

GREATER SHEPPARTON CITY COUNCIL FRAUD AND CORRUPTION CONTROL POLICY

Adopted by Council: 15 June 2021 (proposed)

Next Review: April 2025



FRAUD AND CORRUPTION CONTROL POLICY

Code:	15.POL.1
Version:	2
Business Unit:	Corporate Services
Responsible Officer:	Manager Corporate Governance
Approved By:	Chief Executive Officer
Adopted By:	Council
Adoption Date:	15 June 2021 (proposed)
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DOCUMENT REVISIONS

Version #	Summary of Changes	Date Adopted
2	Renamed Policy from Fraud and Corruption Policy to Fraud and Corruption Control Policy. Included section 5 Civil Action for Recovery of Losses to align with AS-8001-2008 Fraud and Corruption Control.	15 June 2021 (proposed)

PURPOSE

The purpose of this Policy is to demonstrate Council's commitment to the prevention, detection and investigation of any fraudulent or corrupt activity.

Greater Shepparton City Council is committed to protecting its revenue, assets, information and reputation from any attempt by internal or external parties to gain financial or other benefits through deceit.

OBJECTIVE

The objectives of this Policy are to:

- *Summarise the responsibilities and expected behaviours of Councillors, Council officers, contractors, volunteers and all other associated external parties of Greater Shepparton City Council with regards to fraudulent and corrupt activities;*
- *Protect Council's assets and reputation, staff and ratepayers;*
- *Provide a transparent, consistent approach to managing suspected fraud and corrupt activities; and*
- *Encourage, support and protect persons who report suspected fraud and corruption.*

SCOPE

This Policy applies to all Councillors, employees, volunteers, committee members and contractors of the Council.

The Policy document is enacted through the Fraud and Corruption Control Plan.

DEFINITIONS

Reference term	Definition
Contractor	Any organisation (including sub-contractors), agents or suppliers that provide works, goods and/or services to Council.
Corruption	Dishonest activity in which a Councillor, Executive Officer, Manager, employee, contractor or volunteer of Greater Shepparton City Council acts contrary to the interests of Council and abuses their position of trust to achieve some personal gain or advantage either for themselves or for another person or entity.
Council	Greater Shepparton City Council.
Council Staff Member	Includes a Council employee or officer, any person engaged by, or acting on behalf of Council such as a contractor or volunteer.
Fraud	Dishonest activity causing actual or potential financial loss to Council, including theft of monies or other property.

Reference term	Definition
IBAC	Independent Broad-based Anti-corruption Commission established under section 12 of the <i>Independent Broad-based Anti-corruption Commission Act 2011</i> .
Local Government Inspectorate	An independent agency that ensures Victorian Councils follow the <i>Local Government Act 2020</i> .
Public Interest Disclosure Coordinator (PIDC)	Refers to the Manager Corporate Governance.

POLICY

1. General Policy

Council, in collecting and expending revenue, and managing assets, has a responsibility to the community, ratepayers, government departments and other stakeholders for ensuring these resources are protected against the risk of fraud.

Council has a zero-tolerance towards fraud and corruption, this emphasized through a commitment to an organisational culture that prevents, detects and deters fraud and corruption.

Council will take action against any suspected acts of fraud or corruption, regardless of the position held by or relationship to any person who may become subject to investigation.

Council shall implement controls to reduce the possibility of fraud or corruption occurring. This shall include, but not be limited to, a fraud and corruption control plan, fraud risk assessment and auditing.

Council has zero-tolerance with regards to taking reprisals against those who come forward to disclose fraudulent or corrupt conduct.

2. Roles and Responsibilities

Responsibility for the prevention of fraud and corruption rests with all levels of management, Councillors, staff, volunteers and agency or contract staff who represent Council and who collectively must accept ownership of the controls relative to this Policy.

All parties must comply with this Policy.

All Councillors and council officers are responsible for:

- Safeguarding Council assets against theft, waste or improper use;
- Understanding what behaviour constitutes fraud or corruption; and
- Being vigilant and alert to any irregularities or indicators and reporting any suspected fraud or corruption by staff in accordance with Section 4 of this Policy.

a. Executive

The Executive have primary responsibility to:

- 1) Ensure that all parties are aware of their responsibilities in relation to fraud and corruption;
- 2) Implement and communicate Council's Fraud and Corruption Control Policy and Fraud and Corruption Control Plan; and

- 3) Be aware of irregularities and report suspected fraud in accordance with Section 4 of the Policy.

b. Managers

Managers are responsible to:

- 1) Provide guidance and instruction to all staff relative to their responsibilities and fraud reporting requirements;
- 2) Identify fraud risks that are relevant to their Department and ensure there are reasonable controls to identify and/or prevent fraudulent or corrupt activity;
- 3) After any incident of fraud within their Department, review systems and processes with a view to preventing future occurrences;
- 4) Monitor and actively manage excessive outstanding leave of staff in risk exposure areas;
- 5) Ensure that all contractors working for their Department are aware of Council's Fraud and Corruption Control Policy and that contractors' staff are aware of their responsibilities and unacceptable behaviour's;
- 6) Maintain effective auditing and reporting on key financial systems; and
- 7) Set an example and advise employees of the acceptability or otherwise of conduct that may compromise this Policy.

c. Manager Corporate Governance (Public Interest Disclosure Coordinator)

