



Council Policy

16.2 - FRAUD AND CORRUPTION CONTROL POLICY

PURPOSE

Council has obligations and responsibilities, both legislatively and ethically, to prevent and detect fraud and corruption. This policy demonstrates Council's commitment to the prevention and control of fraud and corruption in all forms.

SCOPE

Council will establish and maintain an environment in which fraud and corruption is not tolerated, and stakeholders, including staff, contractors and volunteers are encouraged to actively protect Council's assets, reputation and ethical standing.

Council will take all reasonable steps to protect those who assist Council by providing information about suspected fraud and corruption. This will include confidentiality of identity and protection from harassment.

This policy will apply to Councillors, all Council employees including management, contractors and volunteers.

DEFINITIONS

The following definitions of fraud and corruption have been taken from *Australian Standard AS8001-2008 Fraud and Corruption Control*. However, where any reference is made to fraud in this or other related documents it should be interpreted as to include a reference to corruption also.

Fraud

"Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not 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.

The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered 'fraud' for the purposes of this document".

Corruption

"Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity. The concept of corruption within this document can also involve corrupt conduct by the entity, or person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly".

Note: Reference above to director, executive, manager, employee or contractor is a generic reference contained in this quoted definition.

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REFERENCES

1. *Public Interest Disclosure Act - 2012*
2. *Australian Standard – Fraud and Corruption Control 8001 - 2008*
3. *Local Government Act - 1989*
4. *Local Government Bill - 2019*

STATEMENT OF POLICY

Objective

To provide Councillors, Council employees, contractors and volunteers with clear direction on Colac Otway Shire's commitment to maintaining an environment in which fraud and corruption is not tolerated.

Implementation

In seeking to prevent fraudulent and corrupt activities it is important for Council to maintain an effective internal control environment, develop and foster an ethical culture amongst stakeholders, and to enhance awareness of the risk of fraud and corruption across all levels. This Policy will be implemented in association with three other key documents:

- A Fraud and Corruption Control Staff Guide which will be provided to all staff, explaining what fraud and Corruption is, how to recognise it and what to do if it is suspected.
- A Fraud and Corruption Control Plan which will contain the detailed elements of the Policy implementation, including an awareness and training program. The Fraud and Corruption Control Plan has been prepared in accordance with the requirements documented in Australian Standard – Fraud and Corruption Control 8001-2008.
- A Conflict of Interest Policy which explains the definition of a conflict of interest and the procedure that must be followed by Council officers when encountering a conflict of interest during the course of their duties. The Conflict of Interest policy has been prepared in accordance with the requirements of the Local Government ACT 1989, which specifies the actions that should be taken to resolve a conflict of interest should one occur.

Responsibilities

Personnel at all levels within Council have responsibilities in terms of fraud control and it is important that staff are aware of what these responsibilities are. A prerequisite for everyone is that all Council policies and procedures are complied with, including this Fraud and Corruption Control Policy. Specific responsibilities include:

Councillors

- Comply with the Code of Conduct for Councillors.
- Promote a genuine commitment to fraud control within Council.
- Ensure the highest standards of integrity and ethical leadership are maintained.

Executive Management (CEO & General Managers)

- Implement and promote the Fraud and Corruption Control Policy and Plan across Council;
- Establish and maintain an effective internal control environment;

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- Provide appropriate organisational resources to ensure proper implementation of the Fraud and Corruption Control Policy and Plan, including the establishment of a fraud and corruption awareness program;
- Investigate all reports of fraud and corruption in accordance with Council Policy;
- The General Manager Corporate Services will be responsible for fraud and corruption control and reporting from an organisational perspective, including the reporting of fraud or corruption to the CEO and the Audit Committee; and
- Comply with the Staff Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

Manager, Coordinators, Team Leaders and Supervisors

- Establish and maintain effective fraud and corruption management practices, systems, and procedures.
- Ensure that all staff understand their responsibilities through adequate supervision, written procedures and awareness training.
- Be aware of, and actively monitor, key fraud and corruption indicators and symptoms.
- Respond positively to matters raised by Internal and External Audit.
- Act upon all reports of fraud or corruption in accordance with this Policy and the Fraud and Corruption Control Plan.
- Comply with the Staff Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

Employees, Contractors and Volunteers

- Report suspected instances of fraud, corruption or misuse of Council assets and resources.
- Comply with the Staff Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

Audit Committee

- Monitor the implementation of the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan.
- Direct and guide the internal audit function and approve, monitor and manage the annual internal audit plan.
- Ensure appropriate internal audit coverage is given to fraud and corruption control issues.
- Liaise closely with internal and external audit and ensure issues and recommendations are appropriately actioned.

