

FRAUD CONTROL POLICY

POLICY NUMBER & TITLE:	GOV003	FRAUD CONTROL POLICY
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VERSION:	3.2	
ADOPTED MEETING DATE:	31 January 2022	
REVIEW DUE:	Four yearly or following change of legislation or incident	
VERSION AMENDMENTS:	Minor administrative amendments to reflect legislative and role change	
RESPONSIBLE DEPARTMENT:	Corporate Services	

POLICY OBJECTIVE

Council is committed to preventing fraud at its origin. Council will endeavour to foster an environment that makes active fraud control a responsibility of all Councillors and Staff. The objectives of this policy are to:

- Promote an organisational culture that does not tolerate fraudulent activity or corruption;
- Ensure high standards of ethical and accountable conduct;
- Protect public funds and assets; and

Protect the integrity, security and reputation of Council and its staff.

1. POLICY STATEMENT

The intent of this policy is to:

- ensure that Councillors and staff are aware of their responsibilities for identifying possible exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activities and/or detecting such fraudulent activity when it occurs;
- to provide guidance as to action which should be taken where fraudulent activity is suspected;
- to provide clear guidance as to the process of investigating fraudulent activities and to provide a suitable environment to report such matters.

This policy should be read in conjunction with Council's Code of Conduct, Statement of Business Ethics and Public Interest Disclosures Policy. Council's Code of Conduct together with the Statement of Business Ethics forms the framework providing ethical standards for the performance of actions by Council staff.

2. POLICY COVERAGE

This policy applies to all Councillors, staff and contractors of Wentworth Shire Council.

3. STRATEGIC PLAN LINK

Objective: Wentworth Shire is supported by strong and ethical civic leadership with all activities conducted in an open, transparent and inclusive manner.

Strategy: A strong, responsible and representative government

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4. DEFINITIONS AND ABBREVIATIONS

Term/Word	Definition
Corruption	<p>Corruption is broadly:</p> <ul style="list-style-type: none"> Any conduct of any person, including a Council 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; Any dishonest or partial exercise of any official functions by a Council official; Any conduct by a Council official that constitutes or involves a breach of public trust; or <p>Any conduct of a Council official that involves the misuse of information or material that they have acquired in the course of their official functions, whether or not for their benefit or for the benefit of any other person.</p>
Council	Council of the Shire of Wentworth.
Fraud	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.
ICAC	Independent Commission Against Corruption
PID Act	<i>Public Interest Disclosures Act 2022</i>
Public Interest Disclosure	A disclosure satisfying the applicable requirements of Part 2 of the <i>Public Interest Disclosures Act 2022</i> . That is in part, a disclosure of information that the person making the disclosure honestly believes, on reasonable grounds, shows or tends to show corrupt conduct, serious maladministration, serious and substantial waste of public money, government information contravention or a privacy contravention, or local government pecuniary interest contravention by Council, councillors, staff or public officials or by another public authority or any of its officers.
Public Official	An individual who is a Councillor, an employee of or otherwise in the service of a public authority.

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5. POLICY CONTENT

Prevention controls are the most common and cost-effective way to mitigate fraud. They reduce the likelihood and consequences of fraud by preventing or limiting the extent of the risk occurring.

Prevention controls can include people or process controls to increase transparency and influence behaviours, or processes and technology-based controls to stop or limit fraudulent activity.

Detection controls can help to identify when fraud has occurred. Detection controls can include people and process controls such as fraud aware staff and tip-off processes, or technology-based controls such as fraud detection programs.

Clear reporting and investigation processes need to be in place so that claims of suspected fraudulent activity can be responded to efficiently and effectively having due regard to legislative requirements and procedural fairness, including any requirement to report to other investigative authorities as required such as NSW Police and the Independent Commission Against Corruption (ICAC). It is the policy of this Council that:

Prevention

Council through its management team will create an environment and culture in which fraudulent acts will not be tolerated and which will be appropriately investigated when they are suspected or reported.

Prevention includes but is not limited to:

- Having a sound ethical culture;
- Senior management commitment;
- Staff accountability and awareness;
- Code of Conduct;
- Policies and procedures; and
- Periodic assessment of fraud and corruption risk including as part of Council's enterprise risk management process and by the Internal Audit Function.

Reporting

Council has an adopted Code of Conduct applicable to Councillors, staff and delegates of Council. Any allegations of breaches of the Code of Conduct by a Councillor, staff member or delegate will be handled in accordance with the Procedures for Administration of Council's Code of Conduct described therein.

Council is committed to a zero tolerance approach to fraud and corruption. In support of this commitment and in accordance with relevant legislative obligations, Council has developed a suite of policies to guide ethical behaviour of Council officials and any businesses that Council has dealings with. These policies also establish the framework for how reports of suspected fraud and corruption will be managed.

