



Fraud Control and Corruption Prevention Policy

(Policy Number – KL-FINPOL001)

(Policy Type – Council)

1 Aim

Under the Municipal Alliance the Latrobe and Kentish Councils’ are jointly responsible for providing strong leadership and good governance to the community through robust financial management, human resource management, procurement and their decision making practices.

The aim of the Fraud Control and Corruption Prevention Policy is to demonstrate the Councils’ commitment to the prevention, detection, reporting, and response to any fraudulent activity or corrupt behaviour.

2 Policy Statement

The Councils’ are committed to developing and maintaining cultures which are supported by appropriate controls, procedures and strategies, which prevent fraudulent and corrupt behaviour.

Councils’ will always act in the best interest of their communities and uphold the principles of honesty, integrity and transparency, all key components of good governance and managing risk.

The Latrobe and Kentish Councils’ have zero tolerance for any fraud and/or corrupt behaviour of any kind. Fraudulent and/or corrupt behaviour will not be tolerated under any circumstance.

3 Policy Detail

Purpose	Description
Fraud	<p>Fraud means dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by those in scope of this policy. Fraud also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal benefit.</p> <p>It is widely accepted that fraud occurs where an opportunity exists (sometimes, but not always, as a result of poor controls), and there is a motivated offender, and the offender rationalises their deceptive behaviour.</p>



	<p>Some examples of fraud include:</p> <ul style="list-style-type: none">• theft of council property;• unauthorised use of council plant and machinery;• unlawful or unauthorised use of council computers, vehicles, telephones, etc;• misappropriation of funds;• making or using false, forged or falsified documents; and• falsification of expense claims.
Corruption	<p>Corruption means dishonest activity in which a person associated with an organisation acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.</p> <p>Some examples of corruption include:</p> <ul style="list-style-type: none">• payment of secret commissions (bribes);• accepting gifts from contractors, consultants and customers inconsistent with the requirements of the Councils' Codes of Conduct;• inappropriate use of position to obtain goods and services;• release of confidential or personal information for other than a proper business purpose;• collusive tendering;• serious conflict of interest involving a councillor, manager or employee acting in their own self-interest, or in the interest of a related party;• manipulation of procurement processes; and• misuse of the internet or email.
Objectives	<p>The objectives of the policy is to:</p> <ul style="list-style-type: none">• protect the revenue, expenditure and property of the Councils';• promote a sound ethical culture within the Councils';



	<ul style="list-style-type: none">• outline the Councils' commitment to identifying risk exposures to fraud and corruption;• establish procedures to prevent, detect and report fraud and corrupt conduct; and• ensure all Councillors and staff are aware of their individual and collective responsibilities in relation to ethical conduct and the prevention of fraud and corruption.
Leadership	<p>Strong leadership by Councillors and management is critical in ensuring effective fraud control and corruption prevention.</p> <p>Councillors and management must contribute to the creation and maintenance of an ethical culture where employees and others feel prepared to report suspected fraud or corrupt conduct and are then supported when they do so.</p>
Fraud Control Officer	The Manager Corporate and Business Services is the appointed Fraud Control Officer.
Fraud and Corruption Control System	A joint Fraud and Corruption Control System has been developed to assist both the Latrobe and Kentish Councils' in upholding the principles of honesty, integrity, and transparency. The Fraud and Corruption Control System is designed to reduce the overall risk of fraud and corruption within the Councils' (refer appendix 1).
Fraud Awareness	<p>All Councillors and staff have a responsibility to contribute to eliminating fraud and corruption.</p> <p>Councillors and staff have a duty to advise the General Manager or the Fraud Control Officer of any concerns they have about the conduct of either Councils' affairs and/or the use of either Councils' assets and/or resources which are likely to raise concerns surrounding fraud and corruption.</p>
Education	<p>The likelihood and impact of fraudulent or corrupt behaviour will be minimised by promoting a sound ethical environment. This approach reduces the risk of fraud or corruption and allows greater reliance on the integrity of individuals rather than on direct measures. It is the responsibility of all employees, Councillors, contractors, consultants and others directly involved with the Councils' to set an example through ethical and prudent use of the Councils' assets and/or resources.</p> <p>This Fraud Control and Corruption Prevention Policy will be brought to the attention of all persons directly associated with both Councils' and will be included in the Councils' induction program/s.</p>



