

Title	Fraud Control and Corruption Prevention Policy
Version	1.1
Council Resolution	Item 11, 29 January 2019
Responsible Directorate	Corporate Governance
Due for Review	Four (4) years from Council Resolution Date
Strategic Plan Reference	<u>Leading our Community</u> 4.1 Govern in the best interests of our community 4.1.1 Manage Council for maximum efficiency, accountability and transparency.
ECM	Council policy

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, including General Manager, Directors and Managers, 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.

STATUTORY REQUIREMENTS

Acts	<i>Local Government Act 1993 – Part 2 Div 3A , Part 5, Part 8 Div 4, Financial Management and Audit Act 1990 Integrity Commission Act 2009 Public Interest Disclosure Act 2002</i>
Regulations	<i>Financial Management and Audit Regulations 2013 Public Interest Disclosures Regulations 2013</i>
Australian/International Standards	AS 8001:2008 Fraud and Corruption Control

DEFINITIONS

Corruption	Includes, but is not limited to, dishonest activity in which a person acts contrary to the interest of the organisation in order to achieve some gain or advantage, or to avoid loss or disadvantage, for the employee or for another person or entity. Corruption can include, but is not limited to, behaviour such as fraud, deception, misuse of a position or authority. (adapted from AS 8001-2008 - Fraud and Corruption Control)
-------------------	--

<p>Fraud</p>	<p>Dishonestly obtaining a benefit or causing a loss by deception or other means. This includes, but is not limited to:</p> <ul style="list-style-type: none"> • 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 licences • 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 <p style="text-align: right;"><i>(adapted from the Commonwealth Fraud Control Guidelines)</i></p>
<p>Employee</p>	<p>All employees of Council, whether employed on a permanent, temporary, or part-time basis and includes volunteers and employees of businesses and entities contracted to provide services to, or on behalf of Council.</p>
<p>Fraud Control and Corruption Prevention</p>	<p>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.</p>
<p>Fraud Control and Corruption Prevention Strategy</p>	<p>A document outlining Council's anti-fraud and anti-corruption strategies.</p> <p style="text-align: right;"><i>(adapted from AS 8001-2008, Fraud and Corruption Control)</i></p>
<p>Internal Control</p>	<p>An existing process, policy, device, practice or other action that acts to minimise negative risks or enhance positive opportunities.</p> <p style="text-align: right;"><i>(adapted from AS 8001-2008, Fraud and Corruption Control)</i></p>
<p>Material Loss</p>	<p>For a Council asset, means:</p> <ul style="list-style-type: none"> • for money, a loss of more than \$500, or • for any other asset, a loss valued by the General Manager at more than \$1,000.
<p>Misconduct or Corrupt Conduct</p>	<p>Conduct, or an attempt to engage in conduct, of or by an employee that is or involves –</p> <ol style="list-style-type: none"> 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's powers, or

	<p>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 – but does not include conduct , or an attempt to engage in conduct, by an employee in connection with a proceeding in Parliament.</p> <p>(adapted from <i>Integrity Commission Act 2009</i>)</p>
--	---

POLICY STATEMENT

Introduction

This policy outlines Council's objectives to increase the awareness and mitigate the occurrence of Fraud and Corrupt conduct.

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 effect 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 inside and external parties (e.g., bribery, corruption and abuse of office).

Objectives

This policy and its associated controls provide the basis for Council to protect public money and property, effectively deliver services to the community, and to protect the integrity, and the good reputation and effectiveness of the Council and its staff. This includes reducing the risk of fraud occurring, discovering and investigating fraud when it occurs, and taking corrective action appropriate to the degree of fraudulent behaviour.

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
- ensure the General Manager and Director’s commitment to 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • reviewing policies and procedures 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	<ul style="list-style-type: none"> • 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 and Corruption Control Plan, to provide assurance that Council has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information
Manager	<ul style="list-style-type: none"> • understanding and supporting the Fraud Control and Corruption Prevention Strategy and providing staff under their management with the necessary information to implement that Strategy 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 • 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

Governance Structure	Responsibilities
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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:
 - understanding the responsibilities of their position
 - familiarising themselves with, and adhering to. Council's policies, procedures and directives
 - understanding what behaviour constitutes fraudulent and/or corrupt conduct
 - maintaining an awareness of Council strategies implemented to minimise fraud and corruption
 - being continuously vigilant to the potential for fraud or corruption to occur, and
 - 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 a material loss that has occurred or is suspected to have occurred, as well as any suspected instance of fraud or corruption.
- 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.
- Council will adopt a Fraud Control and Corruption Prevention Strategy.