



Policy:

**Fraud and
Corruption Control
2019**

INFORMATION ABOUT THIS DOCUMENT

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Document History

Doc No.	Date Amended	Details/Comments e.g. Resolution No.
#1115176	11/8/11	Draft Policy report to Council (Report No. #1116379)
#1137086	11/8/11	Adopted Res 11-636
E2018/71390	08/18	Drafted as per recommendation by Council's internal auditors OCM following an internal audit review of Council's fraud and corruption controls.
E2019/35229	28/02/19	Resolved 28/02/19 (resolution 19-30) – no submissions were received.

Further Document Information and Relationships

List here the related strategies, procedures, references, policy or other documents that have a bearing on this Policy and that may be useful reference material for users of this Policy.

Related Legislation*	Independent Commission against Corruption Act 1988 Local Government Act 1993 and General Regulation 2005 Public Interest Disclosures Act 1994 Crimes Act 1900
Related Policies	Code of Conduct (E2016/8002) Business Ethics Policy (DM1154351) Internal Reporting Policy (E2015/5497) Related Party Disclosures Policy (E2017/68145) Draft Information Security Policy
Related Procedures/ Protocols, Statements, documents	Fraud and Corruption Control Strategy

Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.



TABLE OF CONTENTS

1. STATEMENT	1
2. OBJECTIVES	1
3. SCOPE	1
4. DEFINITIONS	1
5. LEGISLATIVE AND STRATEGIC CONTEXT	2

1. STATEMENT

Council is committed to good governance and ethical behaviour as a key element of responsible, effective and accountable local government. Fraud and corruption control is a vital part of Council's governance framework and is the responsibility of Councillors, Management and all staff.

Fraud and corruption can harm Council's credibility, the public's confidence in Council and its operations, and Council's relationships with internal and external stakeholders. Fraud and corruption covers the prospect of loss or improper gain or benefit, both financial and non-financial.

It is recognised that Council has a responsibility to protect all of its resources and assets from fraud and corruption and to ensure that decisions and actions are free from any corruption. Fraudulent and corrupt conduct will therefore not be tolerated within or against the organisation and Council will take disciplinary or other actions as deemed necessary and appropriate

2. OBJECTIVES

The objectives of this policy are to ensure that Council will:

- take a risk management approach to the prevention, detection and investigation of fraudulent and corrupt conduct, in accordance with the ten attributes of an effective fraud control system, as identified in the Audit Office of NSW 2015 Fraud Control Improvement Kit;
- reduce or remove the potential for fraudulent or corrupt conduct on the part of its employees, contractors, clients and suppliers;
- detect fraudulent or corrupt conduct through the systematic processes articulated in Council's Fraud and Corruption Control Strategy;
- investigate or otherwise formally enquire into all instances of suspected fraudulent or corrupt conduct exposed as a result of Council's detection processes, or as a result of receiving an allegation of fraudulent or corrupt activities;
- manage, discipline or facilitate the prosecution of those responsible for incidents of fraud and corruption as appropriate; and,
- ensure the continuing organisational integrity and transparency of its operations.

3. SCOPE

This policy applies to all Councillors, employees, contractors of Council and to any person or organisation that acts for or represents Council.

4. DEFINITIONS

Corruption:

The Independent Commission Against Corruption Act 1988 (NSW) provides a definition of corruption which includes but is not limited to:

- any conduct of any person (whether or not a public official) that adversely affects, or could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority; or,
- any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions; or,
- any conduct of a public official or former public official that constitutes or involves a breach of public trust; or,
- any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.

Corruption Examples

- Payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver (e.g. building projects completed at an employee's private residence) and may relate to a specific decision or action by the receiver or generally.
- Release of confidential information for other than a proper business purpose in exchange for some form of financial benefit or advantage accruing to the employee releasing the information.
- Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
- Payment or solicitation of donations for an improper political purpose.
- Serious conflict of interest involving a Councillor, Director, Manager or employee acting in his or her own self-interest rather than the interests of the entity to which he or she has been appointed.
- Nepotism and cronyism where the appointee is inadequately qualified to perform the role to which he or she has been appointed.

Fraud:

Fraud is also corrupt conduct under section 8(2) of the Independent Commission Against Corruption Act 1988.

Fraud is defined in Australian Standards AS 8001-2008 as:

Dishonest activity causing actual or potential financial loss to any person or Council, including theft of moneys or other property or misuse of property/assets by employees or persons external to Council 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.

Fraud Examples

- Theft of plant, equipment or inventory by employees
- False invoicing (involving a staff member of Council or a person external to Council creating a fictitious invoice claiming payment for goods or services not delivered or exaggerating the value of goods delivered or services provided)
- Theft of cash or funds other than by way of false invoicing
- Accounts receivable fraud (misappropriation or misdirection of remittances received by Council from a debtor)
- Credit card fraud involving the unauthorized use of a credit card or 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
- Misuse of data for personal gain, including but not limited to private projects/secondary employment activities

5. LEGISLATIVE AND STRATEGIC CONTEXT

The relevant legislation associated with this policy are:

- Independent Commission against Corruption Act 1988
- Local Government Act 1993 and General Regulation 2005
- Public Interest Disclosures Act 1994
- Crimes Act 1900
- AS 8001-2008 Fraud and Corruption Control

The management of fraud and corruption control across the organisation is linked to Council's objectives contained in its Community Strategic Plan, particularly community objective 5: *'We have community led decision making which is open and inclusive'*, supporting strategy 5.2, *'Create a culture of trust with the community by being open, genuine and transparent'*.