Title	Fraud and Corruption Control Policy
Category	Council
Number & Version	SVC-EXE-PO-040-01
Owner	People, Culture and Governance
Status	FINAL
Endorsed by	General Manager
Approved by	Adopted by Council 22/11/2018
Effective date	22 November 2018
Due date for review	September 2020
	Every two years (as required by Audit Office of NSW)
Keywords	Fraud, corruption, prevention

Disclaimer

Please note that this policy may not be current as Snowy Valleys Council (Council) regularly reviews and updates its policies and procedures. The latest controlled version can be found in Council's Records Management System or contact Council's Coordinator Governance and Risk on policy@snowyvalleys.nsw.gov.au for a hard copy of the latest version. **A hard copy of this electronic document is uncontrolled***.*

Where there is a delegation identified in this policy, the reader will need to confirm if an alternative delegation exists in the Delegations Register. To the extent that there is any conflict perceived between the delegation/s identified in this policy and of those contained in the Delegations Register, then the delegation/s in the Delegations Register takes precedence. The General Manager will, if necessary, be the sole arbiter in resolving any issues of conflict.

1 PURPOSE

The purpose of this policy is to clearly demonstrate that Snowy Valleys Council (SVC or Council) does not and will not tolerate fraudulent practices either by its own employees or, contractors or others working for Council and will not tolerate others using fraudulent practices against Council, its employees or the functions and services its provides.

The public and other stakeholders have an expectation that Council will put in place appropriate systems to reduce the risk of fraud and corruption against Council. It is therefore a clear responsibility of Councillors, its executive officers, and every employee to prevent fraud and corruption. The consequences of fraud and corruption can result in a significant drain on Council's resources in undertaking investigations and can severely damage its reputation.

2 SCOPE

This policy complies with NSW Government legislation and guidelines for public interest disclosures and applies to:
- Councillors;
- All Council Employees;
- Individuals who are engaged as contractors working for Council; and
- Other people who perform public official functions on behalf of the Council, such as volunteers.

3 DEFINITIONS

Corruption – For the purposes of this policy, corruption and corrupt conduct will have the same meanings as defined in the Independent Commission Against Corruption Act 1988 (ICAC). Corrupt conduct means any conduct which could affect the honest or impartial exercise of official functions, or may be a breach of trust, or may involve the misuse of any Council information by any Council officer.

Employees refers to a person employed by Snowy Valleys Council (Council) and whose conditions of employment are covered by the Local Government (State) Award 2017 and includes persons employed on a permanent, temporary or casual basis. Employees also include Senior Officers whose conditions of employment are covered by a written agreement or contract with Council.

Fraud For the purpose of this Policy, fraud includes both tangible and intangible benefits such as information which may not be in documentary form. Fraud is defined in Australian Standard AS8001-2008 as:

> *"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."*

4 CONTENT

Council is committed to good governance and ethical behaviour as a key ingredient of responsible, effective, and accountable local government. A vital element of any good governance framework is an effective fraud and corruption prevention strategy.

Councillors and employees are to act in accordance with Councils *Code of Conduct* and Council's Values whilst undertaking Council related business. Councils Values include:

Respect - We build pride, respect and trust each day by working together, knowing that with trust comes accountability

Safety - We look out for each other and take proactive approach to health, safety and well-being, striving to improve our safety practices.

Integrity - We look to the future by doing what is right for our community and getting the job done.

This Fraud and Corruption Control Policy sets out Council's commitment to fraud and corruption control. It is based on the *Audit Office Fraud Control Improvement Kit* and details Council's approach to the prevention detection, and response to Fraud and Corruption.
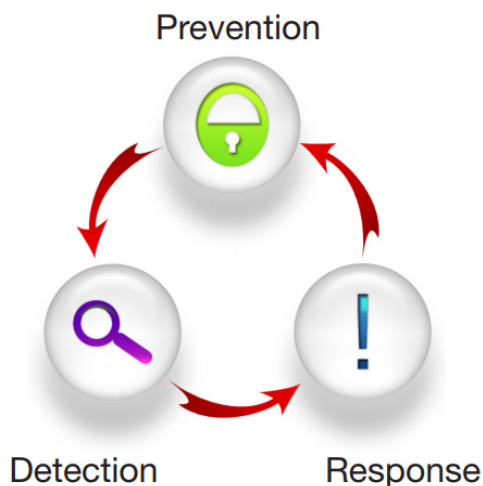
4.1   FRAUD PREVENTION

Organisational Integrity and Leadership
The most effective form of fraud prevention is the establishment of an organisational culture that rejects fraudulent and corrupt practices. Commitment from senior management and Councillors is essential in establishing a behaviour model for all Employees, committee members and volunteers. Council will establish and maintain a fraud-resistant culture by

(a) employing Directors, Division Managers and Coordinators who will be positive role models for ethical behaviour;
(b) adopting and enforcing policies that emphasise the importance of ethical behaviour;
(c) issuing clear standards and procedures to minimise opportunities for fraudulent and corrupt behaviour, and enhance detection mechanisms; and
(d) ensuring all Employees and Councillors are accountable for their own actions.

Employee Education and Awareness
Employees and Councillors will be made aware of Council's ethical conduct expectations by:

(a) The inclusion of this policy and the Code of Conduct in information packages for new employees and Councillors to inform new starters of ethical conduct requirements;
(b) The inclusion of ethical behaviour expectations and Code of Conduct competencies in the performance appraisal process for all Employees;
(c) Refresher awareness training for all Employees and Councillors on Council's Code of Conduct on a biennial basis; and
(d) An ongoing awareness initiative to inform Employees and Councillors when relevant corruption cases are made public, in order to educate and discourage corrupt and fraudulent behaviour

Employees with particular responsibilities, such as cash handling and purchasing authority, will be given specific training in approved cash handling and purchasing procedures.

