



GOLDEN PLAINS SHIRE

ATTACHMENTS

**Under Separate Cover
Ordinary Council Meeting**

6.00pm Tuesday 26 November 2019

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FRAUD AND CORRUPTION CONTROL POLICY



Fraud and Corruption Control Policy

FRAUD AND CORRUPTION CONTROL POLICY

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FRAUD AND CORRUPTION CONTROL POLICY

1. PURPOSE

1.1 The purpose of this policy is to:

- 1.1.1 Establish a systematic approach for the prevention, detection and management of fraud and fair dealing in matters pertaining to fraud, including allegations of fraud.

2. SCOPE

2.1 This policy applies strategies to prevent, detect and deal fairly with matters pertaining to fraud which integrate the activity of management, staff and volunteers across all activities at Golden Plains Shire Council. This policy does not deny an individual from taking action under the terms of the industrial provisions prevailing at that time or the Protected Disclosures Procedures of Golden Plains Shire Council.

2.2 A disclosure under the Protected Disclosure Act 2012 may be made about:

- Improper conduct of public bodies or public officers; and
- Detrimental action taken by public bodies or public officers in reprisal against a person for the making of a protected disclosure.

3. POLICY STATEMENT

A key strategy in managing the risk of fraud and corruption within Golden Plains Shire Council (GPSC) is the implementation and maintenance of a sound ethical culture. GPSC will aim to ensure that it has a healthy and sustainable ethical culture.

While it is recognised that even the most stringent of governance frameworks may not prevent all fraud and corruption, this policy outlines responsibilities for the prevention, detection, investigation and reporting of such activity.

The Fraud and Corruption Control Policy provides the basis for various control strategies to address risk exposures associated with Fraud and Corruption and follows the guidelines of the Australian Standard 8001-2008, Fraud and Corruption Control (the Standard).

This Policy embraces the principles of the Standard and provides GPSC with an effective mitigation plan to address the relevant risk exposures of fraud and corruption across Council.

The Risk Register is an important tool to identify potential fraud and corruption risks across Council and establish appropriate controls and procedures to effectively mitigate these risks to a tolerable level.

FRAUD AND CORRUPTION CONTROL POLICY**4. PROCEDURES****4.1 Objectives**

- 4.1.1 To ensure that management is aware of its responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- 4.1.2 To provide guidance to employees and volunteers as to which action should be taken when they suspect any fraudulent activity.
- 4.1.3 To provide a clear statement to staff and volunteers forbidding any illegal activity, including fraud for the benefit of the Council.
- 4.1.4 To provide clear guidance as to responsibilities for conducting investigations into fraudulent activities.
- 4.1.5 To provide assurances that any and all suspected fraudulent activity will be fully investigated.
- 4.1.6 To provide adequate protection and guidance as to appropriate action to employees and volunteers in circumstances where there are / could be victimized as a consequence of reporting, investigating or being witness to fraudulent activities.
- 4.1.7 To provide a suitable environment for employees and volunteers to report matters that they suspect may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct.
- 4.1.8 To enable fraud exposures to be recorded in the risk register.

4.2 Chief Executive Officer's Responsibilities

The Chief Executive Officer accepts ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.

4.3 Director's Responsibilities

All Directors must take responsibility for the prevention and detection of fraud and for the implementation of the Risk Management Strategy. Similarly, managers, all staff and volunteers must share in that responsibility.

It is the responsibility of all Directors to ensure that there are mechanisms in place within their area of control to:

- Assess the risk of fraud;
- Promote employee and volunteer awareness of ethical principles subscribed to by Council;
- Educate employees and volunteers about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

FRAUD AND CORRUPTION CONTROL POLICY**4.4 Director Corporate Services' Responsibilities**

The Director Corporate Services is responsible for:

- Assisting Directors and Managers in strengthening internal controls;
- Serving as the official contact for reporting fraudulent acts;
- Conducting of necessary initial reviews;
- Managing of fraud incident review and analysis in a timely manner, including the completion of the fidelity 'Significant Incident Analysis';
- Communicating incidents, findings and recommendations for action to the Chief Executive Officer and the Audit and Risk Committee;
- Notifying police of incidents of fraud, unless deemed unnecessary;
- Developing a Risk Management Strategy;
- Recording of fraud exposures in the Risk Register and an annual review of the Risk Register;
- Developing and delivering of appropriate training programs for managers, other staff and volunteers relative to fraud; and
- Providing regular advice to managers as to literature (including abstracts thereof) relevant to fraud.

All complaints of suspected fraudulent behaviour will be thoroughly and carefully investigated, adhering to Council Policy 4.15 – Protected Disclosure and the Protected Disclosure Procedures. Provision for the protection of those individuals making the complaint, and natural justice to those individuals being the subject of such complaint will be provided.

