



Richmond  
Valley  
Council



# FRAUD AND CORRUPTION CONTROL PLAN

**RICHMOND VALLEY COUNCIL**

**Adopted April 2022**

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Richmond Valley Council recognises the people of the Bundjalung nations as custodians and traditional owners of this land and we value and appreciate the continuing cultural connection to lands, their living culture and their unique role in the life of this region in the past, present and future.

# INTRODUCTION

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## 1.1 Fraud and corruption against government entities

Incidents of fraud and corruption are a threat which affects all government entities in all areas of their operation. The risk of fraud or corrupt conduct may be internal (committed by a council official) or external (committed by a third party).

Fraudulent and corrupt conduct against Council is a criminal offence which impacts directly on our community. It reduces the funds available for delivering public services and undermines the integrity of the public's confidence in Council.

Fraud threats are increasingly complex with the increased provision of online services creating new threats. Further, organised criminals are actively seeking to infiltrate government entities to access government information and are committing fraud to fund other illegal activities.

## 1.2 Application

The Richmond Valley community must be able to trust and expect that those subject to this plan will not abuse their office or position and will fulfil their responsibilities to protect the prudent use of public money and property.

This plan applies to all council officials and third parties.

## 1.3 Objectives

The primary objective of the plan is to protect resources, including information, and safeguard the integrity and reputation of Council.

The plan supports Council's Fraud Prevention Policy and sets out the arrangements for the overall management of the risks and any instances of fraud and/or corruption.

The purpose of the plan is to:

- provide an overview of the governance arrangements within Council relating to fraud and corruption control;
- outline key fraud and corruption risk areas relevant to Council;
- raise awareness of fraud and corruption risks, and thereby influence the culture of Council to encourage employees to be vigilant in responding to them;
- communicate Council's expectation of management, employees, consultants/contractors, industry stakeholders and service providers to assist in the prevention and detection of fraud and corruption; and
- document fraud and corruption prevention, detection and response initiatives adopted by Council to manage fraud and corruption.



## 1.4 Legislative and policy requirements

Incidents of fraud and corruption are criminal offences under relevant state and federal legislation that may attract a range of criminal, civil, administrative and disciplinary penalties.

In addition to statutory offences, all incidents of fraud and corruption are breaches of Council's Code of Conduct. Any council official found to have engaged in incidents of fraudulent or corrupt conduct will be investigated, and substantiated findings will result in disciplinary procedures being initiated which may result in loss of employment at Council.

This plan has been designed to reflect current Acts and Standards and integrate with Council's codes, policies and procedure documents. This plan is based on Council's risk assessment of fraud and corruption which is conducted in line with within Council's Delivery Program and Operational Plan, to identify the specific fraud and corruption risks of Council.

The plan outlines the fraud and corruption categories of controls that help to mitigate these risks. This plan will be updated after any significant changes identified in the periodic fraud and corruption risk assessments, to ensure that the fraud and corruption control strategies and measures remain relevant. Amendments to this plan will be made as appropriate to ensure that it accurately reflects Council's capability and commitment to fraud and corruption control.

## 1.5 Defining fraud

**Fraud** refers to an intentional dishonest act or omission carried out with the purpose of gaining an advantage, usually a financial benefit from a position of trust and authority.

The types of acts or omissions include, but are not limited to: theft, false pretenses, evasion, manipulation of information, misappropriation, larceny, embezzlement and improper destruction or falsification of accounts or records.

Refer to **Appendix A** for further examples of fraud.

## 1.6 Defining corruption

**Corrupt conduct**, as defined in the *Independent Commission Against Corruption Act 1988* (ICAC Act), is deliberate or intentional wrongdoing, not negligence or a mistake. It has to involve or affect a NSW public official or public sector organisation.

While it can take many forms, corrupt conduct occurs when:

- a public official improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others.
- a public official dishonestly exercises his or her official functions, or improperly exercises his or her official functions in a partial manner, breaches public trust or misuses information or material acquired during the course of his or her official functions.
- a member of the public influences, or tries to influence, a public official to use his or her position in a way that affects the probity of the official's exercise of functions.
- a member of the public engages in conduct that could involve one of the matters set out in section 8(2A) of the ICAC Act where such conduct impairs, or could impair, public confidence in public administration.

Refer to **Appendix A** for examples of corrupt behaviour.

