

Fraud and Corruption Control Policy

Major Council Policy



RURAL CITY OF WANGARATTA

Responsible Officer: Manager People and Governance Authorising Officer: Director Corporate Services	Policy Type:	Major Council Policy
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	Approved By:	Council
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STATEMENT AND PURPOSE

This Policy outlines Council's commitment to fraud and corruption control and its approach to preventing, detecting, reporting and taking appropriate action in instances of fraud and corruption.

SCOPE

This policy applies to all Councillors, Council staff and Associates of Council.

Associates of Council extend to include contractors working in-house, staff on exchange, members of Special Committees, members of Advisory Committees, volunteers, work experience students, or graduate placements who perform work for Council, as well as external suppliers and other contractors and subcontractors.

POLICY

Council has a zero tolerance for fraudulent and corrupt acts and is committed to protecting its community, revenue, expenditure, property and people from fraudulent and corrupt activity by taking a systematic approach to the control of fraud and corruption.

Council's commitment to fraud and corruption control will be managed by ensuring that:

- fraud and corruption risks are identified and controlled;
- fraudulent and corrupt activity is prevented;
- conflicts of interest are avoided;
- auditing systems are in place to deter and/or identify fraudulent and corrupt activities;
- the community, Councillors, staff and Associates of Council are encouraged to report any instances of fraud or corruption via the Complaints Procedure, the Protected Disclosure Procedure, or to a relevant external body such as the Independent Broad-based Anti-corruption Commission.

Council has established an organisational culture where transparency, accountability, integrity and stewardship are embraced. Council will ensure all Councillors, staff and Associates of Council have a clear understanding of expectations in relation to fraud and corruption, and the process for reporting incidents.

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DEFINITIONS

1. Corruption

The Australian Standard AS 8001-2008 Fraud and Corruption Control defines corruption (adapted for Council) as:

Corruption is a dishonest activity in which a Councillor, staff member, or Associate of Council acts contrary to the interests of Council and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or entity.

Examples include:

- dishonestly using influence;
- misusing information or material acquired at work;
- conspiring, or attempting to engage in, corrupt activity;
- improper or unlawful actions;
- misuse of power to harm, oppress or disadvantage a person;
- failure to disclose a conflict of interest;
- unauthorised accessing of confidential information from Council databases.

2. Fraud

The Australian Standard AS 8001-2008 Fraud and Corruption Control defines fraud as:

Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

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

- theft of plant and equipment;
- theft of inventory;
- false invoicing (creating a fictitious invoice claiming payment for goods or services not delivered, or exaggerating the value of goods delivered or services provided);
- theft of funds or cash;
- accounts receivable fraud (misappropriation or misdirection of remittances received by an entity from a debtor);
- credit card fraud involving the unauthorised use of a credit card; or a credit card number issued to another person; or the use of stolen or fraudulently generated credit card numbers by merchants;
- 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;
- misuse of position in order to gain some form of financial advantage;

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- deliberate over-ordering of materials or services to provide some for non-work related purposes;
- failure to follow Council's procedures for engagement of staff, consultants or contractors in order to obtain a greater financial benefit for the individual, and a personal benefit for the recruiting manager;
- submission of fraudulent applications for expense reimbursement;
- payment of fictitious staff or suppliers;
- falsification of time records;
- unauthorised amendment or correction to previously authorised forms;
- damage, destruction or falsification of documents for the purpose of material gain;
- failure to disclose a conflict of interest in the performance of duties as a Councillor, staff member, or Associate of Council;
- any computer related activity involving misappropriation of Council-owned software, or the alteration, destruction, forgery or manipulation of data for fraudulent purposes;
- misrepresentation of qualifications, skills, knowledge or experience in order to secure an employment contract.

ROLES & RESPONSIBILITIES

Councillors

- Approve and understand the Fraud and Corruption Control Policy; and
- Display and promote ethical behaviour.

