10.4   Policy (Draft Review) - Corruption Prevention and Fraud Control

Corruption Prevention & Fraud Control (Current Policy)

POLICY NAME:	**CORRUPTION PREVENTION & FRAUD CONTROL**
POLICY REF:	**C05**
MEETING ADOPTED:	**24 July 2008** **Resolution No. 240708/20**
POLICY HISTORY:	**240102/002**

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1.0   OBJECTIVE

To provide a holistic framework of Council's approach towards the minimisation of the risks associated with fraud and corruption.

2.0   INTRODUCTION

Fraud and Corruption can take many forms. **Fraud** can be defined as a deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The type of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception.

Corruption involves conduct that is dishonest, partial, a breach of public trust or the misuse of official information or material. To be corrupt, the conduct must also involve a criminal or disciplinary offence, provide reasonable grounds for dismissal or be a substantial breach of the code of conduct. Ballina Shire Council does not tolerate or condone unethical practice or fraud.

Council Values and Business Practices
Ballina Shire Council is committed to building and sustaining an ethical, efficient and effective culture where opportunities for fraud and corruption are minimised.   Council will change organisational features that are likely to allow corruption to occur or possibly go unnoticed or unreported.

Council recognises that its staff and Councillors understand what good conduct is and are committed to the highest standards of probity in management and operation of the Council. This plan aims to support Councillors and staff in achieving these standards.

Council have a comprehensive Corruption and Fraud Prevention System which aims to ensure public confidence and trust in the work of Ballina Shire Council. Specifically, the Corruption and Fraud Prevention System:

- ensures that all Councillors, staff, contractors and suppliers to Council are aware of the standards of ethical behaviour required of them;
- provides a mechanism for any party (internal or external to Council) to advise of potential ethical conflicts relating to Council's function; and
- provides systems to identify and manage risks within the organisation.

3.0   POLICY

The key features Council's overall Corruption and Fraud Control System are made up of periodic risk assessments, corruption prevention strategies, designated responsibilities and review arrangements. The information outlined below provides a brief overview of a holistic framework that is implemented across the different areas of Council in order to minimise risks associated with corruption and fraud.

3.1   Risk Assessment

Council operates in an environment of extensive contracting of goods and services, devolution of management control and authority, increased decision making powers of

many staff, and provision of increasing access to confidential information through computer technology.

It is therefore essential that Council regularly identifies potential risks created by this environment, and ensures that the organisations existing procedures, systems and controls are sufficient to counter any corruption risks identified.

The General Manager shall be responsible for initiating a risk assessment a minimum of once every two years throughout business areas of Council to consider:

- what may go wrong;
- the areas of council that may be most vulnerable to corruption; and
- the likelihood of corruption occurring and the possible impact if it does.

All staff, in particular line managers, are responsible for cooperating with the General Manager by identifying and treating corruption risks.

It is recognised that it is not cost effective to endeavour to cover every possible risk of corruption and fraud. However, the risk assessment will identify priority areas for the allocation of resources to ensure that appropriate steps are taken to obviate foreseeable corruption risks.

3.2   Corruption Prevention Strategies

The General Manager is responsible to ensure that appropriate corruption prevention strategies are in place and that resources are allocated as necessary to minimise any risk or corruption that may be identified.

3.3   Policies and Procedures

Council staff must abide by public sector accountability standards and probity obligations which are emphasised within Council's suite of corporate policies dealing with core values and behavioural principals. Council policies and procedural documents generally carry a reference to their origin and status, the date of adoption and the purpose of the policy. The standard format provides for cross referencing of each policy to 'related information' which may include relevant legal parameters, associated policies and related procedures.

The relevant Corruption and Fraud Prevention features of Ballina Shire Council include the following policies and procedures:

- Code of Conduct
- Code of Meeting Practice
- Community and Contractors/supplier awareness
- Competitive Neutrality – Complaints Handling
- Complaint/grievance management
- Designated Persons
- Electronic Signatures
- Harassment Prevention
- Internal Audit
- Internal investigation
- Lands Sales Policy (draft) follows ICAC Guidelines
- Purchase and Supply of Goods and Services
- Purchasing Authorisation Limits
- Privacy Management Policy

- Protected Disclosures Policy
- Records Management
- Recruitment
- Reporting to external authorities
- Risk Management Policy
- Staff Training Plan
- Tendering

All staff are provided with access to these policies and procedures through both hard copy procedures manuals located at strategic places within Council buildings and soft copy on the Infonet.

3.4 Information and Training

Through an education and training program, Council aims to ensure that all agency officers have access to sufficient information to enable them to identify, prevent and report potential wrongdoing. The General Manager is responsible for ensuring that the education and training program is communicated throughout the area of the Council's operations.

