FRAUD CONTROL & CORRUPTION PREVENTION POLICY

GLENORCHY CITY COUNCIL

PURPOSE

This policy provides direction on the Council's governing culture, principles, guidelines, and responsibilities to promote continual fraud and corruption awareness, and for the investigation of fraud and corruption incidents within Council.

SCOPE

This policy applies to:

- Aldermen

- all Council employees, temporary employees, and volunteers, and

- any external party involved in providing services to any part of the Council, e.g., contractors, consultants, outsourced service providers and suppliers.

STRATEGIC PLAN ALIGNMENT

Making Lives Better

Objective 1.1	Know our communities and what they value
Strategy 1.1.1	Guide decision making through continued community engagement based on our community plan

Leading Our Community

Objective 4.1	Govern in the best interests of our community
Strategy 4.1.1	Manage Council for maximum efficiency, accountability and transparency
Strategy 4.1.2	Maximise regulatory compliance in Council and the community through our systems and processes
Objective 4.2	Prioritise our resources to achieve our community's goals
Strategy 4.2.1	Deploy the Council's resources effectively to deliver value

RELATED DOCUMENTS

Fraud Control and Corruption Prevention Framework

Council's Fraud and Corruption Control Plan

STATUTORY REQUIREMENTS

Acts	*Local Government Act 1993*

	Financial Management and Audit Act 1990
	Integrity Commission Act 2009
	Public Interest Disclosure Act 2002
Regulations	*Financial Management and Audit Regulations 2013*
	Public Interest Disclosures Regulations 2013
Australian/International Standards	*AS 8001:2008 Fraud and Corruption Control*

DEFINITIONS

Corruption includes, but is not limited to:

- a person improperly using, or trying to improperly use, the knowledge, power or resources of their position;

- a person dishonestly exercising their official functions; and/or

- a person misusing information or material acquired in the course of their official duties;

for personal gain, or for the advantage of others.

Fraud means dishonestly obtaining a benefit or causing a loss by deception or other means. This includes, but is not limited to:

- any dishonest, corrupt, or fraudulent act;

- misappropriation of funds, supplies, or other assets;

- impropriety in the handling or reporting of money or financial transactions;

- profiteering as a result of insider knowledge of the Council's activities;

- disclosing confidential and proprietary information to outside parties;

- falsification of expense claims;

- falsification of qualifications or licenses;

- accepting or seeking anything of a material value from contractors, vendors, or persons providing services/materials to the Council; or

- any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes; destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.

Employee means all employees of Council, whether employed on a permanent, temporary, casual, or part-time basis and includes volunteers and employees of businesses and entities contracted to provide services to, or on behalf of Council.

Fraud Control and Corruption Prevention means an integrated set of activities to prevent, detect, investigate, and respond to fraud and corruption, and to the supporting processes such as staff training and the prosecution and penalisation of offenders.

Fraud Control and Corruption Prevention Strategy means a document outlining Council's anti-fraud and anti-corruption strategies.

Internal Control means an existing process, policy, device, practice or other action that acts to minimise the risks or enhance positive opportunities.

Misconduct or Corrupt Conduct means conduct, or an attempt to engage in conduct, of or by an employee that is or involves –

  i) a breach of a code of conduct applicable to the employee or

  ii) the performance of the employee's functions or the exercise of the public officer's powers, in a way that is dishonest or improper or

  iii) a misuse of information or material acquired in or in connection with the performance of the employee's functions or exercise of the employee's powers or

  iv) a misuse of public resources in connection with the performance of the employee's functions or the exercise of the employee powers, or

Conduct, or an attempt to engage in conduct, of or by any employee that adversely affects, or could adversely affect, directly or indirectly, the honest and proper performance of functions or exercise of powers of another employee's. (Adapted from Integrity Commission Act 2009)

POLICY STATEMENT

Objectives

The objectives of this policy are to:

- support high standards of professional conduct and honest and ethical behaviour within Council

- minimise the risk of fraudulent practices or corrupt conduct occurring within and being perpetrated against Council

- protect Council's assets, public image and reputation

- ensure an ethical culture within the Organisation

- identify fraud risk exposures and establish procedures for prevention, detection and response, and

- ensure aldermen and employees are aware of their responsibilities in relation to ethical conduct.

