

Policy No. PP024

# Fraud and Corruption Prevention Policy

# Fraud and Corruption Prevention Policy

## 1 INFORMATION ABOUT THIS POLICY

### POLICY INFORMATION

<b>Date Adopted by Board</b> December 2020	<b>Board Resolution No.</b> 17/0777, 20/127
<b>Policy Responsibility</b> Corporate Services Manager	
<b>Review Timeframe</b> 4 yearly	
<b>Last Review</b> 12/2020	<b>Next Scheduled Review</b> 12/2024

### DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
	18/12/2020	Revise in accordance with NSW Audit Office Fraud Control Improvement Kit
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	

### FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

<b>Related Legislation</b>	<p>NSW Local Government Act 1993</p> <p>NSW Local Government General Regulation 2005</p> <p>Independent Commission Against Corruption Act 1988</p> <p>Public Interest Disclosures Act 1994</p>
<b>Related Policies</b>	<p>PP031 Code of Conduct</p> <p>PP021 Internal Reporting Policy</p> <p>PP034 Fraud Prevention Strategy</p>
<b>Related Procedures, Protocols, Statements and Documents</b>	<p>NSW Audit Office – “Fraud Control Improvement Kit”</p> <p>Australian Standard 8001-2008 Fraud and Corruption Controls</p>

## 2 TABLE OF CONTENTS

1	INFORMATION ABOUT THIS POLICY .....	2
2	TABLE OF CONTENTS .....	3
3	PURPOSE .....	4
4	SCOPE AND CONTEXT .....	4
5	DEFINITIONS .....	5
6	OBJECTIVES .....	5
7	RESPONSIBILITIES .....	5
7.1	COUNCILLORS .....	5
7.2	MANAGERS/COORDINATORS .....	5
7.3	COUNCIL STAFF .....	5
7.4	AUDIT, RISK AND IMPROVEMENT COMMITTEE .....	6
8	FRAUD AND CORRUPTION CONTROL .....	6
8.1	LEADERSHIP .....	6
8.2	ETHICAL FRAMEWORK .....	6
8.3	RESPONSIBILITY STUCTURES .....	6
8.4	FRAUD AND CORRUPTION CONTROL POLICY .....	6
8.5	PREVENTION SYSTEMS .....	6
8.6	AWARENESS .....	6
8.7	THIRD PARTY MANAGEMENT SYTEMS .....	6
8.8	NOTIFICATION SYSTEMS .....	7
8.9	DETECTION SYSTEMS .....	7
8.10	INVESTIGATION SYSTEMS .....	7

### 3 PURPOSE

Goldenfields Water County Council (Council) is committed to ensuring that it has in place appropriate systems, procedures and strategies to detect and limit the impact of any fraudulent or corrupt activity.

### 4 SCOPE AND CONTEXT

This policy applies to Council employees, Councillors and engaged external parties, including contractors, community representatives and consultants.

This document is the overarching policy statement in Council's fraud prevention framework. There are a number of components that form the strategy for fraud prevention. The below diagram summarises the components Council's Fraud Prevention framework.



## 5 DEFINITIONS

- **Fraud** - an intentional dishonest act or omission done with the purpose of obtaining a financial or other benefit by deception. The types of acts or omissions include, but are not limited to, theft, misappropriation, larceny, embezzlement, improper destruction or falsification of accounts or records, bribery, corruption or abuse of office, manipulation of information, causing a loss, or avoiding or creating a liability by deception.
- **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.

## 6 OBJECTIVES

- To promote an organisational culture that will not tolerate any action of fraud or corruption.
- To create an awareness of responsibilities in preventing and reporting instances of fraud within Council, ensuring high standards of ethical conduct are maintained.
- To protect public funds and assets.
- To protect the integrity and reputation of Council.

## 7 RESPONSIBILITIES

### 7.1 COUNCILLORS

- Perform civic duties in a professional and ethical manner, with care, diligence, honesty and integrity.
- Complete induction and training during Council term, as required by the General Manager.
- Report Pecuniary and Non-Pecuniary Interests as required.
- Report corruption in accordance with Council's Internal Reporting Policy.

### 7.2 MANAGERS/COORDINATORS

- Ensure mechanisms are in place to minimise the opportunity for fraud and dishonesty within their area of control.
- Leading by example and cultivating a culture within their team that supports high standards of ethical behaviour.
- Ensuring that staff receive appropriate training.
- Identify potential fraud risks, monitoring and reporting on the effectiveness of fraud strategies and internal control.

### 7.3 COUNCIL STAFF

- Perform duties in a professional and ethical manner, with care, diligence, honesty and integrity.
- Complete training as required.
- Report corruption in accordance with Council's Internal Reporting Policy.

## Fraud and Corruption Prevention Policy

### 7.4 AUDIT, RISK AND IMPROVEMENT COMMITTEE

- Oversee and provide advice on Council's Fraud Policy and Fraud Prevention Strategy.
- Review the Internal Audit Plan to ensure fraud and corruption risks are addressed.

## 8 FRAUD AND CORRUPTION CONTROL

### 8.1 LEADERSHIP

A successful fraud and corruption control framework is led by a committed and accountable board and management.

### 8.2 ETHICAL FRAMEWORK

Council has clear policies setting out acceptable standards of ethical behaviour. The Code of Conduct forms the basis of these standards. These policies are available to staff on the intranet and website. These policies are reviewed regularly to ensure they are up to date and compliant with relevant standards.

### 8.3 RESPONSIBILITY STRUCTURES

Responsibilities are outlined in this policy and the Fraud Prevention Strategy.

### 8.4 FRAUD AND CORRUPTION CONTROL POLICY

This policy does not operate in isolation and has strong links to the Code of Conduct. It sets out the system of fraud and corruption control and covers the responsibilities for managing fraud and corruption within Council.

### 8.5 PREVENTION SYSTEMS

The Council's prevention systems consists of the following features:

- Fraud Risk Register – maintained within Pulse and reviewed regularly.
- Fraud Prevention Strategy – contains key fraud and corruption control activities of Council.
- Ethical Workforce – commitment to employ staff that support Council's ethical values. Pre-employment screening is performed to verify information supplied in applications.
- IT Security Strategy – the ICT Policy and Governance Frameworks support Council's interests by defining requirements for safeguarding information assets and assuring the continued delivery of services.

### 8.6 AWARENESS

Council is committed to ensuring Councillors and staff understand minimum standards of behaviour required of them as well as how to report suspected fraud and corruption.

### 8.7 THIRD PARTY MANAGEMENT SYSTEMS

Council maintains internal controls relating to third party dealings. Controls include:

- Code of Conduct
- Statement of Business Ethics
- Tender Guidelines
- Segregation of duties
- Delegations of Authority

### **8.8 NOTIFICATION SYSTEMS**

Council requires staff and encourages members of the public to report known or suspected fraud and corruption. A report can be made by making a confidential Public Interest Disclosure in accordance with the Internal Reporting Policy.

### **8.9 DETECTION SYSTEMS**

Various internal controls are maintained including:

- Segregation of duties
- Approvals and authorisation
- Verification
- Reconciliations
- Management reviews
- Risk assessments
- Physical security
- Internal and external audits

### **8.10 INVESTIGATION SYSTEMS**

Council has established investigation procedures for when complaints are made. These are covered by the Administrative Procedures for the Code of Conduct, The Internal Reporting Policy and the Complaints Management Policy. Depending on the circumstances of the corrupt conduct, an internal investigation may be undertaken or the matter may be referred to an external body such as ICAC or the Ombudsman.