The education and training program will consist of:

Staff
- Induction training program;
- Internal Intranet system;
- Staff Newsletter / Information Bulletins;
- Specialist and specific training for high-risk functions and for different staff groups such as those responsible for audit, financial functions or investigations;
- Regular development program updates; and
- Adoption of a communication plan to promote the Council's values.

Public
- Open access to Council policies and procedures;
- Inclusion of relevant information in Annual Reports and website; and
- Preparation of an information brochure for free distribution.

Contractors
- Inclusion of requirements in tendering documentation; and
- Ongoing reviews of contractor performance and adherence with Council policies and procedures.

3.5 Detection

Auditing
Council has an Internal Audit Procedure in place which aims to provide a constructive, protective, proactive and comprehensive approach to evaluate and improve the effectiveness of risk management, control and governance processes. This procedure outlines responsibilities in relation to Internal Auditing.

Council has a Risk Management Policy in place which establishes the systems and processes required to manage the risks involved in the Council's activities so as to maximise opportunities and minimise negative outcomes.

The General Manager is responsible for initiating a risk assessment a minimum of once every two years to consider what may go wrong; the areas in the Council that may be most vulnerable to corruption; and the likelihood of corruption occurring and the possible impact if it does.

Reporting

Council's internal and external reporting system encourages a free flow of information through supervisory and management channels. It is a three tiered complaint handling system that incorporates frontline complaint handling, internal review and external review. Staff are made aware of available reporting procedures through Council's Education and Training Program. The reporting system in place is made up of the following tools:

- Complaints Management Policy;
- Protected Disclosures Policy – *designated protected disclosures officers within Ballina Shire Council are outlined in this Policy;*
- Reporting to External Authorities Policy;
- Complaints Handling Procedure which is an appendix to the adopted Code of Conduct; and
- Consultative Committee: The Committee can be used as a channel for staff to provide information about identified risks and suggestions for system improvements. This Committee is made up of a cross section of staff representatives from both indoor and outdoors staff. The role of the Committee is to help develop and review staff policies and procedures as well as having input into organisational change issues.

3.6   Responsibilities and Accountabilities

All Councillors, Staff and Contractors

Each individual has a responsibility to:
- adhere to ethical standards in their respective area and provide their colleagues with guidance and support as required;
- observe and support the requirements of the relevant Council policies and procedures; and
- report all suspected corruption and inappropriate behaviour to a relevant Council Officer.

All Managers and Supervisors

All individuals with managerial or supervisory responsibilities, must ensure in their area of responsibility that:
- decisions or conduct are lawful;
- decisions or conduct are consistent with Council Policies/ Procedures and the Code of Conduct;
- outcomes for employees, colleagues, Council and the community will be equitable;
- all conflicts of interest are disclosed and managed so that outcomes are not affected by private gain;
- decisions or conduct can be justified in terms of the public interest; and
- decisions or conduct would withstand public scrutiny.

The General Manager

The General Manager has overall responsibility for corruption and fraud control within Council. He shall be responsible to ensure:

- that appropriate corruption prevention strategies are in place;
- that resources are allocated as necessary to minimise any risk of corruption that may be identified;
- that ethical standards are set and communicated throughout the area of the Council's operations;
- reported corruption is investigated promptly, dealt with appropriately, and that policies or procedures are reviewed to prevent recurrence where necessary;
- all corruption prevention initiatives are implemented within the Council;
- that a risk assessment is undertaken a minimum of once every two years to identify corruption prevention needs within all areas of Councils operations; and
- that the ICAC is notified of any matter suspected on reasonable grounds that concerns or may concern corrupt conduct.

3.7 Breaches of this Corruption Prevention & Fraud Control Policy

Ballina Shire Council shall ensure that consistent disciplinary procedures exist for breaches of any element of strategies or procedures developed and implemented in accordance with this plan. These disciplinary procedures will ensure a clear message that those who engage in corrupt conduct will suffer the associated consequences.

Under the Independent Commission Against Corruption Act 1988 the General Manager is under a duty to report to the ICAC any matter that the GM suspects on reasonable grounds, concerns or may concern corrupt conduct.

Appropriate disciplinary procedures are detailed in associated policies, however, as a guideline, sanctions may include:

Councillors
- Censure by the Council;
- Removal from Council Meetings;
- Reports to the NSW Police, Department of Local Government, ICAC, or Pecuniary Interests and Disciplinary Tribunal as appropriate;
- Disqualification from holding a public office for a period of up to five years; and
- Section 435 of the Local Government Act 1993 gives the Department the power to surcharge Councillors for losses caused by negligence and misconduct.