## 1.7 Council's attitude to fraud and corruption

Whilst Council has a zero-tolerance attitude to fraud and corruption; this does not mean that all fraud and corruption can be avoided. In practice, zero-tolerance means that Council will:

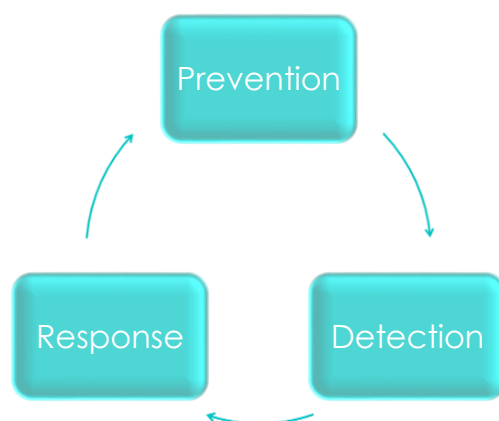
- maintain an effective fraud and corruption risk management environment to minimise and mitigate risks of fraud and corruption, which includes promoting an ethical culture;
- promptly assess all suspected or discovered incidents of fraud and corruption to determine their nature and extent;
- investigate and respond to all matters of fraud or corruption;
- apply appropriate administrative or contractual penalties, including termination of engagement;
- seek prosecution against offenders for fraudulent and corruption activities where Council deems appropriate, including referral to the Independent Commission Against Corruption (ICAC) or NSW Police;
- take reasonable measures to recover losses caused by illegal activity; and
- implement systemic changes to reduce the likelihood of recurrence.

# FRAUD AND CORRUPTION CONTROL ENVIRONMENT

Council's fraud and corruption control environment is based on Standards Australia's Fraud and Corruption Control Standard AS8001-2008 and the ten key attributes of fraud control contained in the Audit Office of NSW's Fraud Control Improvement Kit: Managing your fraud control obligations (2015).

The Standard views fraud and corruption control as a holistic concept involving implementation and continuous monitoring across three key themes:

- **Fraud and corruption prevention** - strategies designed to prevent fraud and corruption from occurring in the first instance or to mitigate the effect of potential fraud.
- **Fraud and corruption detection** - strategies to discover fraud and corruption as soon as possible after it has occurred.
- **Fraud and corruption response** - the systems and processes that assist an entity to respond appropriately to an alleged fraud and corruption incident when it is detected.



Within these three themes sit the NSW Audit Office Kit's **10 attributes**:

1. Leadership
2. Ethical framework
3. Responsibility structures
4. Fraud control policy
5. Prevention systems
6. Fraud awareness
7. Third party management systems
8. Notification systems
9. Detection systems
10. Investigation systems

Monitoring and review of fraud and corruption controls, alongside reporting and evaluation of their effectiveness is key to providing assurance that legislative responsibilities are being met. This also promotes accountability by providing information which demonstrates compliance with specific fraud and corruption control strategies.

Management oversight through sound governance arrangements ensures that each strategy does not operate in isolation and that interdependencies are effectively identified and managed appropriately.

Council's Executive promotes proper use and management of public resources, to achieve Council's purposes and ensure financial sustainability and maintains an enterprise risk management framework to provide oversight and manage risk, and a system of internal controls to minimise potential for fraud and corruption incidents.

## 2.1 Key fraud and corruption risks facing Council

Following is a summary of the key fraud and corruption risks facing Council.