CEO

The CEO has ultimate accountability for fraud and corruption control within Council and must:

- ensure policies and procedures are in place and understood;
- establish appropriate governance structures, and monitor their effectiveness;
- report all instances of matters suspected on reasonable grounds to involve the misuse of public power or position to the Independent Broad-based Anti-corruption Commission (IBAC) which is mandated by the Independent Broad-based Anti-corruption Commission Act 2011 (Vic). This reporting is separate to the reporting of all Protected Disclosures;
- expeditiously report any suspected fraud or corruption event to other relevant agencies and the Audit Advisory Committee (AAC), as appropriate;
- commission an appropriate person(s) to investigate identified fraud or corruption events and to seek recovery of assets or other resources, if appropriate; and
- display and promote ethical behaviour.

Corporate Management Team (CMT)

- Ensure fraud and corruption control is embedded into the risk management framework; and
- Monitor the implementation of this policy;
- Display and promote ethical behaviour; and
- Assist with the management of any fraud or corruption events, as appropriate.

Managers and Co-ordinators

- Comply with this Policy and promote awareness and compliance with this Policy to their staff and Associates of Council;

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- Regularly identify and document fraud and corruption risk;
- Ensure strong fraud and corruption controls are present, regularly reviewed, and complied with in their area of responsibility;
- Educate their staff and Associates of Council about fraud and corruption controls and procedures; and
- Display and promote ethical behaviour.

Staff and Associates of Council

- Comply with this Policy;
- Assist in the identification of fraud and corruption-related risks;
- Safeguard Council assets and information against theft or misuse; and
- Report allegations of fraud or corruption.

Audit Advisory Committee (AAC)

- Review this Policy;
- Review the fraud and corruption risk controls and treatments reported to the AAC;
- Review reports on the investigation of fraud or corruption events and consider proposed mitigation actions to prevent recurrence; and
- Ensure fraud control is adequately considered in the Internal Audit Plan.

Protected Disclosure Co-ordinator (PDC)

- Receive allegations of fraud or corruption where the disclosure falls within the Protected Disclosure Act 2012 (Vic).

People and Governance Department

In conjunction with the Finance Department:

- monitor and review the risk register;
- provide reports on fraud and corruption risk controls and treatments to CMT and the AAC;
- assist in the investigation and recovery of any identified fraud or corruption events;
- update the Fraud and Corruption Control Policy; and
- maintain this Policy and associated procedure and providing training and advice to staff and Associates of Council.

PRIVACY

Strict confidentiality must be applied to any allegations of fraud or corruption and their subsequent investigation.

BREACHES

Council will ensure that all allegations of fraud or corruption are investigated confidentially, promptly and thoroughly.

Investigations will be undertaken in accordance with Council's Complaints Handling Policy and Procedure, or, if the discloser wishes to seek the protection of the Protected Disclosures Act, the Protected Disclosures Policy and Procedure will be used.

CONSEQUENCES OF ENGAGING IN FRAUDULENT OR CORRUPT CONDUCT

Councillors, staff and Associates of Council must be aware of Council's intention to:

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- take appropriate action against any person, or entity, involved in fraudulent or corrupt conduct, including disciplinary action, or termination of their contract of employment;
- report internal and/or external fraudulent or corrupt activity to police, or other appropriate external bodies; and
- refer to Police for potential prosecution of any party to the matter found to be involved in fraudulent or corrupt conduct.

Council may also pursue recovery of any financial loss through civil proceedings.

MONITORING AND EVALUATION

The Fraud and Corruption Control Policy will be monitored by CMT regularly and by the AAC every three years.

Changes to this Policy require Council approval.

REFERENCES

COUNCIL POLICIES

Complaints Handling Policy
Employee Code of Conduct
Gifts, Benefits and Hospitality Policy
Protected Disclosure Policy
Risk Management Policy

COUNCIL PROCEDURES

Complaints Handling Procedures
Fraud and Corruption Control Procedures
Protected Disclosure Procedures

LEGISLATION

Crimes Act 1958 (Vic)
Independent Broad-based Anti-corruption Commission Act 2011 (Vic)
Local Government Act 1989 (Vic)
Protected Disclosure Act 2012 (Vic)

AUSTRALIAN STANDARD

Australian Standard AS 8001-2008 Fraud and Corruption Control

REVIEW & APPROVAL

This Policy will be reviewed in three years from the date of endorsement, or as required by legislation, or if Council determines a need has arisen.