

Wagga Wagga City Council

FRAUD AND CORRUPTION PREVENTION POLICY

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RESPONSIBLE MANAGER	Manager Audit, Risk and Governance		
RESPONSIBLE DIRECTORATE	General Manager		
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2		Res No: 09/077	27 July 2009
3	August 2013	Res No: 13/224.1	26 August 2013
4	September 2014	Res No: 14/351	15 December 2014
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PART 1: INTRODUCTION

Council is committed to good governance, demonstrated by a robust and effective fraud and corruption prevention framework.

Council's risk appetite states, "...there is **no appetite** for internal fraud, corruption, collusion or theft." As such, Council's policy on fraud prevention is to clearly demonstrate to the public and staff that fraudulent acts against Council are unacceptable, may constitute a criminal offence and will be prosecuted, and to encourage staff and the public to provide information to Council if they suspect fraud is occurring.

1.1 Policy Objectives

- To promote an organisational culture that will not tolerate any action of fraud or corruption
- To ensure high standards of ethical and accountable conduct
- To protect public funds and assets
- To protect the integrity, security and reputation of Council and its staff

1.2 Scope of Policy

This policy applies to all Councillors, Council staff (full-time, part-time, temporary and casual), delegates, volunteers, contractors, consultants and customers.

1.3 Definitions

Fraud

Fraud is defined in Australian Standard AS8001-2008 Fraud and Corruption Control as:

"Dishonest activity causing actual or potential financial loss to any person or entity including theft of money or other property by employees or persons external to the entity 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."

A basic test for fraud could include the following questions:

- Was deceit employed?
- Was the action unlawful?
- Did it result in money/benefits being received to which a person was not entitled?

Some examples of fraud resulting in financial benefit include, but are not limited to:

- Unauthorised use of Council plant and equipment
- Theft of money or goods from Council or its customers
- Claiming unworked time on timesheets
- Providing confidential Council information to unauthorised people or organisations
- Allowing contractors to not fully meet contract requirements
- Obtaining benefits by use of a false identity or false qualifications

Corruption

Corrupt conduct is defined in Sections 8 and 9 of the *Independent Commission Against Corruption Act 1988* and is broadly:

- (a) any conduct of any person, including a Councillor official that adversely affects, or that 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
- (b) any dishonest or partial exercise of any official functions by a Council official
- (c) any conduct by a Council official that constitutes or involves a breach of public trust, or
- (d) any conduct of a Council 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.

Some examples of corrupt conduct include, but are not limited to:

- Bribery
- Obtaining or offering secret commissions
- Collusive tendering
- Defrauding the public revenue
- Voting on a development matter in which the Councillor has an undisclosed financial interest
- Selling confidential information
- Election fraud

Council official

Includes Councillors, members of Council staff, administrators, Council Committee members, conduct reviewers and delegates of Council (including but not limited to volunteers and contractors).

1.4 Legislative Context

- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- *Independent Commission Against Corruption Act 1988*
- *Public Interest Disclosures Act 1994*

1.5 Related Documents

- Fraud and Corruption Prevention Framework
- Fraud and Corruption Prevention Register and Action Plan
- Good Governance Framework
- Complaints Handling Framework
- Complaints Handling Policy
- Code of Conduct
- Code of Conduct Administrative Procedures
- Conflicts of Interest Policy
- Gifts and Benefits Policy
- Protected Public Interest Disclosure Policy
- Procurement and Disposal Policy
- Processing Development Applications lodged by Councillors, Staff and Individuals Policy
- Provisions of Information to and Interaction between Councillors and Staff Policy
- Public Access to Information Policy
- Use of Plant and Equipment Policy
- Risk Management Policy
- Risk Management Framework
- Australian Standard AS 8001-2008 Fraud and Corruption Control