**TABLE 1: KEY FRAUD AND CORRUPTION RISKS**

RISK CATEGORY	DESCRIPTION	RISK ATTRIBUTES
<b>CORRUPTION</b>		
Conflicts of Interest	A conflict of interest occurs when an employee or agent – someone who is authorised to act on behalf of a principal – has an undisclosed personal or economic interest in a matter which could influence his or her professional role.	<ul style="list-style-type: none"> <li>• Extent and value of supplier relationships / contracts</li> <li>• Extent of recruitment activities / staff turnover</li> <li>• Presence of decentralised procurement and recruitment systems.</li> </ul>
Bribery, illegal gratuities, economic extortion	<p>Bribery is offering, promising, giving, accepting or soliciting an advantage as an inducement for an action which is illegal or unethical.</p> <p>Illegal gratuities are items of value given to reward a decision after it has been made. They do not necessarily involve intent.</p> <p>Extortion is the obtaining of property from another, with the other party's consent, induced by wrongful use of actual or threatened force or fear.</p>	<ul style="list-style-type: none"> <li>• Number of staff</li> <li>• Number of supplier and contractor relationships.</li> </ul>
<b>ASSET MISAPPROPRIATION</b>		
Theft of cash	A scheme in which an employee steals or misuses the employing organisation's resources.	<ul style="list-style-type: none"> <li>• Use of petty cash</li> <li>• Turnover of cash.</li> </ul>
Inventory and all other assets	A scheme in which an employee steals or misuses the employing organisation's resources.	<ul style="list-style-type: none"> <li>• Nature of assets (data, inventory, fixed assets).</li> </ul>
Fraudulent disbursements	A scheme in which an employee causes their employer to issue a fraudulent payment for fictitious goods or services, or reimbursement of fraudulent expenses.	<ul style="list-style-type: none"> <li>• Volume and value of supplier transactions</li> <li>• Volume and value of expense transactions.</li> </ul>
<b>FINANCIAL STATEMENT FRAUD</b>		
Net worth / net income understatements / overstatements	A scheme in which an employee intentionally causes a misstatement or omission of material information in the organisation's financial reports.	<ul style="list-style-type: none"> <li>• Change in management, high turnover of executive members</li> <li>• Significant pressure from stakeholders to reduce costs and improve financial results</li> <li>• Financial position of the organisation.</li> </ul>



# GOVERNANCE

Realisation of fraud and corruption risks in a number of high-profile government programs has highlighted the need for strong leadership to support effective risk management practice and culture. Poor leadership can lead to a culture of complacency or give rise to situations where fraud and corruption incidents are only addressed after they emerge. Organisational commitment is required to ensure effective implementation of the Fraud and Corruption Control Plan.

Council's General Manager has ultimate responsibility for Council's fraud and corruption risk management environment and endorses and supports effective risk management, practice and culture and the control activities and objectives outlined in this plan. The General Manager has responsibility for approving, adopting and reviewing the plan.

While overall responsibility for the plan rests with the General Manager, effective implementation of the plan is dependent on the active participation of all who are subject to its guidelines. This includes use of the risk-based approach for fraud and corruption control, compliance with the internal control systems and extends to the correct procedures for reporting instances of suspected fraud and corruption.

## 3.1 Responsibilities for fraud and corruption control

Appropriate governance structures are critical to the effective operation of fraud and corruption control. Implementing an effective control environment for fraud and corruption prevention is a practical demonstration that Council is serious about its commitment to ethical practice.

**TABLE 2: SUMMARY OF RESPONSIBILITIES ACROSS COUNCIL FOR FRAUD AND CORRUPTION**

POSITION	RESPONSIBILITY
Mayor and Councillors	<p>The Mayor and Councillors are responsible for:</p> <ul style="list-style-type: none"><li>• leading and developing a culture of ethical behaviour</li><li>• overseeing and promoting Council's overall approach to fraud and corruption control</li><li>• approving and adopting fraud and corruption control policies and procedures.</li></ul>
General Manager (GM)	<p>The GM has the primary responsibility for the prevention and detection of fraud and corruption, and for the governance of Council. This involves a commitment to creating and maintaining a culture of honesty and ethical behaviour.</p> <p>The GM is responsible for ensuring that appropriate resources are dedicated to fraud and corruption control in proportion to the size and risk profile of the organisation. This includes allocating a budget and assigning specific responsibilities.</p> <p>The GM's responsibilities include:</p> <ul style="list-style-type: none"><li>• demonstrating leadership and commitment to fraud control and prevention by endorsing and promoting the plan and associated tools and procedures</li><li>• approving, adopting and reviewing the plan</li><li>• Council's compliance with relevant legislation and regulation</li><li>• ensuring that those subject to the plan are aware of their responsibilities under the plan and the consequences of fraud and corruption</li><li>• ensuring effective internal controls and risk assessment and management systems are in place</li><li>• ensuring identified fraud and corruption risks are fully addressed</li><li>• approving and monitoring systems of control and accountability for Council</li><li>• receiving reports on suspected cases of fraud and corruption and approving any further action plans or activities relating to the handling of matters</li><li>• reporting instances of suspected fraud and corruption to ICAC in accordance with the ICAC Act and where appropriate to the NSW Police.</li></ul>