Staff
- Disciplinary procedures pursuant to the relevant industrial award or employment contract;
- Sanctions up to and including dismissal;
- Reports to the NSW Police, ICAC or other external body as appropriate; and
- Section 435 of the Local Government Act 1993 gives the Department the power to surcharge staff for losses caused by negligence and misconduct.

Contractors
- Reports to the NSW Police, ICAC or other external body as appropriate; and
- Cancellation of all contract/supply agreements with Council.

4.0 REVIEW

This policy will be reviewed every four years.

POLICY NAME:	DRAFT REVIEW CORRUPTION PREVENTION & FRAUD CONTROL	
POLICY REF:	C05	
MEETING ADOPTED:	24 July 2008 Resolution No. 240708/20	
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OBJECTIVE

To provide a holistic framework of Council's approach towards the minimisation of the risks associated with fraud and corruption.

BACKGROUND

Fraud and Corruption can take many forms. **Fraud** can be defined as a deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The type of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception.

Corruption involves conduct that is dishonest, partial, a breach of public trust or the misuse of official information or material. To be corrupt, the conduct must also involve a criminal or disciplinary offence, provide reasonable grounds for dismissal or be a substantial breach of the code of conduct. Ballina Shire Council does not tolerate or condone unethical practice or fraud.

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Council have a comprehensive Corruption and Fraud Prevention System which aims to ensure public confidence and trust in the work of Ballina Shire Council. Specifically, the Corruption and Fraud Prevention System:

- ensures that all Councillors, staff, contractors and suppliers to Council are aware of the standards of ethical behaviour required of them;

- provides a mechanism for any party (internal or external to Council) to advise of potential ethical conflicts relating to Council's function; and

- provides systems to identify and manage risks within the organisation.

DEFINITIONS

Fraud   deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The type of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception.

Corruption   involves conduct that is dishonest, partial, a breach of public trust or the misuse of official information or material. To be corrupt, the conduct must also involve a criminal or disciplinary offence, provide reasonable grounds

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for dismissal or be a substantial breach of the code of conduct. Ballina Shire Council does not tolerate or condone unethical practice or fraud.

SCOPE OF POLICY

This policy applies to:

- Council employees
- Councillors
- Committees of Council
- Consultants/Contractors

RELATED DOCUMENTATION

Related legislation:

- Local Government Act 1993
- Independent Commission Against Corruption Act 1988

Council related policies and documents:

- Code of Conduct
- Code of Meeting Practice
- Competitive Neutrality – Complaints Handling
- Complaints Management Policy
- Designated Persons Register
- Electronic Signatures
- Harassment Prevention
- Internal Audit
- Purchase and Supply of Goods and Services
- Purchasing Authorisation Limits
- Privacy Management Policy
- Protected Disclosures Policy
- Records Management
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POLICY

The key features of Council's overall Corruption and Fraud Control System are made up of periodic risk assessments, periodic training, corruption prevention strategies, internal control systems, designated responsibilities and review arrangements. The information outlined provides a brief overview of a holistic framework that is implemented across the different areas of Council in order to minimise risks associated with corruption and fraud.

1.   Risk Assessment

Council operates in an environment of extensive contracting of goods and services, devolution of management control and authority, increased decision making powers of many staff, and provision of increasing access to confidential information through computer technology.

It is therefore essential that Council regularly identifies potential risks created by this environment, and ensures that the organisations existing procedures, systems and controls are sufficient to counter any corruption risks identified.

The General Manager shall be responsible for initiating ongoing risk assessments throughout business areas of Council to consider:

*   internal controls and are they adequate;

*   the areas of council that may be most vulnerable to corruption; and

*   what may go wrong.

All staff, in particular line managers, are responsible for cooperating with the General Manager by identifying and treating corruption risks.

It is recognised that it is not cost effective to endeavour to cover every possible risk of corruption and fraud. However, the risk assessment will identify priority areas for the allocation of resources to ensure that appropriate steps are taken to obviate foreseeable corruption risks.

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The education and training program will consist of:

4.1   Staff

- Induction training program;
- Internal Intranet system;
- Staff Newsletter / Information Bulletins;
- Specialist and specific training for both high-risk functions and general training for all staff.

4.2   Public

- Open access to Council policies and procedures;
- Inclusion of relevant information in Annual Reports and website; and
- Policies that provide for efficient and thorough management of complaints and enquiries.

4.3   Contractors

- Inclusion of requirements in tendering documentation; and
- Ongoing reviews of contractor performance and adherence with Council policies and procedures.

5.   Detection

5.1   Auditing

Council has an Audit Committee and has appointed an internal auditor. The auditor is working through a program of audits based on an organisation wide risk analysis.

Council has a Risk Management Policy in place which establishes the systems and processes required to manage the risks involved in the Council's activities so as to maximise opportunities and minimise negative outcomes.

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REVIEW

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