

# Fraud and Corruption Control Policy

## Purpose

Yass Valley Council (Council) is committed to minimising fraud and corruption in the workplace. To achieve this, Council will adopt and resource a fraud and corruption control framework that aligns to better practice.

## Scope

This policy applies to all Councillors, Council staff and contractors, and any other person who performs official functions on behalf of Council, such as volunteers.

## Definitions

Term	Meaning
Fraud	Dishonest activity causing actual or potential financial loss to any person or entity including theft of monies 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. <sup>1</sup>
Fraudulent conduct	The act of intentionally taking a dishonest action to obtain a benefit that would not have been received if honest action was taken.
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. <sup>2</sup>
Corrupt conduct	Corrupt conduct is deliberate or intentional wrongdoing, not negligence or a mistake.
Australian Standard 8001:2008	The Australian Standard that describes fraud and corruption controls

## Policy Principles

Council is committed to the prevention, detection, investigation of and recovery from any fraud and/or corruption events that impact on Council.

Fraud and corruption wastes scarce public resources and damages organisational reputation. Council does not, and will not, tolerate fraudulent or corrupt practices.

Council recognises the need for proper open and transparent democratic processes. This policy is intended to be consistent with the requirements of the *Model Code of Conduct for Local Councils in NSW 2020* in achieving that need.

<sup>1</sup> Australian Standard 8001:2008 Fraud and Corruption Control

<sup>2</sup> Australian Standard 8001:2008 Fraud and Corruption Control

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## Responsibilities

### All Councillors and Council staff

- The Model Code of Conduct for Local Councils in NSW (the Code) is the cornerstone of establishing an ethical framework whereby staff acknowledge and adhere to the Code at all times by acting ‘...honestly and exercise a reasonable degree of care and diligence in carrying out his or her functions.’<sup>3</sup>
- It is the responsibility of all Councillors and Council staff to adhere to this policy and execute their work with probity, accountability and transparency in order to prevent fraud and corruption in areas within their workplace.
- It is also the responsibility of all Councillors and Council staff to report any alleged or actual incidences of fraud and corrupt behaviour using relevant mechanisms in accordance with GOV-CP-15 Internal Reporting Policy.
- All Councillors and Council staff must ensure they undertake any relevant training relating to prevention, detection and action on fraud and corruption.

### Managers

Managers are responsible for implementing the Code and ensuring prevention of fraud and corruption in areas within their control. This must be achieved through:

- Completing training as and when required
- Promoting awareness of ethical conduct
- Leading by example
- Providing guidance and support to staff as necessary
- Ensuring access to relevant policies and procedures
- Ensuring reports of fraud and corruption are referred appropriately without any delay
- Maintaining confidentiality in accordance with Public Interest Disclosures Act 1994
- Ensuring staff who report are protected from reprisal
- Complying with actions taken by or required by investigating parties

### Governance Unit

The Governance Unit, working with the Audit Risk and Improvement Committee (ARIC) are responsible for ensuring the fraud and corruption resources work collectively, effectively coordinated, and fraud and corruption control outcomes are delivered.

The Manager Governance responsibilities include:

- Implementing, reviewing, maintaining, and updating policies on fraud and corruption
- Development of resources
- Investigations of alleged or actual fraud and corruptions
- Ongoing monitoring and improvement

### The General Manager

Under Section 11 of the *Independent Commission Against Corruption Act 1988* the General Manager ‘is under duty to report to the Commission any matter that the person suspects on reasonable grounds concerns or may concern corrupt conduct’<sup>4</sup>.

It is also the responsibility of the General Manager to:

- Encourage ethical culture by promoting zero tolerance to any form of fraudulent and corrupt behaviour
- Endorse policies, strategies and procedures pertaining to prevention of fraud and corruption
- Maintain legislative and regulatory compliance
- Have oversight of the risk assessments and mitigations

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<sup>3</sup> *Local Government Act 2009* s439

<sup>4</sup> *Independent Commission Against Corruption Act 1988* s11(2)

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## Fraud and Corruption Prevention

### Integrity and Leadership

One of the most effective form of fraud and corruption prevention is the establishment of an organisational culture which rejects fraudulent and corrupt practices. Commitment from Councillors and Executive Staff is essential in establishing a behaviour model for all staff, contractors or any other person working on behalf of Council

Council will establish and maintain a fraud and corruption resistant culture by:

- employing managers and supervisors who will be positive role models for ethical behaviour
- adopting and enforcing policies which emphasise the importance of ethical behaviour
- issuing clear standards and procedures to minimise opportunities for fraudulent and corrupt behaviour, and enhance detection mechanisms, and
- ensuring all staff are accountable for their own actions

### Employee Education and Awareness

Employees will be made aware of Council's ethical conduct expectations by:

- the inclusion of ethical conduct requirements in information packages for new employees
- an ongoing program of the inclusion of ethical behaviour expectations within all position descriptions for new and existing positions, and
- awareness training on a regular basis for all staff on the adopted Code of Conduct.

