

Strategy No. PP034

Fraud Prevention Strategy

1 INFORMATION ABOUT THIS STRATEGY

POLICY INFORMATION

Date Adopted by Board 24 October 2019	Resolution No. 19/090
Responsibility General Manager	
Review Timeframe 4 yearly	
Last Review N/A	Next Scheduled Review October 2023

DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
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FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

Related Legislation	NSW Local Government Act 1993 NSW Local Government General Regulation 2005
Related Policies	Fraud Prevention Policy PP024 Code of Conduct Internal Reporting Policy PP021
Related Procedures, Protocols, Statements and Documents	ICAC "Fighting Fraud: Guidelines for State and Local Government" Audit Office of NSW – "Fraud Control Improvement Kit" and "Fraud Control, Developing and Effective Strategy"

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3 PURPOSE

The purpose of this strategy is to provide:

1. An integrated and overarching strategy to control Fraud and Corruption risk at Council.
2. Context to guide and align all Fraud and Corruption management activities.
3. Context for evaluation and continuous improvement of Fraud and Corruption management activities at Council.

This strategy sets out Council's commitment to Fraud and Corruption control. It details Council's approach to planning and resourcing, prevention, detection, reporting and responding to Fraud and Corruption.

Effective implementation of this strategy will help to ensure public confidence in the integrity of Council.

4 SCOPE

This strategy sets out the commitment of the General Manager and Senior Management team to a Council that is free from fraud and corruption.

Everyone at Goldenfields Water (Councillors, Council staff, volunteers and contractors) is responsible and can contribute to ensuring Council business and operations are free from fraud and corruption.

5 PRINCIPLES

- **Accountability and transparency** - this strategy provides a framework for transparency and a system of accountability.
- **Prevention** – Council commits to ensuring that policies, procedures, processes and systems are in place to minimise the opportunity for fraudulent or corrupt activities by Councillors, Council staff, contractors and volunteers.
- **Detection and investigation** – Council is committed to investigating and taking appropriate disciplinary action where Fraud and Corruption is detected.
- **Reporting** – employees as well as members of the public are encouraged to report all reasonable suspicions of Corruption to the Independent Commission Against Corruption.
- **Resourcing** – Council is committed to ensuring appropriate resourcing is available to take proactive action to prevent Fraud and Corruption.
- **Risk management** – Council is committed to a risk management approach in the identification and management of Corruption risks.

6 DEFINITIONS

- **Corruption** - conduct that adversely affects the honest and impartial exercise of official functions, a breach of public trust by public officials and the misuse of public office for private gain. Fraud and Corruption are interrelated and represent the misuse of public office for private gain.
- **Council** - Goldenfields Water County Council.
- **Council Official** - defined in the Internal Reporting Policy.
- **Fraud** - an intentional dishonest act or omission done with the purpose of obtaining a financial or other benefit by deception.

The following are examples of fraud and corruption, but note that this list is not exhaustive:

1. Theft of Council plant or equipment,
2. Unauthorised use of Council plant, equipment or materials for private purposes,
3. Unauthorised disposal of Council assets,
4. Misuse of delegations of authority,
5. Inappropriate claims for allowances,
6. Claiming unworked time on timesheets,
7. Theft or misuse of confidential Council information,
8. False invoicing (creation of a fictitious invoice claiming payment for goods or services),
9. Obtaining benefits by use of a false identity or false qualifications,
10. Inappropriate solicitation or acceptance of gifts and benefits,
11. Payment or receipt of secret commissions (bribes),
12. Serious conflict of interest involving a Councillor or employee acting in his or her own self-interest rather than the interests of Council,
13. Manipulation of the tendering process by favouring one tenderer over another or selectively providing information to some tenderers,
14. Theft of Council materials, funds or cash,
15. Unauthorised use of Council corporate credit card.

7 COUNCIL'S ATTITUDE TO FRAUD AND CORRUPTION

Council aims to promote an organisational culture that will not tolerate any act of Fraud or Corruption. This strategy is designed to ensure this principle is put into practice.

The prevention of Fraud and Corruption requires that all Councillors, Council staff, volunteers and contractors act ethically, appropriately and in accordance with Council's Code of Conduct.

8 RESPONSIBILITIES

Person(s):	Responsibilities:
All Council Staff	<ul style="list-style-type: none"> • Performing their functions and duties in a professional and ethical manner, with care, diligence, honesty and integrity and in accordance with Council's Code of Conduct. • Completing training in accordance with adopted training schedule. • Reporting Corruption in accordance with Council's Internal Reporting Policy. • Following Council policies, procedures and systems. • Cooperating, participating and maintaining confidentiality in any Fraud and Corruption investigation to the best of their ability and responding to requests with a high priority.
Managers/Coordinators/Team Leaders – additional responsibilities	<ul style="list-style-type: none"> • Maintaining the strategic focus of Council's Fraud and Corruption strategy. • Leading by example and cultivating a culture within their team that supports high standards of ethical behaviour. • Ensuring that staff receive appropriate training. • Setting Council's Fraud and Corruption control priorities and approving Council's Fraud Prevention Policy and Fraud Prevention Strategy. • Ensuring Fraud and Corruption control management activities are effectively implemented. • Ensuring Fraud and Corruption control strategies are effectively communicated across the organisation. • Ensuring adequate resources are allocated to manage Fraud and Corruption, including monitoring, evaluation and reporting. • Ensuring that Council's Fraud Prevention Strategy is effectively implemented within their area of responsibility.
General Manager – additional responsibilities	<ul style="list-style-type: none"> • Ensuring this strategy, Council's Fraud Prevention Strategy and associated policies and procedures are effectively implemented. • Reporting any matter to the Independent Commission Against Corruption where there is a reasonable suspicion of corruption.