PART 2: POLICY CONTENT

2.1 General Principles

1. Fraudulent acts against Council are unacceptable, may constitute a criminal offence and may be prosecuted
2. Council is committed to preventing fraud at its origin. Council believes that an emphasis on fraud prevention rather than fraud investigation will lead to a reduction of opportunities for waste, abuse and mismanagement
3. All Councillors and Council managers are responsible for fostering an environment that makes active fraud control a responsibility of all staff and for issuing clear standards and procedures to encourage the minimisation and deterrence of fraud
4. Council recognises that fraud prevention requires the maintenance of an ethical climate that encourages all staff to be active in protecting Council's funds and assets, and in reporting any breaches of accepted standards
5. Measures to prevent and detect fraud shall be continually monitored, reviewed, developed and reported
6. Council will investigate all reported instances of fraud or corrupt conduct as thoroughly as possible, with a commitment to following procedural fairness
7. Depending upon the circumstances of the fraud or corrupt conduct, an internal investigation may be undertaken or the matter may be referred to an external body such as the NSW Police, the ICAC or the Ombudsman
8. Any action taken against staff depends on the severity, scale and significance of the fraudulent or corrupt behaviour and must be determined in accordance with any relevant industrial instruments or contracts
9. Action taken against delegates and/or members of Council committees or volunteers depends on the severity, scale and significance of the fraudulent corrupt activity and may include censure, counselling, prosecution for any breach of the law, removing or restricting the person's delegation and/or removing the person from membership of the relevant Council committee
10. A breach of this Policy amounts to a breach of Council's Code of Conduct. Criminal action may be taken against any person found to be in breach of any relevant legislation.
11. Council is committed to the recovery of financial losses caused by fraudulent and corrupt activity, balancing the value of reducing the potential benefits to fraudsters and any deterrent effect against the cost of recovering losses where they exceed the value of that loss

2.2 Elements of Council's Fraud Control Policy

The standard identifies three elements of an effective fraud and corruption control strategy:

1. Structural Elements - Prevention
 - A sound ethical culture
 - Senior management commitment
 - Staff accountability and awareness
 - Code of Conduct
 - Policies and procedures
 - Periodic assessment of fraud and corruption risk
 - Stakeholder awareness
 - Pre-employment screening
 - Supplier and customer vetting
2. Operational Elements - Detection
 - Internal controls
 - Fraud detection program
 - Internal and external reporting mechanisms
 - Investigation processes
 - Internal audit
 - External audit
 - Analysis of report
 - Data mining
3. Maintenance Elements – Response & Reporting
 - Effectiveness reviews of internal controls
 - Monitoring of culture
 - Review of the Fraud and Corruption Action Plan
 - Policies and procedures
 - Investigations
 - Internal reporting and escalation
 - Disciplinary procedures
 - External reporting

- Recovery of losses
- Insurance
- Audit and Risk Committee

PART 3: POLICY IMPLEMENTATION GUIDELINES

The principles set out in this policy will be implemented and assessed through the provisions of Council's *Fraud and Corruption Register and Action Plan*.

Effectiveness of this policy shall be based on the number of complaints and results of investigations which shall be reported to Council's Audit and Risk Committee annually.

PART 4: REPORTING WRONGDOING

Wagga Wagga City Council maintains a strong commitment to ensuring an ethical workplace and has developed and published policies and procedures to facilitate the reporting of suspicions of corrupt conduct, maladministration or serious and substantial waste of public money. This guidance material assists staff to make protected disclosures in accordance with the *Public Interest Disclosures Act 1994*. It sets out:

- Procedures for making disclosures to Wagga Wagga City Council
- Procedures for making disclosures to appropriate external agencies
- Procedures for dealing with anonymous reports
- Protection for people making protected disclosures from reprisals that might otherwise occur because of their disclosures
- Provisions for disclosures to be properly investigated and dealt with

The Protected Public Interest Disclosure Policy and reporting system complements existing communication avenues between supervisors and staff. Staff are encouraged to continue to raise appropriate matters at any time with their managers, however as an alternative they have the option of making a protected disclosure.

Staff, members of the public, customers and other stakeholders can report suspicions of fraud or corruption by writing to the General Manager, Wagga Wagga City Council (or the Mayor if the matter involves the General Manager).