The Manager Corporate Governance is responsible to:

- 1) Control and update the Policy on Fraud and Corruption Control;
- 2) Receive reports of fraud and corruption and make a determination in each case of whether the Public Interest Disclosure Act 2012 applies;
- 3) Determine the need for a preliminary investigation of any allegation, and manage resources in relation to this;
- 4) Establish and manage a confidential filing system for reported incidents of fraud or corruption; and
- 5) Collate and report statistics on instances of fraud and corruption to the CEO and the Audit and Risk Management Committee.

d. Audit and Risk Management Committee (Committee)

The Committee is responsible for:

- 1) Monitoring Council's fraud and corruption control framework, including the development and implementation of the Fraud and Corruption Control Policy, Fraud and Corruption Control Plan, fraud risk assessment, fraud training and fraud investigation procedures; and
- 2) Monitoring actual instances of fraud and corruption, ensuring there is adequate review of procedures to address any weaknesses that have been exploited.

e. Risk and Assurance Team

The Risk and Assurance Team are responsible for:

- 1) Preparing and monitoring adherence to the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan;
- 2) Maintaining the fraud risk register;
- 3) Providing assistance with any fraud or corruption investigations as requested;
- 4) Providing assurance that fraud and corruption controls are operating effectively; and
- 5) Ensuring that appropriate insurance is in place.

f. Internal Audit

Internal audit is responsible to:

- 1) Act in an advisory capacity to assist Council in achieving good control processes, helping in fraud prevention;
- 2) Perform audits by suitably qualified people from relevant fields of expertise; and
- 3) Promptly report any suspected fraud or corruption by staff in accordance with Section 4 of the Policy.

g. External Audit

External audit is responsible to:

- 1) Promptly report any suspected fraud or corruption by staff in accordance with Section 4 of the Policy.

3. Public Interest Disclosure

Council is committed to the aims and objectives of the Public Interest Disclosure Act 2012 and will not tolerate the taking of reprisals against those who come forward to disclose fraudulent or corrupt conduct.

To support this process, Council has adopted the Public Interest Disclosure Policy.

No person acting on behalf of the Council shall take any of the following action against person, because they acted in accordance with the Public Interest Disclosure Policy.

- a. Dismiss, suspend, discipline or penalize an employee;
- b. Threaten to dismiss, suspend or discipline, an employee; or
- c. Intimidate or coerce an employee.

Violation of this will result in disciplinary action, including potential termination of employment and the potential for criminal prosecution.

4. Reporting

Reporting suspicion of unethical and / or fraudulent conduct is the responsibility of all Council officers, contractors and anyone involved within Council.

Where it is suspected that an act of fraud or corrupt conduct is occurring or has occurred, this should be reported to Council's Public Interest Disclosure Coordinator (Manager Corporate Governance), a Public Interest Disclosure Officer or the Director Corporate Services.

The Public Interest Disclosure Coordinator, or the Director Corporate Services will determine whether Public Interest Disclosure reporting requirements apply, or if internal fraud procedures are to be followed.

Where an internal investigation occurs, a report will be submitted to the Chief Executive Officer (CEO), or the Mayor, if the allegations are against the CEO.

If allegations are substantiated, the report will be forwarded to the Victorian Police, Local Government Inspectorate or IBAC as appropriate.

Summary statistics on instances of fraud and corruption will be reported to the CEO and the Audit and Risk Management Committee.

5. Civil Action for Recovery of Losses

Council is entitled to seek compensatory damages as a result of fraud or corruption. It is important that a process is in place to undertake such action. This includes the advertising of recovery action to be undertaken where clear evidence of fraud or corruption has occurred and will likely exceed funding and resourcing within Council.

The Public Interest Disclosure Coordinator and the Risk and Assurance team should coordinate any civil action taken by Council to recover losses incurred as a result of fraudulent or corrupt activity.

Examples where recovery of losses is likely to occur include:

- Cybercrime;
- Data theft;
- Hacking;
- Privacy breaches;
- On selling of information, etc.

The below outlines the process for seeking compensation for recovery of such losses.

- 1) Evidence of fraud or corruption has been identified whereby civil action for recovery of losses may be required;
- 2) Council's Public Interest Disclosure Coordinator will notify Council's insurance broker and provide all necessary documentation associated with the issue at hand;
- 3) Council's insurer will be notified by the broker;
- 4) Council's insurer contacts Council providing assistance and guidance through the process;
- 5) Council's insurer may advise whether a forensic scientist or fraud specialist is required to assist with the investigation;
- 6) Council to keep accurate and well-documented records to assist with recovery of loss; and
- 7) Records to be provided to Risk and Assurance to assist with managing claim.

RELATED POLICIES AND PROCEDURES

- *Councillor Code of Conduct*
- *Fraud and Corruption Control Plan*
- *Employees Code of Conduct*
- *Public Interest Disclosure Policy*
- *Councillor Gift Policy*
- *Employee Gift Procedure*

RELATED LEGISLATION

- *Public Interest Disclosure Act 2012*
- *Local Government Act 1989*
- *Local Government Act 2020*

REVIEW

The Manager Corporate Governance is to review this policy every four years to identify and implement improvements. Reviews may be undertaken sooner in response to changes in legislation or the organisation's requirements.

Peter Harriott
Chief Executive Officer

Date