Executive Management Team	<p>The Executive have a leadership role in developing and promoting an ethical culture and share responsibility for prevention and detection of fraud and corruption, governance of the Council and risk management. Directors are responsible for ensuring that specific and ongoing training is provided for staff primarily engaged in fraud and corruption control activities and staff working in high risk fraud and corruption areas.</p> <p>The Executive considers strategic issues impacting their respective directorates, including any ongoing or emerging fraud and corruption risks, and monitors performance in delivering outcomes.</p>
Management Team	<p>Managers are responsible for:</p> <ul style="list-style-type: none"> <li>• championing the fraud control plan and procedures and promoting and sustaining ethical behaviour and culture</li> <li>• ensuring implementation of the plan and compliance with relevant codes, legislation and Council's policies and procedures relating to their area</li> <li>• ensuring risk management internal control systems are operating effectively</li> <li>• ensuring employees are aware of the plan and their responsibilities as part of the plan</li> <li>• identifying risks and developing appropriate internal risk mitigation control systems</li> <li>• considering new and emerging risks on a regular basis and where necessary adjusting systems for control of these risks</li> <li>• ensuring employees understand the purpose of and comply with internal controls</li> <li>• reporting suspected fraud and corruption through the appropriate channels.</li> </ul>
Governance	<p>The Governance department, under the leadership of the Director Organisational Services, has responsibility for developing, implementing, and maintaining the plan.</p>
Council Officials	<p>All Council Officials are responsible for:</p> <ul style="list-style-type: none"> <li>• fulfilling their responsibilities under the plan</li> <li>• conducting themselves and performing their duties in accordance with the principles of the Code of Conduct and Council's values</li> <li>• complying with Council's internal control systems, policies and procedures</li> <li>• reporting suspected fraud and corruption through the appropriate channels.</li> </ul>

## 3.2 Committee responsibilities

### Audit and Risk Improvement Committee (ARIC)

In response to the NSW Government's Risk Management and Internal Audit Guidelines, Council will establish an Audit and Risk Improvement Committee (ARIC) as required, by 4 June 2022.

The ARIC will provide independent assurance and assistance to Council on risk management, compliance, control, governance, internal audit, fraud control, strategic plan implementation, organisational performance and improvement, and external accountability responsibilities.

The Committee will ensure, assess and advise on whether there are adequate and effective systems of internal control in place throughout Council and will assist in the implementation of the internal and external audit plans. The ARIC will also provide information to Council for the purpose of improving Council's performance of its functions.

### 3.3 Individual compliance with policies and procedures

Council requires council officials to evidence their commitment to acceptable standards of ethical behaviour by acknowledging completion of regular Code of Conduct training.

Council officials are required to declare actual, potential or perceived conflicts of interests and these are collated and stored by Council's Governance team. This also occurs throughout the recruitment process. Councillors and designated persons (as defined by Clause 4.8 of the Code of Conduct) must routinely submit written returns of interest which are publicly available as open access information.

Council officials are required to declare any secondary employment via the completion of the 'Staff Secondary Employment Approval' form. This form is assessed by the employee's Manager, and then by the General Manager. Secondary employment approvals are managed by Council's People & Culture team, with a register maintained by Governance.

# FRAUD AND CORRUPTION PREVENTION

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Fraud and corruption prevention strategies provide the most cost-effective method of controlling fraud and corruption within Council. Key elements of Council's fraud and corruption prevention strategies include:

- promoting and demonstrating ethical leadership and culture;
- Code of Conduct and policies/procedures that promote ethical behaviour and provide sanctions for unethical behaviour;
- conducting fraud and corruption risk assessments;
- effective prevention systems (internal controls);
- ongoing education and training;
- ongoing fraud and corruption awareness among employees, suppliers, and service providers; and
- due diligence.

Driving a culture of integrity and ethical conduct relies on strong leadership from the Council and managers at all levels to integrate fraud and corruption controls as part of their teams' day-to-day activities. This leadership is necessary to ensure all those subject to this plan are enabled and empowered to take steps to prevent and report fraudulent or corrupt conduct.

The Executive are accountable for implementing the plan and embedding fraud and corruption control accountabilities into the business plans and performance agreements of management. Managers will incorporate these accountabilities into their units' work plans and staff performance plans.

## 4.1 Ethical leadership and culture

Strong leadership and an ethical culture which promotes and demonstrates awareness of fraud and corruption risks and effective actions to address them helps protect against fraud and corruption.