Person(s):	Responsibilities:
Councillors	<ul style="list-style-type: none"> • Performing their civic duties in a professional and ethical manner, with care, diligence, honesty and integrity and in accordance with Council's Code of Conduct. • Completing training at induction and throughout the Council term as required by the General Manager. • Reporting Pecuniary and Non-Pecuniary Interests as required. • Reporting Corruption in accordance with Council's Internal Reporting Policy. • Following Council policies, procedures and systems relevant to Councillors. • Cooperating, participating and maintaining confidentiality in any matters reported to them on a confidential basis.
Committees & Other Groups	
Audit & Risk Improvement Committee	<ul style="list-style-type: none"> • Oversee Council's Fraud Policy and Fraud Prevention Strategy. • Reviewing the Internal Audit Plan annually to ensure it appropriate addresses key Fraud and Corruption risks and that there is appropriate coordination with the external and internal auditors. • Submit recommendations to the General Manager to approve the Internal Audit Plan, reviewing its scope and progress and any significant changes to it, including any potential difficulties or restrictions on the scope of activities or implementing audit recommendations. • Receive annual and other periodic reports from Management and ensure findings contained within the reports are appropriately dealt with in future Internal Audit Plans.

9 FRAUD & CORRUPTION RISK REGISTER

All Managers will undertake a Fraud and Corruption risk assessment for their department every two (2) years with a view to maintaining a Fraud and Corruption Risk Register.

The Fraud and Corruption Risk Register aims to quantify the level, nature, and form of the risks to be managed and supports development of the Fraud and Corruption Control Plan and Internal Audit Plan.

10 COMMUNICATION AND AWARENESS

Council aims to ensure all Councillors and Council staff understand the minimum standards of behaviour required of them in accordance with Council's Code of Conduct as well as understand how to report suspected Fraud and Corruption in accordance with Council's Internal Reporting Policy.

Council will ensure a range of communication and awareness strategies are engaged to effectively communicate with Councillors, Council staff, volunteers and contractors about Fraud and Corruption prevention.

11 ETHICAL CULTURE

Council aims to ensure that:

- Managers lead a culture of ethical behaviour in the workplace
- All staff understand the ethical behaviours expected of them in the workplace
- Guidance material deals with the real-life situations, conflicts, and Fraud risks that staff face in their work areas.
- Regular employee surveys are conducted around culture and ethics and appropriate actions are taken to address findings and outcomes.
- Council aims to ensure it employs a workforce committed to ethical conduct.
- Council will ensure appropriate policy is in place requiring pre-employment screening, relevant to the role and position, for all prospective employees joining the organisation, including checking and enquiring as to confirm any information contained within a resume', including stated qualifications.

12 CUSTOMER, COMMUNITY AND SUPPLIER AWARENESS

Council aims to ensure that:

- There is awareness by customers, the community, and suppliers that the Council will not tolerate fraudulent or corrupt behaviour in its dealings
- The community, customers, and suppliers are aware of the consequences of such fraudulent or corrupt behaviour.
- Background checks of suppliers and customers are completed prior to doing business.

13 NOTIFICATION & DETECTION INITIATIVES

Notification Systems: Council has a fully implemented Internal Reporting Policy to ensure there are adequate means for reporting suspicious or known illegal/unethical/dishonest conduct, and that these means of reporting are widely known and available.

While the Internal Reporting Policy encourages internal reporting, it also provides information on external reporting to the NSW Ombudsman and Independent Commission Against Corruption.

If a Councillor, employee, volunteer or contractor has information or evidence which shows or tends to show Corruption by another Council Official, they should report it in accordance with Council's Internal Reporting Policy.

If a member of the public has evidence which shows corrupt conduct at Council, they should report it in writing to the General Manager or the Independent Commission Against Corruption.

Detection Systems: Council aims to detect Fraud and Corruption wherever possible and will continually look to implement systems aimed at quickly identifying instances of Fraud and Corruption, such as:

- Data mining,
- Ongoing fraud risk assessment,
- Ongoing internal audit processes,
- Ongoing review of internal controls,
- Ongoing review of documentation (contracts etc.),
- Identification of asset locations,
- Post transactional reviews.

14 INVESTIGATION

Where the General Manager receives information of alleged Fraud or Corruption or suspects Fraud or Corruption, the following actions may be taken:

- Investigating the matter as appropriate and ensuring procedural fairness (this may involve the use of both internal and external resources);
- Making a report to the Independent Commission Against Corruption and the Police, where appropriate.

Review of controls and processes:

- Where an investigation establishes Fraud or Corruption, the General Manager will ensure a review of internal controls directly relating to the Fraud or Corruption is conducted and improvements implemented where necessary.
- The General Manager will report the proposed improvements to the Audit & Risk Improvement Committee.

Insurance Policy and civil action:

- Council maintains an insurance policy for Fidelity Guarantee (Crime).
- The General Manager will ensure all appropriate claims (including insurance and civil action) are made to mitigate Council's losses.

Conduct and disciplinary action:

- All outcomes of Fraud and Corruption investigations are referred to Council's Human Resources for a decision on appropriate action.
- All disciplinary action to be conducted in accordance with the award or relevant contracts of employment.
- Confirmed serious instances of Fraud or Corruption may result in termination of employment and prosecution by police.

15 FRAUD & CORRUPTION CONTROL PLAN

Council will regularly assess its Fraud and Corruption control measures through a Fraud and Corruption Control Plan which documents:

- What Council is currently doing to prevent and manage Fraud and Corruption, and
- What Council plans to do to further prevent and manage Fraud and Corruption.

The Fraud Policy and Fraud Strategy will be reviewed every four years.