4.5 Manager's Responsibilities

Managers should ensure that they:

- Display a positive, appropriate attitude towards compliance with laws, rules and regulations;
- Are reasonably aware of indicators/symptoms of fraudulent or other wrongful acts (e.g. by participation in relevant staff and volunteer training programs and/or consideration of relevant literature) and respond to those indicators as appropriate;
- Establish and maintain proper internal controls to provide for the security and accountability of Councils resources and prevent/reduce the opportunity for fraud, including;
 - Segregation of duties,
 - Suitable recruitment procedures,

FRAUD AND CORRUPTION CONTROL POLICY

- Internal checking,
 - Security (including physical and computer security),
 - Documentation of procedures,
 - Approvals within delegated authority,
 - Budget control,
 - Regular review of management reports,
 - Reconciliations,
 - Consideration of risk, and
 - Quality assurance.
- Are aware of the risks and exposures inherent in their area of responsibility, and
 - Respond to all allegations or indications of fraudulent or wrongful acts.

4.6 All Employees' and Volunteers' Responsibilities

Employees and volunteers are prohibited from conducting any intentional dishonest act or omission, including those that benefit Council. Employees and volunteers expected behaviours are defined in the IP 025 – Code of Conduct.

All employees and volunteers have the responsibility to advise their manager of facts which may give rise, at the time or later, to a conflict between their personal interest and the performance of their duties.

All employees and volunteers have the responsibility to report suspected fraud. Any employee or volunteer who suspects fraudulent activity must immediately notify the Director Corporate Services. In situations where a Director is suspected of involvement in fraudulent activity, the matter should be notified to the Chief Executive Officer. In any event, all staff, volunteers and the public are able to make a statement to the State Ombudsman.

4.7 Fraud Prevention

Additional to the fraud prevention strategies mentioned under specific areas of responsibilities, directors and managers must create an environment and culture in which employees and volunteers believe that dishonest acts will not be tolerated, and which will be fully investigated when they are suspected. To this end they must:

- Participate in in-house training programs covering fraud, fraud detection and fraud prevention;
- Ensure that employees and volunteers understand that the internal controls are designed and intended to prevent and detect fraud;
- Encourage employees and volunteers to report suspected fraud directly to those responsible for investigation without fear of disclosure or retribution; and

FRAUD AND CORRUPTION CONTROL POLICY

- As far as is practicable, require vendors and contractors to agree in writing as part of the contract process, to abide by Council's Policies and Procedures, and thereby avoid any conflict of interest.

Recruitment policy and practices underpin fraud prevention. All staff, volunteers and managers in particular, must support the human resource recruitment strategies aimed at fraud prevention, which include;

- Pre-employment Police checks, as per Council's Pre-employment Police Checks Standard Operating Procedure;
- Contacting previous employers, volunteer agencies and referees; and
- Verifying transcripts, qualification, publications and other certification or documentation.

5. RESPONSIBILITIES

Compliance, monitoring and review

- 5.1 This policy sits in the Directorate of Corporate Services, with the Finance Manager responsible for ensuring the policy:

- Reflects the current process and requirements;
- Is implemented and monitored (i.e. the policy is followed, reflects the changing policy environment, and emerging issues are identified); and
- Is reviewed to evaluate its continuing effectiveness (e.g. achieving its purpose, remains relevant/current.)

Reporting

- 5.2 Independent Broad Based Anti-Corruption Commission (IBAC)

From 1 December 2016, GPSC must notify IBAC of any matter which it suspects on reasonable grounds that corrupt conduct has occurred or is occurring. After receiving matters IBAC will assess the information and either choose to complete their own investigation, or refer it back to GPSC to complete an internal investigation.

- 5.3 Protected Disclosure Act 2012

The Protected Disclosure Act 2012 is designed to encourage people to come forward and make complaints by offering legal protection.

Records Management

- 5.4 Council must maintain all records relevant to administering this policy in accordance with the *Public Records Act 1973*.

FRAUD AND CORRUPTION CONTROL POLICY

6. DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Terms and definitions

Term	Definition
<i>Fraud</i>	<i>An intentional dishonest act or omission done with the purpose of deceiving</i>
<i>Corruption</i>	<i>A dishonest activity acting contrary to the interests of the entity and abuses a position of trust in order to achieve some personal gain or advantage</i>
<i>SMT</i>	<i>The Senior Management Team comprising the Chief Executive Officer, the Directors of Corporate Services, Community Services and Planning & Infrastructure</i>
<i>IP</i>	<i>Internal Policy</i>
<i>SOP</i>	<i>Standard Operating Procedure</i>

7. RELATED LEGISLATION AND DOCUMENTS

Local Government Act 1989

Protected Disclosure Act 2012

Australian Standard 8001-2008, Fraud and Corruption Control

8. REFERENCES

IP 625 – Code of Conduct

SOP 6046 – Code of Conduct

SOP 6006 – Pre-Employment Police Checks

Council Policy 4.15 – Protected Disclosures

Protected Disclosures of Golden Plains Shire Council

9. POLICY OWNER

9.1 Manager Finance is the policy owner.

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10. DOCUMENT INFORMATION

DOCUMENT TYPE:	Council Policy document
DOCUMENT STATUS:	Approved / Not Approved
DOCUMENT OWNER POSITION:	Manager Finance
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