

COUNCIL POLICY



Fraud and Corruption	Document No:	SCS-010
	Approval Date:	
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	Approved By:	Council
Responsible Officer: General Manager Governance and Infrastructure	Trim Reference:	D16/30690
Authorising Officer: Chief Executive Officer		

1. Purpose

To confirm that Council will not tolerate fraudulent behaviour and to ensure that all Councillors and staff have a clear understanding of their responsibilities in regard to fraud control. The Policy provides guidance in relation to establishing a culture of proactive control, prevention, detection and response to fraud and corruption risk at Council.

2. Scope

Fraud control management procedures will be guided by this policy to establish a mechanism to:

- Ensure Councillors and staff are aware of their responsibilities in relation to ethical conduct.
- Protect Council's assets and reputation.
- Ensure a sound ethical culture at Council.
- Ensure management commitment to identifying risk exposures to fraud and for establishing procedures for control, prevention, detection and response.

3. Application

This policy applies to Councillors, Committee members, employees and contractors of the Surf Coast Shire Council. Where the matter is deemed to be a protected disclosure the Protected Disclosure Policy and Procedures will apply.

4. Definitions

Fraud As defined by the AS 8001 – 2008 is 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 after 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 for personal financial benefit.

Common types of fraud include:

- Theft (Section 74, Crimes Act 1958)
- Obtaining property by deception (Section 81, Crimes Act 1958)
- Obtaining a financial advantage by deception (Section 82, Crimes Act 1958)
- False accounting (Section 83, Crimes Act 1958)
- Falsification of documents (Section 83A, Crimes Act 1958)
- Secret Commissions (Section 176, Crimes Act 1958)
- Protected Disclosure Act 2012 (section 74 – Disclosure of information).

Corruption As defined by AS 8001 – 2008 is dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

Management Means the Chief Executive Officer, General Managers and Managers.

Protected Disclosure The Protected Disclosure Act 2012 provides that a person may confidentially disclose information that shows or tends to show:
(a) A person, public officer or public body has engaged, is engaging or proposes to engage in improper conduct; or
(b) A public officer or public body has taken, is taking or proposes to take detrimental action against a person.

5. Policy

Council is committed to the control, prevention, detection and investigation of all forms of fraud and corruption and has made a strong commitment across the Victorian local government to protect revenue, expenditure and property from fraudulent activity. The Council has a policy of zero tolerance towards fraudulent activity or behaviour by Council staff (including Councillors), staff and contractors, third party service providers, funding recipients and its clients.

5.1 Responsibility

The responsibility for managing the risk of fraud in Council rests with the Council, management, employees; section 86 Committee Members and contractors with all parties being required to exhibit to staff and clients, a genuine and strong commitment to fraud control.

5.1.1 Councillors / Committee Members

Councillors and section 86 Committee Members have a responsibility to abide by SCS-002 Councillor Code and need to keep this in mind when considering reports, making decisions and scrutinising Council's activities.

Council will support all policies and measures taken to prevent, deter, detect and resolve suspected instances of fraud.

5.1.2 Audit & Risk Committee

Council's Audit & Risk Committee has responsibility to review the Council's Fraud policy every two years and is appointed by Council to assist in protecting against fraud through promoting and monitoring an ethical culture throughout the Council.

Given the need for a comprehensive fraud control review process to be in place, Council's Governance & Risk Department will provide reporting against recommendations of relevant statutory authorities such as the Independent Broad-based Anti-Corruption Commission (IBAC), Victorian Auditor General's Office (VAGO), Ombudsman Victoria (OV) and the Local Government Investigations and Compliance Inspectorate (LGICI), in relation to fraud that also provides insights into any trends in fraudulent activity.

The Governance & Risk Department will report to the Executive Management Team (EMT) any identified fraud investigations and outcomes across Council. The General Manager Governance and Infrastructure will provide a written report on any fraud related investigation outcomes to the Audit & Risk Committee (in closed session). As an additional reporting measure, the Governance & Risk Department will also complete an Investigation Plan summary report at the conclusion of fraud-related investigations.

The report of any fraudulent behaviour will be dealt with in all instances as a report of a possible Indictable Offence and therefore will meet the criteria to be handled as a Protected Disclosure under the Protected Disclosure Act 2012. For a full description of the reporting framework, please refer to Attachment 1 and Attachment 2.

5.1.3 Management

Management is responsible for ensuring that a fraud control framework exists, including adequate internal controls to provide reasonable assurance for the control, prevention, detection and response to fraud and corruption risk.

Achievement of this is assisted by:

- Compliance with Council policies, procedures and regulations.
- Ensuring Councillors are aware of their obligations as included in SCS-002 Code of Conduct.
- Ensuring staff are aware of their responsibilities as included in HR-24 Code of Conduct and through adequate induction, training and supervision.

- Identification, assessment and control of fraud and corruption risks.
- Responding to issues raised by both the internal and external auditors.

5.1.4 General Manager Governance and Infrastructure / Chief Executive Officer

The General Manager Governance and Infrastructure is the fraud control officer and is responsible for implementing a fraud control framework.

