POLICY NAME:	**FRAUD AND CORRUPTION CONTROL**
POLICY REF:	**F09**
MEETING ADOPTED:	**22 February 2024** **Resolution No. 220224/13**
POLICY HISTORY:	**230120/13; 240316/10; 250112/20;** **240708/20; 240102/02**

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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.

Council Values and Business Practices

Council has a zero tolerance to matters of fraud and corruption. Matters proven to involve fraud or corruption will be dealt with in accordance with the procedures detailed in Item 7 of this policy.

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 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 has a comprehensive fraud and corruption management framework which aims to ensure public confidence and trust in the work of Council.

Specifically, the fraud and corruption management framework:

- 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

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

POLICY

The key features of Council's Fraud and Corruption Management framework 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 the holistic framework that is implemented across different areas of Council to minimise risks associated with corruption and fraud.

1.   Fraud and Corruption Review

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 increasing access to confidential information through computer technology.

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

The General Manager is responsible for initiating a review of Council's fraud and corruption risks, as detailed in Council's enterprise risk register, throughout business areas. This review is to be undertaken annually and will consider:

- internal controls and are they adequate

- the areas of council that may be most vulnerable to fraud and corruption and

- what may go wrong.

All staff, especially section managers, are responsible for cooperating with the General Manager by identifying and treating fraud and corruption risks.

It is not cost effective to endeavour to cover every possible risk of fraud and corruption. 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.

2.   Fraud and Corruption Risk Management Strategies

The General Manager is responsible for ensuring that appropriate fraud and corruption risk management strategies are in place and that resources are allocated as necessary to manage any risk of fraud and corruption identified.

3.   Policies and Procedures

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 principles. Council policies and procedural documents 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.

All staff are provided with access to these policies and procedures, as listed in related documents on the Council Infonet and within an established policy and procedures corporate system module that has been developed to enable staff to have easy access and to be kept updated on changes to these documents.

4.   Information and Training

Through an education and training program, Council aims to ensure that all staff 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 Council's operations.

The education and training program will consist of:

4.1   Staff

- PULSE Induction training program

- Internal Infonet 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

- Inclusion of relevant information in Annual Reports and website

- Policies that provide for efficient and thorough management of complaints and enquiries.

4.3   Contractors

- Inclusion of requirements in tendering documentation

- Ongoing reviews of contractor performance and adherence with Council policies and procedures.

4.4   Councillors

- PULSE Induction training program and onboarding system

- Council report on Policy Review - Fraud and Corruption Control Policy and Code of Conduct

- Council reports on Public Interest Disclosure Policy, Code of Conduct reporting requirements

5.   Detection

5.1   Auditing

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

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

5.2   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 training and onboarding processes. The reporting system in place is made up of the following tools:

- Complaints Management Policy

- Public Interest Disclosure Policy *designated public interest disclosures officers within Ballina Shire Council are outlined in this Policy*

- Code of Conduct

- 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 office and field 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.

6.   Responsibilities and Accountabilities

6.1   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;

- report all suspected fraud, corruption and inappropriate behaviour to a relevant Council Officer, which may be your Section Manager, Director, the General Manager, Mayor or an external agency such as the Office of Local Government, NSW Ombudsman or ICAC.

6.2   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

- 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.

6.3   The General Manager

The General Manager has overall responsibility for fraud and corruption control within Council.

The General Manager shall ensure:

- that appropriate fraud and corruption risk management strategies are in place

- that resources are allocated as necessary to minimise any risk of fraud or corruption that may be identified

- that ethical standards are set and communicated throughout the area of the Council's operations

- reported fraud or corruption is investigated promptly (refer to Local Government Industry Guidelines on Workplace Investigations), dealt with appropriately, and that policies or procedures are reviewed to prevent recurrence where necessary

- all fraud and corruption risk management initiatives are implemented within the Council

- that the ICAC is notified of any matter suspected on reasonable grounds that concerns or may concern corrupt conduct.

7.   Breaches of this Fraud and Corruption Control Policy

The 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 General Manager suspects on reasonable grounds, concerns or may concern corrupt conduct.

Corrupt conduct is defined within the ICAC Act and includes fraud.

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

7.1   Councillors

- Censure by the Council

- Removal from Council Meetings

- Reports to the NSW Police, Office of Local Government, ICAC, or NSW Civil and Administrative Tribunal as appropriate

- Disqualification from holding a civic office for a period of up to five years in accordance with Section 275 of Local Government Act 1993 and

- Section 435 of the Local Government Act 1993 gives the Office of Local Government the power to surcharge Councillors for losses caused by negligence and misconduct.

7.2   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 Office of Local Government the power to surcharge staff for losses caused by negligence and misconduct.

7.3   Contractors

- Reports to the NSW Police, ICAC or other external body as appropriate; and

- Cancellation of all contract/supply agreements with Council.

DEFINITIONS

Fraud   The dishonest activity causing actual or potential financial loss to any person or Council including the theft of moneys or other property by employees or persons external to the Council and where deception is used at the time, immediately before or immediately following the activity.

Corruption   Dishonest activity in which a director, executive, manager, employee or contractor of Council acts contrary to the interests of the Council 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 Council.

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 Procedure and Register
- Electronic Signatures
- Fraud and Corruption Control Plan
- Gifts and Benefits Management
- Bullying and Harassment Prevention
- Internal Audit Charter
- Procurement of Goods and Services
- Procurement Authorisation Limits
- Privacy Management Plan
- Public Interest Disclosures Policy
- Risk Management Policy and Framework
- Statement of Business Ethics
- Tendering

Other related documents:

- Local Government Industry Guidelines on Workplace Investigations
- Local Government Award 2023

REVIEW

This policy will be reviewed every four years.