

# Policy – Council – Fraud & Corruption Control

<b>Date amended:</b>	June 2021
<b>Date of next review:</b>	May 2023
<b>Adopted by:</b>	Council
<b>Date adopted:</b>	20 July 2021
<b>Responsible officer:</b>	Director Corporate & Community Services

## 1 PURPOSE

The purpose of this Policy is to:

- set Council’s fraud and corruption risk appetite and commitments,
- outline Council’s commitment to fraud and corruption control, and
- provide the key principles for preventing and detecting fraud and corruption, as well as responding to suspected fraudulent or corrupt conduct.

## 2 SCOPE

This Policy applies to any irregular or suspected irregularity of a fraudulent or corrupt nature, involving a Councillor, Council officers, contractors, volunteers and any associated external parties of Council.

This Policy does not cover general misconduct involving a Councillor or Council officers. These matters are dealt with in accordance with Council’s Codes of Conduct and associated policy.

Where this Policy refers to ‘fraud and corruption’ this also means improper conduct or bribery.

## 3 POLICY STATEMENT

Fraud and corruption have the potential to cause significant harm to Council’s finances, reputation and service delivery. These forms of wrongdoing also have the potential to diminish or destroy community confidence in Council.

The Pyrenees Shire Council does not tolerate fraud, corruption, improper conduct or bribery.

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Council is committed to promoting a culture of integrity, honesty and trust in the services it provides to its community. Council is committed to protecting its revenue, expenditure, property and intellectual capital from any attempt to gain any financial or personal advantage by deception.

Officers, Councillors, service providers, contractors and volunteers must exercise diligence, integrity and the highest level of ethics and integrity when fulfilling their duties and in all dealings.

Through transparent decision-making and open conversations about the risks of fraud and corruption, Council seeks to foster an organisational speak-up culture where staff are not afraid to voice their suspicions.

All reports of alleged fraudulent activity will be investigated and a determination made as to the most appropriate course of action which may lead to legal, disciplinary or other action.

### 3.1 Commitment

Council –

- has a zero tolerance to fraud, corruption, improper conduct and bribery,
- encourages its employees, volunteers and contractors to act with the highest integrity, apply procedures aimed to minimise internal and external threats and to not abuse their positions,
- is committed to protecting its revenue, expenditure and property from any attempt of fraud or corruption by Councillors, employees, contractors, volunteers or any external party,
- is committed to implementing effective preventative measures to minimise the risk of fraud and corruption, including fraud risk assessments, audits and fraud awareness training,
- is committed to detecting, investigating, reporting and prosecuting cases of fraud and corruption, and
- is committed to respecting individuals' rights, the principles of natural justice and procedural fairness, and the protection of disclosers and sources. Any person suspected of fraud or corruption will be treated fairly in accordance with this commitment should any investigation be necessary.

## 4 IMPLEMENTATION

The implementation of this Policy will follow the following principles:

- Awareness and training** – Councillors and employees must read and become familiar with the behaviours and conduct expected of them in their workplace under Council's Codes of Conduct.

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Volunteers and contractors must be made aware of Council’s expectations during induction training.

Council will ensure that appropriate training and support in understanding and applying this policy is delivered.

- b. **Prevention** – employees, volunteers and contractors have a role in the prevention of fraud and corruption through implementation of controls and adherence to Council’s policies and procedures, including training requirements and cyber-security awareness.

Council will undertake a fraud risk assessment to identify key areas of exposure within the organisation and ensure appropriate controls are in place to prevent opportunities for fraud and corruption.

- c. **Monitoring and detection** – Councillors, employees, volunteers, contractors and any associated external party to Council have a role in detecting fraud and corruption and reporting it. In particular, management oversight should be applied systematically where applicable. All suspicions of fraud and corruption must be reported to the Public Interest Disclosures Coordinator.

Monitoring of compliance and assessment of control effectiveness will be undertaken periodically.

- d. **Reporting** – employees must report actual or suspected instances of fraud or corruption to those detailed in this policy. This is to ensure –

- Protection of staff from allegations which may be incorrect
- Prevention of possible destruction of evidence, either accidentally or deliberately
- Protection of the identity of the person making the disclosure

The suspicion of fraud or corruption should not be shared with the person suspected.

Council encourages and is willing to facilitate disclosure of fraud and corruption.

Fraud and corruption is a serious offence under various legislative provisions. Council will report suspected instances of fraud and corruption to the appropriate legal and regulatory authorities, including the Independent Broad-based Anti-Corruption Commission (IBAC).

**Reporting suspicion involving employees or an external party** – suspected cases of fraud or corruption can be reported directly to the Public Interest Disclosures Coordinator (PIDC) or, if the employee prefers, to the Manager Governance Risk & Compliance.

**Reporting suspicion involving to the PIDC, CEO or Councillors** – suspected cases of fraud or corruption involving the PIDC, the CEO or Councillors must be reported to the IBAC (Independent Broad-based Anti-Corruption Commission) or the Victorian Inspectorate.

