

Council Policy

Council policy title:	Fraud and Corruption Prevention Policy 2018
Council policy owner:	Director Corporate Services
Adopted by:	Bayside City Council
Date adopted:	May 2018
Scheduled review:	April 2022
Document Reference:	DOC/18/97273

(Council Policy is a high level public statement formally resolved by Council, which clearly states Council's requirements, intent or position with regard to a particular matter or issue. It is not intended to be procedural in nature.)

1. Policy intent

Bayside City Council has a zero tolerance stance on fraud and corruption and is committed to minimising the risks of such behaviour and ensuring continuing organisational integrity and transparency. Council recognises that fraud and corruption management is an integral part of good governance and Council's Fraud and Corruption Policy forms part of the internal control framework which is designed to prevent and detect fraud and corruption.

2. Policy purpose

This policy is designed to protect public funds, other assets, and the integrity security and reputation of Council and its staff and to assist in maintaining a high level of services to the community. Council will do this by

- Developing and maintaining an organisational culture of honesty and integrity,
- Putting in place processes for the prevention, detection, and management of fraud and corruption, and
- Encourage, support and protect persons who report suspected fraud and corruption.

3. Scope

This policy applies to any irregularity, or suspected irregularity, involving employees and Councillors as well as, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Bayside City Council. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Council.

4. Policy statement

Council is committed to protecting its revenue, expenditure and property, including intellectual property, from any attempt, either by members of the public, contractors, elected members or its own staff, to gain by deceit, any financial or other benefits.

The core elements to this policy are:

- Reducing losses through fraud and corruption by developing and maintaining a Fraud Risk Register;
- A commitment to detecting, investigating and prosecuting individual cases of Criminal behavior, including fraud and corruption;
- Educating staff to ensure they have an understanding of what fraud and corruption is and how to report it.

Expectations

Council will conduct its business in a fair and honest manner. The elected members and staff of Council will maintain a high standard of ethical conduct in all activities, in particular with respect to resources, information and authority.

All staff will develop, encourage, insist upon and implement sound financial, legal and ethical decision making within their areas of responsibility. Measures to prevent fraud and corruption will be monitored, reviewed and developed as part of Council's Risk Management framework.

All staff are required to be familiar with and act in accordance with Council's Staff Code of Conduct. Appropriate behavior for staff is contained in the Code of Conduct and other relevant policies and procedures. Council expects similar standards from the people, agencies or organisations that do business, with Council. The Mayor and Councillors are expected to comply with the Councilors' Code of Conduct.

Fraud Prevention

Fraudulent and corruption acts against Council are unacceptable, may constitute a criminal offence and may result in prosecution.

Guidance and training regarding fraud and corruption prevention is provided as part of Council's induction program. All new staff are provided with a copy of the Fraud and Corruption Prevention Policy with further guidance included in the Staff Induction Manual including the Staff Code of Conduct. All staff are required to complete the mandatory fraud e-learning module every 2 years.

Reporting Fraud

Staff are required to report anything in the workplace they think is suspicious to their or an alternative Supervisor, Manager or Director who must the report to either the Director Corporate Services or Manager Governance. The process to review any suspected fraud is to be based on the following principles:

- That any review will be conducted in an unbiased manner;
- That each relevant party be provided with an opportunity to be heard; and
- That action to be taken is based on due consideration of the evidence or information collected.

Protected Disclosure

Suspected fraud and corruption can be reported by making a protected disclosure under the Protected Disclosure Act 2012 and Council's protected disclosure procedure, which guarantees employee anonymity. Staff can contact Council's Protected Disclosure Officers either the Director of Corporate Services or the Manager Governance. Reports made will be

protected in accordance with the Protected Disclosure Act 2012 and Council's Protected Disclosure Procedures. If an employee makes a protected disclosure to their or an alternative Supervisor, Manager, or Director, the Supervisor, Manager or Director must protect the identity of the person making the disclosure and bring the matter to the attention of the Protected Disclosure officers.

In some circumstances, further investigation may be required, including engagement of Council's auditors, internal or external investigation

In some cases Police presence will be required either as a matter of urgency or as a result of an audit or investigation. Where Police presence is necessary, the decision to call Police will normally be made by the Chief Executive Officer or in their absence by the most senior staff member on the site at the time of the incidence. If a senior officer calls the police they will also notify the Chief Executive Officer.

Independent Broad Based Anti-Corruption Commission

From 1 December 2016, Council CEOs must notify IBAC of any matter which they suspect on reasonable grounds that fraud or corrupt conduct has occurred or is occurring. Furthermore anyone can make a complaint about a Councilor or Council Officer directly to IBAC who will determine if the complaint is of serious or systematic corruption and an investigation is required.

Councilor Code of Conduct

The Code of Conduct is designed to assist the Mayor and Councilors to maintain the highest levels of professional integrity and ethical standards. These qualities and behaviors are imperative for the prevention of fraud and the identification, reporting and resultant action as a result of any incidence of fraud.

Staff Code of Conduct

The Code of Conduct is designed to assist staff to maintain the highest levels of professional integrity and ethical standards. These qualities and behaviors are imperative for the prevention of fraud and the identification, reporting and resultant action as a result of any incidence of fraud.