Council reinforces its fraud and corruption control message to its staff and service providers through a range of internal measures which include:

- Council and senior management endorsement and role modelling of ethical behaviour;
- publishing and promoting Council's policies and procedures on Council's intranet and external website;
- managerial accountabilities for conducting fraud and corruption risk assessments to raise staff awareness of fraud and corruption risks and control;
- fraud and corruption awareness training;
- encouraging staff to report fraud and corruption risk related concerns or issues;
- implementing procedures and processes that include preventive and detection controls within business activities to manage fraud and corruption risks; and
- communicating investigation outcomes to demonstrate that incidences of fraud are treated seriously and appropriately dealt with.

## 4.2 Fraud and corruption risk assessments

The NSW Audit Office Fraud Control Improvement Kit states that a 'fraud risk assessment should be conducted when there is a substantial change in the function, structure or activities of an organisation and at least every two years.'

Council is committed to preventing instances of fraud and corruption by undertaking a fraud and corruption risk assessment process at least every two years, to identify the potential fraud and corruption risks across Council, the controls in place to mitigate these risks and to assess the inherent and residual risk rating of each of these risks.

## 4.3 Internal controls

This plan does not seek to describe every fraud and corruption prevention system across Council. Management relies on a mix of controls to manage internal and external fraud and corruption risks. Internal controls implemented by Council include:

- Financial and non-financial delegations of authority;
- Conflict of interest management;
- Segregation of duties;
- Budgetary controls (i.e. periodic reviews by finance);
- Financial reconciliations (including accounting statements, bank accounts, credit card transactions);
- Transaction reviews (i.e. expense reviews and procurement);
- Reviews of physical asset inventories;
- System access reviews;
- IT system controls including appropriate cyber security controls (e.g. limited user access controls, monitoring of specific data sets, monitoring of email usage and restricted USB use);
- Procurement procedure and sign-off processes;
- Vendor due diligence; and
- Pre-employment screening.

Further details of the controls associated with Council-wide fraud and corruption risks are described in Council's Risk Register. Council undertakes routine monitoring and testing of controls in conjunction with internal and external audit activities described below, to ensure the ongoing effectiveness of internal controls.

## 4.4 Fraud and corruption training

### Code of Conduct

Council is committed to providing employees with regular training regarding code of conduct matters. Currently, Organisational Compliance training is provided organisation-wide, every two years.

Induction programs raise awareness of Council's position on behaviours, prompt individuals to question their understanding of ethical behaviour and potential biases and provide information on relevant resources.



## Procurement

In addition to the education and awareness programs delivered to staff, specific training is provided at various times to staff across the organisation who deal with suppliers to ensure transactions meet Council's procurement and conduct standards.

### 4.5 Fraud and corruption awareness

#### Staff and contractors

Policies and procedures are available to staff on Council's PULSE system. These policies outline obligations with respect to ethical behaviour and procedures to support them in managing risk when conducting their activities.

Refer to **Appendix B** for a listing of relevant policies and procedures.

The Governance department partners with relevant Managers across Council, to organise training to further raise awareness of fraud and corruption issues, including managing conflicts of interest. This supports staff and Councillors to understand their ethical behaviour obligations, the specific areas of risk where vigilance is required and the consequences of fraudulent and corrupt conduct. If Council identifies an area that may be of particular concern, investigation into tailored workshops for specific business units will be investigated.

#### Suppliers and third parties

The incidence of fraud and corruption can be reduced through education of customers, suppliers and the community about acceptable standards of behaviour expected of Council staff, and of the customers, suppliers and community members that interact with Council. As expectations about standards of behaviour can differ, it is important that Council outlines its expectations to external parties with whom it interacts.

The standards of behaviour expected by Council in business relationships with external parties are outlined in the Business Ethics Policy. Additional resources include Council's Purchasing Policy and Purchasing Procedure (which details procurement thresholds).

# DETECTION AND REPORTING

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Council recognises that no organisation is resistant to incidents of fraud and corruption, however fraudulent and corrupt conduct can be detected through robust internal control systems and mechanisms for recognising deviations from standards. Council has a system of internal controls in place including routine checks of activities, processes, controls and transactions to identify irregularities.

## 5.1 Reporting fraud and corruption

All council officials are subject to the plan and are expected to immediately report any suspected fraud or corruption. Council's Internal Reporting (Public Interest Disclosures) Policy provides a clear set of guidelines that outlines the process for and responsibilities of those reporting or receiving a notification of corrupt conduct. It promotes immediate reporting of instances of fraud or corruption to an employee's supervisor in the first instance. Where a disclosure is made to Council's Disclosures Coordinator or one of Council's Disclosure Officers, and it meets the criteria of a public interest disclosure, the discloser may be protected from reprisal by Council via the Code of Conduct and the protections afforded by the *Public Interest Disclosure Act 1994 (NSW)*.