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- e. **Investigations** – an investigation of fraud or corruption is often complex and requires special skills and compliance with the applicable legislation. Suspected cases of fraud or corruption must not be investigated by individuals themselves.
- f. **Suspension and transfer** – Council may suspend an employee from duty with pay or temporarily assign them to other duties, while an investigation is undertaken.
- g. **Protection** – Council will comply with the *Public Interest Disclosures Act 2012* (PID Act) and in accordance with Council’s *Public Interest Disclosure Procedure*. This will ensure –
  - employees will be protected against possible victimisation, discrimination or adverse action,
  - all reports of alleged fraud or corruption will be treated with strict confidence,
  - the informant will be kept informed of the outcome of any investigations or deliberations of management, and
  - any allegations that are considered mischievous or unfounded will be investigated.
- h. **Continuous improvement** – all fraud and corruption allegations and incidents will be reviewed to identify control deficiencies and the risks for further incidents to occur, allowing for continuous improvement of the fraud and corruption control framework.

Any failure to comply with this policy and supporting framework will result in action being taken. The Pyrenees Shire Council considers fraud an act of serious misconduct and grounds for termination of employment, in accordance with the relevant workplace employment agreement.

## 5 DEFINITIONS

### **Corruption**

A dishonest act which is contrary to the interest of Council and in which a position of trust is abused in order to achieve some personal gain or advantage for themselves, for another person or for another entity.

Examples of corrupt conduct include –

- bribes or secret commissions
- kickbacks
- bias and favouritism, including nepotism
- collusive tendering
- gifts and hospitality intended to influence a decision-maker
- paying or soliciting donations for improper political purposes
- facilitation payments (or ‘grease’ payments) – payments or benefits given in return for preferential treatment for something the recipient is required to do by law and with impartiality.

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**Fraud**

A dishonest act or activity involving deception which causes an actual or potential financial loss to a person or Council, including theft of moneys or other property.

This includes the deliberate falsification, concealment, destruction, or improper use of documentation intended to be used for a normal business purpose. It also includes improper use of other information or position for personal financial benefit.

Theft by people not connected to Council is an offence but not regarded as fraud.

Examples of fraud include –

- theft of money, goods, plant or equipment by employees
- false invoicing, time sheets
- financial reporting falsification
- accounts receivables falsification (overcharging, keeping payment received in error)
- theft of confidential information
- credit card and lending fraud
- accepting or seeing anything of material value from contractors, vendors, licences, or persons provided services / materials to Council.

**Improper conduct**

Specified conduct of a serious enough nature that, if proven, would constitute a criminal offence or reasonable grounds for dismissal relating to –

- a substantial mismanagement of public resources
- a substantial risk to public health or safety
- a substantial risk to the environment

**Bribery**

The offer, promising or giving (on the one hand), or accepting or soliciting (on the other hand) anything of value (including a financial or other advantage) to improperly influence actions or decisions.

**PIDC**

Public Interest Disclosures Coordinator – the person authorised to receive public interest disclosures and allegations of fraud and corruption.

Council’s PIDC is the Director Corporate & Community Services.

## 6 REFERENCE & RELATED DOCUMENTS

### 6.1 Legislation

- Criminal Code Act 1995 (Commonwealth)
- Crimes Act 1958 (Vic)
- Financial Management Act 1994 (Vic)

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- Independent Broad-based Anti-Corruption Commission Act 2011 (Vic)
- Ombudsman Act 1973 (Vic)
- Public Interest Disclosures Act 2012 (Vic)

## 6.2 Related Council documents

- Public Interest Disclosures Procedure
- Audit & Risk Committee Charter
- Risk Management Committee Terms of Reference
- Fraud & Corruption Control Procedure & Framework
- Acceptance of gifts and hospitality Policy
- Conflicts of interest procedure
- Paid outside work procedure
- Recruitment processes
- Procurement Policy and Framework

## 6.3 External reporting and investigative bodies

<b>IBAC</b>	1300 735 135 <a href="https://www.ibac.vic.gov.au/reporting-corruption">https://www.ibac.vic.gov.au/reporting-corruption</a>
<b>Vic Ombudsman</b>	1800 806 314 Level 2, 570 Bourke Street, Melbourne VIC 3000 <a href="https://www.ombudsman.vic.gov.au/complaints/make-complaint/">https://www.ombudsman.vic.gov.au/complaints/make-complaint/</a>
<b>Vic Inspectorate</b>	(03) 8614 3232 PO Box 617, Collins Street West, Melbourne VIC 8007 <a href="https://www.vicinspectorate.vic.gov.au/complaints-victorian-inspectorate">https://www.vicinspectorate.vic.gov.au/complaints-victorian-inspectorate</a> <a href="https://www.vicinspectorate.vic.gov.au/make-public-interest-disclosure-victorian-inspectorate">https://www.vicinspectorate.vic.gov.au/make-public-interest-disclosure-victorian-inspectorate</a>

## 6.4 Consultation and impact

Pyrenees Shire Council is committed to consultation and cooperation between management and its employees. Development of this policy was conducted in consultation with relevant staff prior to approval. It is considered that this Policy does not impact negatively on the rights identified in the Charter of Human Rights and Responsibilities.

## 7 VERSION HISTORY

Version Number	Issue date	Description of change
1.0	April 2015	Initial release

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2.0	November 2017	Full review
3.0	JuLY 2021	Review and changes made to terminology

### 7.1 Policy Review

All Policies must be reviewed within 4 years. This Policy will be reviewed in a 2-year cycle.

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