Disciplinary Actions

Disciplinary actions to be undertaken as per Staff Code of Conduct and Disciplinary Guideline.

Protected Disclosure Legislation

Council supports and upholds the Protected Disclosure legislation and principles. And this is addressed in Council's Protected Disclosure Procedures.

The [Protected Disclosure Act 2012 \(Vic\)](#) enables people to make disclosures about improper conduct within the public sector without fear of reprisal. Council will take action to protect people from victimisation and ensure that they are not subjected to intimidation or discrimination in the workplace.

5. Monitoring, evaluation & review

The Manager Finance is responsible for maintain Council's Fraud Risk Register and monitoring its controls and effectiveness. The Manager Finance reports to the Director Corporate Services on fraud and corruption issues ensuring that risks are identified and acted on.

Council's internal auditor carries out audits of financial processes, including fraud and corruption prevention policies and procedures. They report to the Audit Committee on a quarterly basis regarding the results of independent audits carried out as part of the Audit Program, Council's annual schedule of internal audits. The Audit Committee in consultation with the Director Corporate Services determines the Audit Program.

A fraud and corruption staff survey is conducted annually in order to measure the effectiveness of Council's fraud and corruption training.

6. Roles & Responsibilities

Councillors

Council has a duty to ensure that Council assets are safeguarded from fraud and corruption and to ensure that the Council's powers, duties and responsibilities are exercised in an open fair and proper manner to the highest standards of probity. Councillors will endorse and support all policies and measures taken to prevent, deter, detect and resolve instances or suspected instances of fraud and corruption throughout the Council. Councillors will conduct themselves in a manner that will ensure they avoid situations where their actions may be perceived to be fraudulent, corrupt or unduly influenced by a conflict of interest.

Chief Executive Officer

The Chief Executive Officer has primary responsibility for the proper management of Council resources and the development and implementation of systems and practices to minimise the risk of fraud and corruption.

Management

Management is responsible for the detection and prevention of fraud and corruption. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any irregularity that is detected or suspected must be reported immediately to the Director of Corporate Services, who coordinates all investigations with the relevant Department and other affected areas, both internal and external.

Council Officers

Employees and volunteers will:

- Comply with internal control requirements, policies and procedures.
- Be aware of the signs of acts of fraud or corruption.
- Report suspected acts of fraud or corruption to their supervisor and/or management.
- Assist with any enquiries and investigations pertaining to fraud or corruption.

- Conduct themselves in a manner that will ensure they avoid situations where their actions may be perceived to be fraudulent, corrupt or unduly influenced by a conflict of interest.

Internal Audit

Internal audit has an important role in assisting management in the prevention and detection of fraud and corruption by:

- Independently reviewing systems, procedures and controls to ensure that there are adequate safeguards to prevent, deter and detect fraud and corruption
- Identify areas of concern through specific audits and testing of systems,
- Advising on the production of rules, regulations and policies which deter fraud and corruption.

Investigation Responsibilities

The Director Corporate Services has the primary responsibility for the investigation of all suspected fraudulent or corrupt acts. If the investigation substantiates that fraudulent or corrupt activities have occurred, the Director Corporate Services will issue report/s to the Chief Executive Officer and other appropriate designated personnel if appropriate.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies **including IBAC for independent investigation will be made in conjunction with legal counsel and the Chief Executive Officer**, as will final decisions on disposition of the case.

7. Related documents

Policies	
Strategies/Plans	Fraud Control Plan
Procedures/Processes	Councillor Code of Conduct Staff Code of Conduct Disciplinary Guidelines Protected Disclosure Procedures Protected Disclosure Act 2012
Guidelines	
Other	Risk Management Framework Independent Broad Based Anti-Corruption Commission Website http://www.ibac.vic.gov.au

8. Definition

Term	Meaning
Fraud	<p>Dishonest activity causing actual or potential financial loss to any person or entity including the theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for normal business purpose or improper use of information or position.</p> <p>Examples of fraud are but not limited to:-</p> <ul style="list-style-type: none"> • Theft and/or misappropriation of Council revenue • Theft of digital data and identity theft • Unauthorised removal of equipment, parts, software and office supplies from Council premises • Deliberate over ordering of materials or services to allow a proportion to be used for personal purposes • Submission of sham taxation arrangements for an employee or contractor to circumvent the Council's procedures for engagement of employees and contractors • Submission of fraudulent application for reimbursement • Payment of fictitious employees or suppliers • Falsifications of timesheets • Damage, destruction or falsification of documents • Misrepresentation of qualifications • Theft • Obtaining property or financial advantage by deception • False accounting
Corruption	<p>Dishonest activity in which an employee, volunteer or contractor acts contrary to the interests of Council and abuses their position of trust for their own personal gain or the gain of others/associates.</p> <p>Examples include but are not limited to:</p> <ul style="list-style-type: none"> • Release of confidential information for a reason other than a proper operational purpose in exchange for some form of benefit or advantage (financial or non-financial). • Collusive tendering or failing to disclose conflicts of interest as part of a tendering process.

Please note: This policy is current as at the date of approval. Refer to Council's website (www.bayside.vic.gov.au) to ensure this is the latest version.