



POLICY REGISTER

Fraud and Corruption Policy

Policy adopted: 17.12.2021 (Minute No. 220/2021)

Reviewed:

File Ref: D21.57898

DOCUMENT CONTROL

Issue.	Prepared/Revised by and Date	Action/Amendment Description	Approved By and Date
1.0	Glenn Wilcox A/General Manager	First Edition	Council Minute No. (2021)

Policy Scope

This policy applies to all BSC officials - Councillors, staff, volunteers and delegates.

Policy Objectives

To indicate Balranald Shire Council's commitment to the prevention of fraud and corruption and to outline the methodology to deter and detect fraudulent behaviour and corrupt conduct.

Policy Statement

Balranald Shire Council will not tolerate any form of fraudulent or corrupt conduct from councillors, staff, contractors, consultants or volunteer.

Balranald Shire Council is committed to the:

- Development and maintenance of a sound ethical culture supported by appropriate policies, procedures and strategies that prevent fraudulent and corrupt behaviour.
- Regular conduct and review of fraud and corruption risk assessments to identify circumstances in which fraud and corruption could occur.
- Implementation of fraud and corruption prevention and mitigation procedures in day to day operations.
- Use of formal procedures for the investigation of allegations of corrupt and fraudulent behaviour.
- Maintenance of processes and procedures that encourage all business dealings with tenderers, suppliers, consultants and contractors are conducted in an ethical manner.
- Ongoing education and training of all BSC officers and elected members in relation to their obligations in combating dishonest and fraudulent behaviour.

Responsibilities

Council officials are responsible for reporting cases of suspected fraud or corrupt conduct.

Council officials have a responsibility to act honestly and to follow diligently BSC policies and procedures to prevent and mitigate fraud and corruption.

The General Manager is ultimately responsible for the prevention, detection and reporting of fraud and corruption through the implementation of appropriate and effective internal control systems. The General Manager must report "possible" corrupt conduct to the Independent Commission Against Corruption (ICAC) pursuant to the *ICAC Act 1988*.

Managers are also responsible for the prevention, detection and reporting of fraud and corrupt conduct by ensuring:

- There are mechanisms in place within their area of control to assess the risk of fraud and corrupt conduct and to manage such risks by appropriate internal controls.
- The promotion of employee awareness and training/education on the prevention of fraud and corruption.
- Compliance with all relevant policies and practices.

- Reporting of any fraud or corruption matters to the General Manager.
- That reasonable steps are undertaken to ensure that BSC contractors within their area of control adhere to the provisions of this policy.

All BSC officials are responsible for:

- Performing their functions and duties with diligence, honesty, integrity and impartiality.
- Complying with this policy and all legislative requirements to ensure they are not participating in corrupt or fraudulent behaviour.
- Reporting any suspicion of fraudulent or corrupt behaviour to the General Manager, or the Chair of BSC if such behaviour concerns the General Manager, or by utilisation of BSC's Internal Reporting Policy.
- Reporting any identified weaknesses in internal controls that could potentially facilitate a fraudulent or corrupt act.

Council officials should read BSC's Internal Reporting Policy in relation to the protection afforded officials who report or disclose information for specified matters (such as fraud and corruption) internally or to external agencies.

Fraud and Corruption Risk Assessment Process

Council's main objective is to minimise the occurrence of fraud and corruption within BSC by:

- Identifying fraud and corruption risks.
- Determining strategies to control these risks.

The General Manager will instigate a review of BSC's fraud and corruption risk and control strategies every four years. The General Manager will also ensure that periodic and comprehensive risk assessments are conducted by relevant Managers pursuant to BSC's Enterprise Risk Management Policy. Regular audits will be conducted (external auditors) to test the fraud and corruption control framework.

Examples of Fraudulent and Corrupt Activity

Theft

- Stationery and officer supplies.
- Construction and maintenance equipment and tools.
- Lap top computers.
- Mobile phones.
- Technical equipment (mobile GPS, cameras etc.).
- Cash.
- Intellectual property, including documents and data.

Inappropriate or Misuse of BSC Resources

- Unauthorised use of corporate credit cards, petrol cards, Cab charge or vouchers.
- Staff undertaking secondary paid work during work hours.
- Staff using telephones excessively for private purposes without appropriate reimbursement of costs.

- Internet service being used extensively for non-work purposes.
- “Left-over” materials being taken by BSC officers.
- Plant being used by staff for private use without authorisation or payment.

Gifts, Benefits and Bribes

Any gifts or benefits provided to, or any attempt to give a gift or benefit to a BSC officer, is managed by BSC’s Gifts and Benefits Policy. The Policy prescribes when a gift may or not be accepted and relevant processes for dealing with such matters.