The General Manager Governance and Infrastructure or Chief Executive Officer will be responsible for the initial receipt of information on suspected instances of fraud, and for maintaining an appropriate recording and tracking system to ensure that all instances of suspected fraud are satisfactorily resolved. All suspected cases or incidents of fraud are to be reported to the General Manager Governance and Infrastructure. The General Manager Governance and Infrastructure will promptly investigate such cases or incidents in accordance with the Fraud Control Procedure.

5.1.5 Employees / Contractors

Employees and contractors have a duty to make management aware of any concerns they have about the conduct of Council affairs or the use of Council assets and resources. Employees also have a responsibility to comply with HR-24 Code of Conduct. Any issues raised by staff members or contractors must be promptly investigated. Confidentiality of issues raised must also be maintained. Council has a Public Disclosure Coordinator with delegated powers in accordance with the Protected Disclosure Act 2012 to investigate fraud and protect people making disclosures from any unjust recrimination.

5.2 Education and Awareness

The likelihood and impact of fraudulent behaviour will be minimised by promoting a sound ethical culture. This approach reduces the risk of fraud, and allows greater reliance on the integrity of employees rather than on direct measures.

It is the responsibility of all Councillors, section 86 Committee Members, contractors and employees to set an example through ethical and prudent use of Council assets and resources. Staff and Councillors have a duty to advise management of any concerns they have about the conduct of Council affairs or the use of Council assets and resources.

The Fraud Control Policy will be brought to the attention of all current and new staff and will be included in the induction program. Staff with particular functional responsibilities such as cash handling, purchasing authority, payroll and account payable, will be given more comprehensive training relative to the inherent level of fraud risk in the job function. Depending on the level of risk, either annual or refresher training will be provided on an ongoing basis.

5.3 Fraud and Corruption Control Planning

Council will maintain a program for fraud control planning and review that defines how fraud and corruption risk will be managed. This will identify resources and include a program for internal audit activity. As part of this process, Council has in place a Fraud and Corruption Control Plan (FCCP) that identifies fraud and theft risks within Council. The identified risks within the FCCP will be included in Council's risk register and reported to EMT and the Audit & Risk Committee.

5.4 Fraud and Corruption Prevention

Management commitment to controlling fraud and corruption risk will be enhanced by provision of a risk management framework to identify risk exposures to fraud and corruption and will be supported by procedures for prevention and detection.

Council will maintain systems and procedures for prevention of fraud and corruption, including accountability, fraud and corruption risk assessment, maintenance of internal control systems and a culture of proactive control, prevention, detection and response to fraud and corruption risk.

5.5 Fraud Detection

Council has implemented the FCCP and a Protected Disclosure Policy and Procedure (MPR-045), including mechanisms for reporting incidents of suspected fraud and corruption.

5.6 Fraud Response

Council will maintain procedures for the investigation of detected or suspected incidents of fraud and corruption, disciplinary procedures and internal and external reporting requirements. In the event of an occurrence of fraud or corruption, Council will review policy and procedures, take correction action and make amendments as required.

Where there is suspicion that a fraud or theft has occurred or is occurring, the report should be made to the following persons:

- General Manager Governance and Infrastructure – the Protected Disclosure Coordinator
- Manager Governance and Risk – Protected Disclosure Officer
- Coordinator Governance and Procurement – Protected Disclosure Officer.

Protected disclosures about Councillors should be directed straight to IBAC.

5.7 Confidentiality

Council will take all reasonable steps to protect the identity of the person making the disclosure. Maintaining confidentiality is crucial in ensuring detrimental action against a person in reprisal does not occur and persons making disclosures should also be advised as such.

Council will ensure all files, whether paper or electronic, are kept in a secure room and can only be accessed by the Protected Disclosure Coordinator, Protected Disclosure Officers or welfare manager (in relation to welfare matters). All printed material will be kept in files that are clearly marked as a “Protected Disclosure Act matter” and warn of the criminal penalties that apply to unauthorised disclosure of information. Electronic records will be maintained under strict access controls.

Council will not email documents relevant to a protected disclosure matter and will ensure all phone calls and meetings are conducted in private.

6. Records

Records shall be retained for at least the period shown below.

Record	Retention/Disposal Responsibility	Retention Period	Location
Records documenting the identification of major instances of fraud that were resolved internally. Includes activities associated with the disclosure of fraud.	Governance	Destroy 15 years after administrative use has concluded.	Surf Coast Shire or APROSS pending destruction. Electronic records should be maintained in readable format pending destruction.
Records documenting the identification of minor instances of fraud that were resolved internally. Includes activities associated with the disclosure of fraud.	Governance	Destroy 7 years after administrative use has concluded.	Surf Coast Shire or APROSS pending destruction. Electronic records should be maintained in readable format pending destruction.
Records documenting the identification of major instances of fraud that resulted in liaison with external bodies. Includes the report and investigation of fraudulent activities and records documenting liaison with law enforcement authorities.	Governance	Destroy 15 years after administrative use has concluded	Surf Coast Shire or APROSS pending destruction. Electronic records should be maintained in readable format pending destruction.