### Customer and Community Awareness

Fraudulent or corrupt conduct may be detected as a result of complaints from Council customers or other members of the public.

It is essential that the community understands the impact of fraudulent and corrupt conduct and the importance of exposing such behaviour. In order to increase community awareness and encourage the reporting of fraudulent and corrupt conduct, Council:

- publishes the Code of Conduct, Statement of Business Ethics and Complaints Policy on Council's website
- provides appropriate feedback to all persons who report suspected corrupt or fraudulent conduct on any action taken

### Regular Review of Policies and Procedures

Council is committed to the ongoing review of existing policies and procedures. The following policies will be reviewed every two years and a special review will be undertaken in the case of any incident of fraudulent or corrupt conduct.

- GOV-POL-5 Statement of Business Ethics
- GOV-CP-22 Fraud and Corruption Control Policy
- GOV-CP-7 Complaints Policy
- GOV-CP-15 Internal Reporting Policy
- CA-POL-4 Procurement Policy

### Delegations, authority and accountability

Council has established a management structure and the General Manager delegates functions to Council staff, based on their responsibilities and qualifications.

Staff have ready access to the organisation chart and the register of delegations.

These measures ensures staff have a clear authority to make decisions and take actions, and can be held to account for the decisions made and actions taken should they exceed the authority of the Council staff member.

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## Fraud and Corruption Detection

### Encouraging Disclosure

It is recognised that fraudulent activity will most likely be detected by employees of Council, and to a lesser extent, by members of the public. Council will encourage the reporting of fraudulent conduct by:

- the inclusion of training on fraud awareness and reporting procedures in the induction of new employees
- providing awareness training on a regular basis for all staff on Council's adopted Code of Conduct
- advertising on Council's website of the various methods by which members of the public may report instances of fraudulent conduct which they become aware of
- providing appropriate feedback to people who report suspected fraud on any action taken.

### Internal Audit

Council will minimise opportunities for undetected fraud or corrupt conduct through the development of an internal audit program to identify risk areas and to detect any problems with Council procedures which may lead an occurrence.

### External Audit

Council is required under s 415 of the *Local Government Act 1993* to have its financial reports audited. Under s 417 of the *Local Government Act 1993* Council is required to present both the external auditor's report and Council's audited financial reports to the Director-General of the Office of Local Government and the Australian Bureau of Statistics.

## Fraud and Corruption Investigation

Council recognises that it will not always be successful in its efforts to prevent fraud and corrupt conduct. It will therefore investigate all reported instances of fraud and corrupt conduct as thoroughly as possible. Depending on the circumstances of the alleged fraud or corrupt conduct, an internal investigation may be undertaken or the matter referred to an external body such as NSW Police, the ICAC, or the NSW Ombudsman.

Where an investigation is undertaken internally Council will ensure it is conducted in accordance with the *Australian Government Investigations Standards 2011*.

## Fraud and Corruption Recovery

Once a fraudulent act has been identified and the appropriate investigative actions commenced, at the appropriate time strategies and will be implemented to ensure Council recovers from the incident, including taking reasonable steps to recover lost financial or real assets and minimising the risk of the fraudulent act being repeated.

These may include strategic activities such as:

- consideration of the most appropriate financial recovery action such as seeking repayment or reparation payments in either a criminal or civil jurisdiction
- considering whether an insurance claim is possible and appropriate
- review and alteration of operating procedures
- additional training for employees, committee members, volunteers or contractors
- making other employees aware of the situation in general terms in order to discourage similar conduct in the future
- making the public aware of the incident and the actions Council and other authorities have undertaken to respond to the incident, to improve public confidence in Council, or
- improvements in the physical security of assets

If sufficient information is obtained during the course of an investigation indicating the intentional actions of a staff member(s) have engaged in fraudulent or corrupt conduct the matter will be referred to the Complaint Management Team who will consider the appropriate action to take in relation to the staff.

## Responsibilities and Review

The Governance Business Unit will

- Provide all necessary administrative support for the operation of this policy
- Develop and document any procedures for the effective implementation of this policy
- Review this policy every four years. The next review date is September 2025.

## References

<b>Legislation</b>	<i>Local Government Act 1993</i>
<b>Policies and procedures</b>	<i>Independent Commission Against Corruption Act 1988</i>
	Model Code of Conduct for Local Councils in NSW 2020
	GOV-POL-5 Statement of Business Ethics
	GOV-CP-15 Internal Reporting Policy
	GOV-CP-7 Complaints Policy
	CA-POL-4 Procurement Policy
	<i>Australian Government Investigations Standards 2011</i>
Australian Standard 8001:2008	

## Approval History

Stage	Date	Comment	MagiQ Reference
Original	11 July 2012	Adopted by Council	32969
Review	26 September 2018	Adopted by Council	32969
Review	22 September 2021	Adopted by Council	Min 197 Doc ID 32969

## Ownership and Approval

Responsibility	Role
Author	Manager Governance
Owner	Manager Governance
Endorser	Governance Unit
Approver	Council