The community can also make complaints by contacting Council's General Manager. The management of such complaints will be in accordance with Council's Complaints Management and Mandatory Reporting Policy.

External agencies such as the Office of Local Government, the NSW Ombudsman and ICAC can take reports from council officials and members of the community about five categories of wrongdoing at local councils. These are disclosures of corrupt conduct, maladministration, serious and substantial waste of public funds, government information contravention and local government pecuniary interest contravention.

Internal and external guidelines for reporting fraud and corruption to Council are published on Council's internet and intranet sites.

A confidential register of complaints, including alleged fraud and corrupt conduct is maintained by Council's Governance department. The policies noted within this section identify the nature of suspected fraud and corruption which require reporting to the NSW Police and the Independent Commission Against Corruption, and other external agencies. External notification takes place as required in light of the above legal and policy requirements.

## 5.2 Public Information and Disclosures Act

Council's Internal Reporting (Public Interest Disclosures) Policy provides a mechanism to protect those reporting wrongdoing. If a public official makes a disclosure to a nominated Disclosures Coordinator or Disclosures Officer, protection may be provided under the *Public Interest Disclosures Act 1994 (NSW)* (PID Act). Should a person report behaviour that meets the criteria of the PID Act, Council undertakes to protect them from associated reprisal or detrimental action. The PID Act lists a number of investigating authorities in NSW that can receive reports of wrongdoing and the categories of wrongdoing each authority can deal with.

### 5.3 Internal Audit

Internal audits provide advice and guidance on the design and effectiveness of internal controls established by management, including those to prevent and detect fraud and corruption. Additionally, internal audit can assist management to develop fraud and corruption prevention and monitoring strategies.

Council's internal audit function undertakes proactive audits that provide an independent and objective review and advisory mechanism to:

- provide assurance that the financial and operational controls designed to manage Council's risk objectives are operating in an efficient, effective and ethical manner; and
- assist management in improving Council's business performance.

Internal audit activity, including the status of implementation of internal audit recommendations by management, is reported to the Internal Audit & Risk Committee.

The internal audit program is responsible for providing recommendations to the Internal Audit & Risk Committee and Council's management in respect of controls aimed to prevent, detect and respond to fraudulent and corrupt conduct including assigning individuals or business units with timeframes for response.

We note Council's audit function will be reviewed in light of the implementation of an Audit Risk and Improvement Committee (ARIC), to be established in 2022.

### 5.4 External Audit

Council is subject to annual performance and financial audits through the Audit Office of NSW, as mandated under the *Public Finance and Audit Act 1983 (NSW)*. External audits undertaken by the NSW Audit Office or its nominated provider assist prevention and detection of fraud and corruption by implementing auditing procedures to:

- detect material misstatements resulting from misappropriation of assets or fraudulent financial reporting; and
- report to Parliament on the performance of entities administering government programs.

Additionally, the NSW Audit Office or its nominated provider is responsible for assessing key aspects of an entity's fraud control arrangements to effectively prevent, detect and respond to fraud.

# RESPONSE

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Despite Council's implementation of prevention mechanisms for detecting fraud and corruption, it is conceivable that incidents of fraud and corruption will occur. Effective response demonstrates that Council takes its responsibilities seriously in line with its zero-tolerance approach to fraud and corruption and its commitment to the Code of Conduct.

Council's response to allegations includes assessment to determine the validity of allegations, and where fraud and corruption is substantiated, investigation, disciplinary action and restitution. Where disclosers have provided their details, they will receive feedback, to the extent possible, on Council's response to the issue.

## 6.1 External referral

External agencies such as the Office of Local Government, the NSW Ombudsman and ICAC can take reports from council officials and members of the community of wrongdoing at local councils. These agencies may refer reports to Council to investigate, or they may investigate themselves.

In the instance whereby Council was investigated, Council will cooperate with those agencies to investigate reports of wrongdoing and implement any recommendations made to improve its fraud and corruption controls.

The General Manager has a responsibility under section 11 of the *Independent Commission Against Corruption Act 1988 (NSW)* to report to ICAC any matter that is suspected on reasonable grounds to concern, or may concern, corrupt conduct.

