council. The General Manager is also required, under Section 11 of the *Independent Commission Against Corruption Act 1988* (NSW) to report to the Independent Commission Against Corruption (ICAC) any matter that he or she reasonably suspects involves or may involve corruption or fraudulent conduct.

7.4 MANAGERS/COORDINATORS

- Ensure mechanisms are in place to minimise the opportunity for fraud and dishonesty within their area of control.
- Leading by example and cultivating a culture within their team that supports high standards of ethical behaviour.
- Ensuring that staff receive appropriate training.
- Identify potential fraud risks, monitoring and reporting on the effectiveness of fraud strategies and internal control.
- Compliance with all relevant policies and practices.
- Reporting of any fraud or corruption matters to the General Manager.

7.5 COUNCIL STAFF

- Perform duties in a professional and ethical manner, with care, diligence, honesty and integrity.
- Complete training as required.
- Report corruption in accordance with Council's Public Interest Disclosures Policy.

7.6 AUDIT, RISK AND IMPROVEMENT COMMITTEE

- Oversee and provide advice on Council's Fraud Policy and Fraud Prevention Strategy.
- Review the Internal Audit Plan to ensure fraud and corruption risks are addressed.

8 FRAUD AND CORRUPTION CONTROL

8.1 LEADERSHIP

A successful fraud and corruption control framework is led by a committed and accountable board and management.

8.2 ETHICAL FRAMEWORK

Council has clear policies setting out acceptable standards of ethical behaviour. The Code of Conduct forms the basis of these standards. These policies are available to staff on the intranet and website. These policies are reviewed regularly to ensure they are up to date and compliant with relevant standards.

8.3 RESPONSIBILITY STUCTURES

Responsibilities are outlined in this policy and the Fraud Prevention Strategy.

8.4 FRAUD AND CORRUPTION CONTROL POLICY

This policy does not operate in isolation and has strong links to the Code of Conduct. It sets out the system of fraud and corruption control and covers the responsibilities for managing fraud and corruption within Council.

8.5 PREVENTION SYSTEMS

Managers will adopt a risk-based approach to fraud and corruption control will be adopted to minimise the opportunities for corrupt or fraudulent conduct by any Councillor, employee, contractor or other person who performs official functions on behalf of the Council.

The Council's prevention systems consist of the following features:

- Fraud Risk Register – maintained within Pulse and reviewed regularly.
- Fraud Prevention Strategy – contains key fraud and corruption control activities of Council.
- Ethical Workforce – commitment to employ staff that support Council's ethical values. Pre-employment screening is performed to verify information supplied in applications.
- IT Security Strategy – the ICT Policy and Governance Frameworks support Council's interests by defining requirements for safeguarding information assets and assuring the continued delivery of services.

8.6   AWARENESS

Council is committed to ensuring Councillors and staff understand minimum standards of behaviour required of them as well as how to report suspected fraud and corruption.

8.7   THIRD PARTY MANAGEMENT SYSTEMS

Council ensure specific internal controls relating to third parties, such as segregation of duties, are in place to manage dealings with business associates and third parties.

Controls include:

- Code of Conduct
- Statement of Business Ethics
- Tender Guidelines
- Segregation of duties
- Delegations of Authority

8.8   NOTIFICATION SYSTEMS

All councillors, employees, individuals, individuals engaged as contractors working for Council and other people who perform public official functions on behalf of Council have an obligation to report suspected or actual fraud or corruption associated with the Council work environment to Council or directly to:

- ICAC for alleged fraudulent or corrupt conduct; or
- NSW Ombudsmen for alleged maladministration; or
- NSW Auditor General for serious and substantial waste; or
- NSW Office of Local Government for any of the above and a breach or pecuniary interest provisions.

Member of the public are encouraged to report suspected or actual fraud or corruption associated with the Council work environment either to Councillor to ICAC and/or NSW Police, as appropriate.

8.9   DETECTION SYSTEMS: Monitoring

Measures to prevent and detect fraud shall be continually monitored, reviewed, developed and reported. The principles set out in this Policy will be implemented and assessed through the provisions of Council's Fraud and Corruption Control Framework and Fraud Risk Register. The effectiveness of that Policy Framework and Register will be subject to periodic assurance reviews endorsed by the Audit, Risk and Improvement Committee as part of a risk-based Internal Audit Program.

Various internal controls are maintained including:

- Segregation of duties
- Approvals and authorisation
- Verification
- Reconciliations
- Management reviews
- Risk assessments
- Physical security
- Internal and external audits

8.10 INVESTIGATION SYSTEMS

Council has established investigation procedures for when complaints are made. These are covered by the Administrative Procedures for the Code of Conduct, The Public Interest Disclosures Policy and the Complaints Management Policy. Depending on the circumstances of the corrupt conduct, an internal investigation may be undertaken, or the matter may be referred to an external body such as ICAC or the Ombudsman.

Council is committed to the recovery of financial losses caused by fraudulent and corrupt activity, balanced against the cost of recovering losses where they exceed the value of that loss.