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Members of the public are encouraged to make reports about suspected fraud or corruption involving Council to either the General Manager or the Director Corporate Services, or if the report concerns the General Manager it can be made to the Mayor.

All supervisors have the responsibility to report suspected fraud and corruption, confidentially, to the General Manager who has the responsibility of investigating suspected fraud and corruption with the assistance of appropriate senior staff.

If the General Manager is the subject of a suspected fraud, the matter must be reported to the Mayor and the Mayor has the responsibility of investigating the suspected fraud with the assistance of appropriate senior staff.

Breaches or alleged breaches of the Code of Conduct that may constitute *serious wrongdoing* are dealt with under the *Public Interest Disclosures Act 2022* (the PID Act) and afforded strong protections. Whilst there are six categories of serious wrongdoing described under the PID Act, any reports of wrongdoing or alleged breaches of the Code of Conduct should be reported. To be addressed under the PID Act, the report should be made to a Disclosure Officer / Integrity Agency either directly or through a person's supervisor/manager.

Further information is set out in Council's Public Interest Disclosures (PID) Policy including contact details of Disclosure Officers.

Investigation

All allegations of fraud whether reported through internal or external sources, are assessed with the aim of proving or disproving the allegations. All complaints of suspected fraudulent behaviour will be thoroughly, objectively and carefully investigated in accordance with Council's Procedures for the Administration of Wentworth Shire Council's Code of Conduct Policy and with the PID Policy, providing for the protection of those individuals making the complaint. The purpose of any internal investigation is to ascertain the facts surrounding the matter. Risks of any detrimental action against the PID maker will also be assessed.

All New South Wales (NSW) councils have a duty to report any actual or suspected corrupt conduct (which includes fraud) to ICAC. If the allegation of fraud appears to carry the imputation of criminal conduct, the matter must also be referred to the NSW Police Force. ICAC requests they be informed of any such referral.

In the event that an internal investigation is carried out, the relevant officers must carry out the investigation objectively, thoroughly and without prejudice.

Disciplinary Action

Where an internal investigation confirms fraud has occurred, appropriate disciplinary action will be recommended having regard to Council's Code of Conduct and the relevant provisions of the Local Government State Award. As noted above, these procedures and provisions do not override the provisions of the PID Act

If an internal investigation substantiates criminal conduct has occurred, the matter will be referred to the NSW Police Force.

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Staff should be aware that provision 316(1) of the *Crimes Act 1900* says that in certain circumstances, failure to report a serious offence (which could include fraud) is an offence.

Responsibility and Accountability

It is the ultimate responsibility of the General Manager to prevent and detect fraud. The General Manager is responsible for ensuring appropriate and effective internal control systems are in place to control the incidence of fraud.

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

- Assess the risk of fraud;
- Promote employee awareness of ethical principles;
- Educate employees about fraud prevention and detection;
- Facilitate the reporting of suspected fraudulent activities; and
- Ensure that reasonable steps are undertaken to ensure the Council contractors adhere to the provisions of this policy.

All employees have the responsibility to:

- Perform their functions and duties with diligence, honesty, integrity and impartiality;
- Comply with this policy and all legislative requirements to ensure they are not participating in corrupt or fraudulent behaviour;
- Report suspected fraud by immediately notifying their supervisor, and if the supervisor is suspected of involvement in fraudulent activity, the matter should be notified to the next highest level of supervision; and
- Report any identified weaknesses in internal controls that could potentially facilitate a fraudulent or corrupt act.

6. RELATED DOCUMENTS AND LEGISLATION

Legislation

- *Local Government Act 1993* (NSW)
- *Local Government (General) Regulation 2021*
- *Independent Commission Against Corruption Act 1998* (NSW)
- *Public Interest Disclosure Act 2022* (NSW)
- *Crimes Act 1900* (NSW)

Council Policies

- GOV001 – Gifts and Benefits Policy
- GOV004 – Internal Reporting Policy
- GOV005 – Procurement Policy
- GOV009 – Delegation Policy
- GOV013 – Enterprise Risk Management Policy
- GOV019 – Statement of Business Ethics Policy

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- GOV020 – Code of Conduct Policy
- GOV022 – Legislative Compliance Policy
- GOV023 – Conflict of Interest Policy

Council Documents

- Enterprise Risk Management Framework
- Procurement Manual
- Legislative Compliance Framework
- Governance Framework
- Fraud Control Plan
- Records & Information Management Policy (Operational)
- Information Security Policy (Operational)
- Gifts and Benefits Register
- Conflict of Interest Register

7. ATTACHMENTS

Nil

8. DOCUMENT APPROVAL

This Council Policy is the latest version of the official policy of the Wentworth Shire Council, as adopted by Council on 31/01/2022. All previous versions of this policy are null and void. This policy may be amended or revoked by Council at any time.

Signed:



General Manager Wentworth Shire Council

Date

5/12/2024