Bribes are given to influence the way a recipient carries out their official functions. For example, not respond to or report an illegal or unauthorised activity or procure goods and services from a specific person or company.

Higher risk areas for exposure to such behaviour includes:

- Officers who approve or can influence decisions.
- Officers who procure goods and services for BSC.
- Regulatory and compliance staff.
- Staff who carry out work with the private sector.

Procurement, Tendering and Contract Management

Activities associated with procurement, tendering and contract management have traditionally been susceptible to fraud and corruption risks. Examples of such risks include:

- Order splitting to avoid tendering provisions or quotes.
- Collusion with suppliers (dummy quotes).
- Fraudulent contract variations.
- False invoices.

Human Resources

- Creation of false employees on the payroll system.
- Job applicants falsifying career background details.
- Direct recruitment of friends and relatives breaching the legislative requirement of merit-based employment.
- Claiming unworked overtime on timesheets or time sheet falsification.

Information Technology

- Unauthorised electronic transfer of funds.
- Unauthorised alteration of input data.
- Alteration or misuse of software.
- Unauthorised sale or provision of information to 3rd parties.

Discipline and Investigation

Balranald Shire Council has zero tolerance for corrupt or fraudulent behaviour. BSC staff found guilty of such matters will face disciplinary matters pursuant to the Code of Conduct and the Local Government (State) Award. BSC officers will be disciplined pursuant to BSC’s Code of Conduct.

Further, as stated above, all “possible” corruption matters, involving BSC officers, have a mandatory statutory reporting requirement to the ICAC. The ICAC or BSC itself can also seek criminal prosecutions by reporting fraud and other corruption matters to the NSW Police Service.

The General Manager must make an initial determination as to whether the matter in question concerns or may concern corrupt conduct. This may entail his or her own analysis of the circumstances surrounding the matter or utilising another staff member or an investigator to carry out preliminary enquiries on which to base the determination.

After formal notification by the General Manager, the ICAC will normally determine if they will investigate the alleged corruption matter. Alternatively, the ICAC may instruct BSC to carry out their own investigation and report the findings to the ICAC. In such circumstances BSC should engage an experienced and suitably qualified investigator for the process.

Fraud and Corruption Prevention Training

Balranald Shire Council acknowledges that a high level of awareness amongst all BSC officers in relation to fraud and corruption issues is an essential element in identifying and combatting such behaviours. Awareness training will be implemented through the following programs:

- At induction for all new employees.
- At the induction program for all new Councillors.
- Regular refreshers.
- Fraud and Corruption prevention information through meetings, memos and other internal publications.
- Follow up meetings with staff after internal and external audits where relevant.

Fraud and Corruption Mitigation Practices

Balranald Shire Council recognises that appropriate policies and procedures must be implemented in certain operational areas to regulate and enable the monitoring of particular activities. These areas within BSC include:

Risk Management

- Risk Assessment pursuant to the Enterprise Risk Management Plan.

Finance

- Cash Handling Procedures
- Petty Cash Handling Procedures
- Corporate Credit / Debit Card Policy

Governance

- Procurement Policy.

- Councillors' Expenses and Facilities Policy.
- Disposal of Assets Policy.
- Secondary Employment Policy.
- Use of BSC Resources (Corporate Practice Guide).
- Internal Reporting Policy.

Ethics

- Code of Conduct.
- Fraud and Corruption Prevention Policy.
- Statement of Business Ethics.

Fraud Detection

- Fraud detection mechanisms/controls to aid in the early detection of suspicious or fraudulent behaviours. Such mechanisms may include monitoring staff and transactions and internal audit activities.
- Stock take of equipment and resources provided for staff.

Definitions

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 includes: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception (Audit Office of NSW).

Corruption

The *ICAC Act 1988* at sections 7, 8 and 9 defines corruption as:

- Any conduct of any person (whether or not a public official) that adversely affects, or that could 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, or
- Any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or
- Any conduct of a public official or former public official that constitutes or involves a breach of public trust, or
- Any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or the benefit of any other person.

Council official

Council official includes Councillors, members of staff, volunteers and delegates of BSC.

Related Legislation and Policies

- *Local Government Act 1993*
- *Independent Commission Against Corruption Act 1988*
- *Public Interest Disclosure Act 1994 NSW*
- Enterprise Risk Management Policy

Review

Council reserves the right to vary, replace or terminate this policy at any time. This policy will be reviewed every 4 years or following an ordinary election of BSC, or earlier if there are relevant statutory or State Government policy changes.