Internal Audit

- Evaluating organisational systems
- Improve the effectiveness of management and Corporate Governance
- Ensures sufficient internal controls are in place to protect Shire's assets and the integrity of information provided to management and Shire.
- Ensures adequate compliance with relevant laws/statutes and Shire's policies and procedures
- Ensures and evaluates functional areas are appropriately controlled.

External Audit

- Ensure councils annual reported financial performance is materially correct
- Ensures sufficient internal controls are in place to protect Shire's assets and the integrity of information provided to management and Shire.
- Ensures adequate compliance with relevant standards, laws, policies and procedures.

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Reporting of Fraud and Corruption

Reporting of fraud and corruption by employees is one of the main avenues from which fraud or corruption is uncovered. To assist with this, the Fraud and Corruption Control Staff Guide has been developed to provide employees with a broad understanding of what constitutes fraud or corruption and what red flags to look out for.

For fraud and corruption reporting to work successfully it is important that the reporting chain is clear and staff are aware of who they should be reporting to. The following table summarises the reporting chain, and this has also been incorporated into the Fraud and Corruption Control Plan and the Fraud and Corruption Control Staff Guide.

Activity Involving	Report To	Contact
A fellow employee	Departmental Manager	
	General Manager Corporate Services	5232 9416
	Manager Governance	5232 9453
Manager	General Manager Corporate Services	5232 9416
General Manager	Chief Executive Officer	5232 9454
Chief Executive	Mayor	Refer EA to General Manager Corporate Services on 5232 9400 for contact details
	Independent Chairman of the Audit Committee	Refer EA to General Manager Corporate Services on 5232 9400 for contact details
Mayor or Councillor	Chief Executive	5232 9454
	Independent Chairman of the Audit Committee	Refer EA to General Manager Corporate Services on 5232 9400 for contact details
Non staff member	Departmental Manager	
	General Manager Corporate Services	5232 9416
	Manager Governance	9205 2240

*Note that any complaint may be forwarded to IBAC or any other relevant integrity agency at any point, by either staff or management.

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All reports of fraud and corruption received should be reported to the General Manager Corporate Services for consideration and investigation. The General Manager is responsible for reporting the fraud and corruption allegation to the Manager People and Culture to ensure relevant Human Resource policies are being complied with.

Reports of fraud or corruption can be made anonymously if necessary and they will be investigated thoroughly. There should however, be reasonable grounds upon which a report of fraud or corruption is made.

Employees should also be aware of the provisions of the Public Interest Disclosure Act 2012 (PID Act) and Council procedures under this Act. A person is entitled to report suspicions of fraud or corrupt behaviour and receive the protections afforded by the PID Act. In such circumstances, referral to the Independent Broad-Based Anti-Corruption Commission (IBAC) or other investigating authority will follow the protocol as detailed in Council's Protected Disclosure Procedures.

Council has a legislative responsibility to comply with the protection clauses contained in this Act. Council's Protected Disclosure Procedures provide a statement which outlines Council's commitment to supporting the aims and objectives of the PID Act, as follows:

"Colac Otway Shire Council (Council) is committed to the aims and objectives of the Public Interest Disclosure Act 2019 (PID Act). It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

Council recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Council will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice, as defined in the PID Act to the person who is the subject of the disclosure".

If you are in any doubt as to the level of your protection you should read Council's Protected Disclosure Procedures or talk to the General Manager Corporate Services or Manager Governance.

All reports of fraud and corruption will be taken seriously and will be investigated in accordance with the Fraud and Corruption Control Plan.

Prosecution

Instances of fraud and corruption will be prosecuted in accordance with the detailed procedures documented in the Fraud and Corruption Control Plan. This may involve police investigation and criminal prosecution or civil action, at the discretion of the Chief Executive.

Further Information

If any employee requires further information on this policy or wishes to discuss any aspect of fraud and corruption or suspected fraud and corruption, they can contact:

- General Manager Corporate Services (5232 9416).
- Manager Governance and Communication (5232 9453).

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Policy Review

The Fraud and Corruption Control Policy shall be reviewed and adopted by Council at periods not exceeding 3 years.

RELATED DOCUMENTS

- Conflict of Interest Policy
- Fraud and Corruption Control Plan
- Fraud and Corruption Control Staff Guide
- Councillor Code of Conduct
- Protected Disclosures Procedure
- Staff Code of Conduct

DOCUMENT CONTROL

Policy owner	Fraud and Corruption Officer	Division	Corporate Services
Adopted by council	27 May 2020	Policy Number	16.2
File Number	D19/129365	Review date	May 2023

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