Records documenting the identification of minor instances of fraud that resulted in liaison with external bodies. Includes the report and investigation of	Governance	Destroy 7 years after administrative use has concluded.	Surf Coast Shire or APROSS pending destruction. Electronic records should be maintained in readable format
fraudulent activities and records documenting liaison with law enforcement authorities.			pending destruction.

7. Attachments

Appendix 1. Protected Disclosures – How the New Regime Works for Local Government

Appendix 2. Protected Disclosures – How to Make a Disclosure about Council, a Councillor or Council Employee

8. References

MPP-005 – Privacy and Data Protection

Privacy and Data Protection Act 2014

MPR-040 Protected Disclosures Policy and Procedures

Protected Disclosure Act 2012

ISO 10002 Australian Complaints Handling Standard

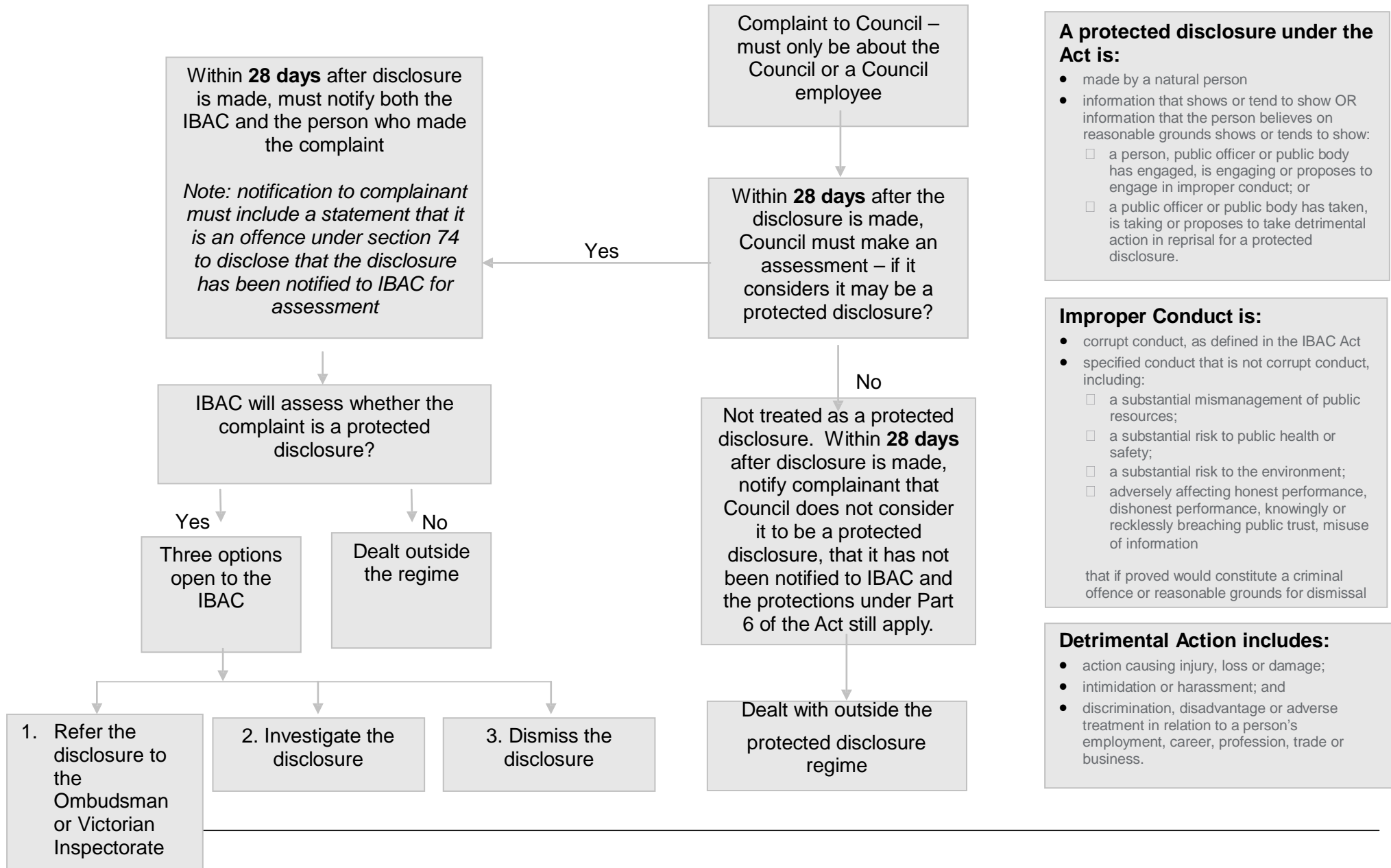
Crimes Act 1958

Crimes (Documentation Destruction) Act 2006

Fraud and Corruption Control Plan 2014

SCS-002 – Code of Conduct

Appendix 1 - Protected Disclosure Act – How the Regime Works for Local Government



Appendix 2 - Protected Disclosures – How to Make a Disclosure about Council, a Councillor or Council Employee