Customer and Community Awareness

Fraudulent activity 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 activity and the importance of exposing such behaviour. In order to increase community awareness and encourage the reporting of fraudulent and corrupt conduct, Council will:

      (a) Publish the *Code of Conduct*, *Statement of Business Ethics,* and *Complaints Management Policy* on Council's website; and

      (b) Provide feedback to all persons who report suspected corrupt or fraudulent conduct on any action that has been taken.

Regular Review of Policies and Procedures

In addition to ongoing policy development directed at emphasising ethical behaviour and fraud prevention and detection, Council is committed to the ongoing review of existing policies and procedures. The following policies and procedures are to be included in those reviewed on a regular basis:

      (a) *Code of Conduct;*
      (b) *Fraud and Corruption Control Policy;*
      (c) *Complaints Management Policy;*
      (d) *Internal Reporting Policy;*
      (e) *Risk Management Policy;*
      (f) *Procurement Policy;*
      (g) *Disposal of Assets Policy.*

4.2 FRAUD DETECTION

Encouraging Disclosure

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

      (a) The inclusion of training on fraud awareness and reporting procedures in the induction of new employees and for Councillors at the beginning on a newly elected Council;

      (b) Refresher awareness training for all Employees and Councillors on Council's Code of Conduct and reporting of fraudulent and corrupt activity on a regular basis;

      (c) Advertising on Council's website of the various methods by which members of the public can report instances of fraudulent conduct that they may become aware of; and

      (d) Providing feedback to people who report suspected fraud on the action that has been taken

Internal Auditing

Council has an established an Audit, Risk & Improvement Committee to provide independent assurance and assistance on risk management, control and governance. The Committee has a yearly program of internal audits from which the recommendations are monitored.

Council will minimise opportunities for undetected fraudulent activity via a robust internal audit program. The General Manager shall establish and implement a detailed strategy and procedures, incorporating internal audit guidelines in order to give this policy effect. Such a program shall include:

      (a) Monthly audits of creditor master file changes;
      (b) Monthly audits of payroll master file changes;
      (b) Annual audits of financial system security;
      (c) Annual audits of cash float and petty cash balances;
      (d) Semi-annual stock takes of Council inventory;
      (e) Annual reviews of physical asset security;
      (f) Annual audits of compliance with adopted cash handling procedures; and
      (g) Implementation and monitoring of recommendations by Council's external auditors.

External Auditing

Council is required under section 415 of the *Local Government Act 1993* to have its financial reports audited and to present those audited financial reports to the Director General of the Office of Local Government, the Australian Bureau of Statistics and the public.

4.3 FRAUD RESPONSE

Fraud Investigation

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

Fraud Correction

Once a fraudulent act has been identified and investigated, strategies and procedures will be implemented to ensure that the act will not be repeated. This may include:

    (a) Disciplinary action and/or dismissal of employees, committee members, volunteers or contractors involved in fraudulent conduct;

    (b) Review and alteration of operating procedures;

    (c) Additional training for employees, Councillors, committee members, volunteers or contractors;

    (d) Making other employees and Councillors aware of the situation in general terms in order to discourage similar conduct in the future; or

    (e) Improvements in the physical security of assets. .

Non Compliance

Non-compliance with this policy may result in disciplinary action and/or dismissal.

5   RESPONSIBILITIES /ACCOUNTABILITIES

COUNCIL FRAUD AND CORRUPTION RESPONSIBILITY STRUCTURE			
General Manager	• Culture • Policy and Strategy • Business Risk • Corporate Governance • Compliance (legislative, regulatory, community) • Stakeholder value • Image		
	Directions and Division Managers	• Lead by example • Develop and implement fraud and corruptoin prevention strategies • Indentify and mitigate actual and potential corruption risks in the workplace • Monitor and review the effectiveness and mechanisms implemented to minimise and detect corruption • Demonstrate ethical conduct in all business dealings • Promote awareness of fraud and corruption prevention and ethical conduct in the workplace	
		Coordinators	• Promote awareness of ethical conduct and mechanisms to prevent corruption • Provide input into policies, procedures and instructions that relate to areas of risk • Provide ethical advice and support to employees • Monitor integrity of Fraud and Corruption Control Policy
		Employees and Councillors	• Ethical behaviour • Report suspected incidents of fraud and corruption • Compliance with fraud and corruption prevention controls including the Fraud and Corruption Control Policy

6   RELEVANT LEGISLATION

Public Interest Disclosures Act 1994 (PID Act)
Local Government Act, 1993
Independent Commission Against Corruption Act 1998

7   RELATED POLICIES/DOCUMENTS

Code of Conduct SVC-RP-STY-001
Complaints Management Policy SVC-COR-PO-037
Disposal of Assets Policy SVC-COR-PO-044
Internal Reporting Policy SVC-EXE-PO-039
Risk Management Policy SVC-RM-PO-003
Procurement Policy SVC-RM-PO-049

8   RELATED FORMS
Nil

9   SUPERSEDING POLICY / PROCEDURE NUMBER AND TITLE
Fraud Policy TSC-RM-PO-047-02 (former Tumbarumba Council policy)
Fraud and Corruption Prevention Policy Gov. 04 (former Tumut Council policy)

10   REVISION HISTORY

Date	Version Number	Activity log	Resolution Number	Resolution date
28/08/2018	1	Endorsed by ELT	-	28/8/2018
22/11/2018	1	Adopted by Council	M316/18	22/11/2018

11   CONTACT OFFICER

Position: Division Manager People, Culture and Governance

Section: People, Culture & Governance