## 6.2 Investigation

Council is committed to providing the resources required to ensure that instances of suspected fraud or corrupt conduct are thoroughly investigated and reported.

All investigations undertaken by the Council will adhere to the following principles:

- confidentiality;
- timeliness;
- procedural fairness;
- impartiality; and
- independence.

### Internally investigated matters

Where a matter can be internally investigated, a suitable member of staff will be appointed by the General Manager to investigate in line with the relevant legislation.

Council will ensure investigators commit to continuing professional development so that they are aware of current fraud and corruption trends and issues.

### Conduct Review Panel

If the matter is determined to be a Code of Conduct complaint it will be managed in accordance with the procedures for administration of the Code of Conduct.

## Externally investigated matters

In addition to external agencies investigating reports about Council according to their own criteria, if the complexity or sensitivity of a matter is considered beyond the scope of Council's internal staff or where the qualifications or experience of Council's Conduct Review Panel is inadequate, Council will procure the services of suitably qualified independent investigators.

### 6.3 Response action

Should an allegation of fraud and corruption be substantiated, Council commits to taking action commensurate with the severity of the circumstances.

#### Disciplinary proceedings

Disciplinary action will be taken in accordance with the *Local Government Act 1993*, Council's Code of Conduct, and/or other Council policies, guidelines and requirements.

#### Referral to relevant authorities

Under section 462 of the *Local Government Act 1993*, the General Manager may refer a complaint for investigation to an authority, including the:

- NSW Ombudsman
- Independent Commission Against Corruption
- NSW Police.

Where the General Manager reasonably believes that a council official has committed a criminal offence, the matter will be referred to NSW Police.

#### Debt recoveries

Council has a formal process for deciding upon recovery actions including assessing the costs of recovery against the expected value of the recovery and the deterrent value of recovery action.

It is the expectation of Council that managers are responsible for fraud and corruption control by allocating any unrecoverable losses suffered to the business unit or department concerned.

#### Insurance

Council's insurance policy may provide cover where there is a financial loss sustained through fraudulent or corrupt activity.

Council will review insurance cover annually to ensure the fraud risks facing Council are adequately covered.



# APPENDIX A: EXAMPLES OF FRAUD & CORRUPTION

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## Internal:

- Theft or misuse of tangible assets by employees (e.g. cash, stationery, smart phones, tablets, computer and computer-related software)
- Entitlements (e.g. expenses, leave, travel allowances or attendance records)
- Theft or misuse of intellectual property or other confidential information (e.g. procurement information or personal records)
- Release or use of misleading information for the purposes of deceiving, misleading or to hide wrongdoing
- False invoicing
- Credit card/payment fraud
- Receiving bribes or improper payments
- Misuse of position by employees to gain benefit, either financial or non-financial.

## External:

- Theft or misuse of tangible assets (e.g. plant or equipment)
- False reporting on the expenditure of funding and falsifying funding applications to receive payments from government programs that they are knowingly ineligible for
- Falsifying data in relation to participants engaged in funded activities
- External service providers making claims for services that were not provided, converting funded assets to personal use or misappropriating cash payments for personal use.

## Resource wastage:

- Misappropriation or misuse of public property
- Purchase of unnecessary or inappropriate goods or services
- Incurring costs which could have been avoided
- Programs not achieving their objectives and therefore costs being clearly ineffective and inefficient.

## APPENDIX B: COUNCIL POLICIES & PROCEDURES

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- Access to Council Records and Privacy Management Plan Policy CPOL 1.19
- Business Ethics Policy CPOL 1.17
- Cash Handling Procedure PRO 3.01
- Code of Conduct CPOL 1.01
- Complaints Management and Mandatory Reporting Policy CPOL 1.18
- Council Credit Cards Procedure PRO 6.10
- Councillor Access to Information Policy CPOL 1.14
- Debt Recovery Policy CPOL 6.05
- Disclosure of Interest Procedure PRO 1.15
- Fraud Prevention Policy CPOL 1.13
- Gifts and Benefits Policy CPOL 1.05
- Internal Reporting (Public Interest Disclosures) Policy CPOL 1.05
- Payment of Expenses and Provision of Facilities to Councillors Policy CPOL 1.07
- Purchasing Policy CPOL 6.06 & Purchasing Procedure PRO 6.06
- Risk Management Policy CPOL 1.12
- Risk Management Framework & Risk Management Procedure PRO 5.26
- Related Party Disclosure Policy CPOL 1.10