Roles and Responsibilities

Fundamental to sound fraud management is an overall governance structure that appropriately reflects the operating environment of Council. Accountabilities and responsibilities for fraud management are summarised as follows:

Governance Structure	Responsibilities
Aldermen	• ensuring that Council assets are safeguarded from fraud and corruption and that Council's powers, duties and responsibilities are exercised in an open, fair and transparent manner • endorsing and supporting all policies and measures taken to prevent, deter, detect and resolve instances, or suspected instances, of fraud or corruption throughout the Council
General Manager and Directors	• ensuring appropriate policies and procedures are in place to prevent (controlling or mitigating the risk of) and investigate fraud and/or corruption • reviewing all instances of reported fraud including the appropriateness and adequacy of actions resulting from investigation and changes to prevent future recurrence
Audit Panel	• reviewing Council's Risk Management Policy, Directive and associated procedures for the effective identification and management of financial and business risks, including fraud risks • overseeing the process of developing and implementing the Fraud Control and Corruption Prevention Framework, to provide assurance that Council has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information
Managers	• understanding and supporting the Fraud Control and Corruption Prevention Framework and providing staff under their management with the necessary information to implement its controls and its planned activities • identifying and understanding the risks of fraud within their departments • implementing and maintaining appropriate internal controls to reduce risks to an acceptable level

Governance Structure	Responsibilities
	• promoting the importance of ethical conduct and compliance with the Code of Conduct and related policy and procedures, setting and enforcing acceptable standards of behaviours • receiving and passing on reports of suspected fraud in accordance with Council's Fraud and Corruption Control Plan • formally considering ongoing commercial relationships with contractors or third parties when it is deemed that there is a heightened risk of fraud in continuing to deal with that party
Employees/Contractors/ Volunteers	• be vigilant in their work to prevent and detect fraud • report any suspected fraud of which they become aware or suspect on reasonable grounds • assist in any investigations of fraud as required • refrain from any activity that is, or could be perceived to be victimisation or harassment of a person who makes disclosure of reportable conduct
Internal Auditor	• undertaking an independent and objective appraisal, and providing their recommendations to management about a full range of business functions and operations undertaken by Council, including the adequacy of Council's fraud control and corruption prevention strategies
External Auditor	• ensuring that the risk of fraud is considered as part of the annual auditing of the Council's financial statements in accordance with Auditing Standard ASA 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report

Council's Fraud Control and Corruption Prevention Policy Statements

• Council has zero tolerance for any form of fraud, misconduct or corrupt conduct in any of its activities.

• Council is committed to maintaining a culture of honesty and integrity and fostering an ethical environment and culture.

• Council will ensure that effective internal control mechanisms are in place to mitigate the impacts of fraudulent and corrupt conduct by reducing the incidences of, improving the detection or and reducing losses and damages which may occur to Council as a result of fraud or corrupt conduct.

• Everyone in Council has a role to play in identifying potential fraud and corruption and initiating appropriate responses.

• Council expects everyone in the organisation to assist in preventing fraud and corruption by:

- o understanding the responsibilities of their position

- o familiarising themselves with, and adhering to, Council's policies, procedures and directives

- o understanding what behaviour constitutes fraudulent and/or corrupt conduct

- o maintaining an awareness of Council strategies implemented to minimise fraud and corruption

- o being continuously vigilant to the potential for fraud or corruption to occur, and

- o reporting suspected or actual occurrences of fraud or corruption in accordance with the Framework.

- Council's Fraud Control and Corruption Prevention Policy is part of Council's overarching Fraud Control and Corruption Prevention Framework for preventing, detecting, and responding to fraud and corruption. The documents within this framework are this Policy, the Strategy, and any associated procedures.

- Council will investigate all instances of fraud and / or corruption and liaise with the relevant authorities.

- In the event that an investigation indicates that a criminal offence may have been committed, any information obtained by Council will be referred to the Police.

- False allegations of suspected fraud or corrupt conduct with the intent to disrupt or cause harm to another may be subject to disciplinary action in accordance with the provisions in Council's Code of Conduct.

- If an investigation report concludes there has been a breach of the Council's Code of Conduct, or any other applicable procedure, action will be taken in line with the Code. Any situation where it has been established that an employee has committed a fraudulent or corrupt act will result in the immediate termination of employment.

BACKGROUND

Fraud and corruption can have a significant operational, financial, social and reputational impact on Council and the Glenorchy community.

Fraud and corruption can:

- disrupt business continuity

- waste resources, including management time

- reduce the quality and effectiveness of critical services

- threaten the financial stability of Council, and

- damage Council's public image and reputation.

Examples of fraud and corruption include (but are not limited to):

- hacking into, or interfering with the Council's computer system

- using the Council's computer systems to gain access to other systems without authority

- using forged or falsified documents to affect a transaction

- charging the Council for goods or services that are incomplete or not delivered

- theft, or improper use or disposal of assets

- receiving money, gifts or benefits in return for purchasing goods or services from certain suppliers

- receiving gifts/benefits for preferential outcomes in relation to awarding of contracts, and

- theft of revenue that is due to the Council and/or associated stakeholders.

The risk of fraud and corruption can come from inside the Council (employees, consultants, contractors), or from external parties (i.e., clients, consultants, service providers or members of the public). Council must be alert to the risk of fraud through collusion between internal and external parties (e.g., bribery, corruption and abuse of office).

DOCUMENT CONTROL

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