	<p>Employees with particular responsibilities such as cash handling, purchasing authority, payroll and accounts payable processing, will be given specific training in approved receipting and payment procedures.</p>
<p>Fraud Prevention Strategies</p>	<p>The Councils' will manage and monitor its activities in such a way that fraudulent activity and corrupt behaviour can be deterred. The following is a list of fraud prevention actions which will be implemented as part of this Policy:</p> <ul style="list-style-type: none"> • the Councils' will create an environment and culture in which fraudulent or corrupt acts will not be tolerated, and which will be fully investigated where they are suspected or reported; • structured fraud risk assessments will be undertaken; • an ongoing internal audit process will be implemented; • external audit reviews will be undertaken; • maintaining strict recruitment practices including confirming all employee details and references are thoroughly checked; • conducting regular staff fraud awareness and prevention training; • will have procedures in place in relation to the use of the Councils' assets by employees; • there will be robust IT security policies and processes; • appropriate HR policies dealing with annual leave, secondary employment and conflicts of interest will be maintained; and • appropriate purchasing policies and practices are implemented.
<p>Reporting Suspected Fraud or Corruption</p>	<p>All Councillors and staff are responsible for assisting the Councils' to:</p> <ul style="list-style-type: none"> • identify and detect suspected fraudulent and corrupt activities; • report any potential suspected fraudulent and corrupt activities in order for them to be investigated; and • reporting any cultural and attitudinal behaviours of concern. <p>The Councils' encourage the making of disclosures with regard to suspected fraudulent and/or corrupt behaviour.</p> <p>Reports of suspected fraudulent or corrupt activities can be made to the General Manager, a Senior Manager or Team Leader. In accordance with the <i>Public Interest Disclosure Act 2002</i> if a person is uncomfortable making a disclosure to the General</p>



	<p>Manager or a senior staff member, they can refer their concerns directly to the Ombudsman or the Integrity Commission.</p> <p>All suspected instances of fraud and/or corrupt conduct will be investigated.</p> <p>Suspicious should only be reported to those people who are required to know. This protects people from allegations that may not be proven and can prevent the possible destruction of evidence</p>
Investigations	<p>Investigations into alleged fraud or corrupt behaviour will be conducted according to natural justice principles, which means people subject to the allegations:</p> <ul style="list-style-type: none"> • are presumed to be innocent until proven guilty; • have a right to respond to any allegations made against them; and • have a right to be represented during any formal disciplinary processes. <p>All investigations into allegations of suspected fraud or corrupt behaviour will be undertaken confidentially and carried out within the Fraud and Corruption Control System.</p> <p>All reports and investigations of suspected fraudulent activities will be conducted in an impartial manner and with reference to the <i>Public Interest Disclosure Act 2002</i> and relevant Council/s policies.</p> <p>Any investigation will be conducted without regard to the suspected wrongdoer’s length of service, position, authority or relationship to the Councils’.</p>
Equity and Fairness	<p>The Councils’ will ensure that any individual suspected of committing fraud or corruption (whether they are an employee or an external party) is dealt with consistently and fairly and in accordance with the procedures contained in the <i>Public Interest Disclosure Act 2002</i>.</p> <p>Any person who reports suspected fraud or corrupt behaviour has the right to expect their actions will be dealt with confidentially.</p> <p>Evidence collected as part of any fraud investigation must substantiate any further action that the Council/s may take. There must be transparency in the fraud response action that the process has been appropriately managed.</p>



Consequences of an investigation	In the case of an employee any investigation may result in the commencement of a disciplinary process, the outcome of which may be dismissal. In relation to a supplier, consultant or contractor, the services may be terminated.
External Notifications	The General Manager may report any suspected fraud to the Police, generally this will only occur when it is considered there is sufficient information/evidence available to confirm the likelihood of the fraud or corrupt behaviour.

4 Associated Documents and References

4.1 Local Government Act 1993 Reference

Various sections throughout the Act support the intent of the Fraud Control and Corruption Prevention Policy.

4.2 Other Legislation Reference

Public Interest Disclosure Act 2002
Public Interest Disclosure Procedures
Whistleblowing Policy
Fair Work Act 2009
Integrity Commission Act 2009
Criminal Code Act 1924

4.3 Strategic Plan Reference

LATROBE

Area	1	Governance
Program	1.5	Risk Management
Objective	1.5	Committed to risk management and building community capacity and resilience
Strategy	1.5.6	Provide internal and external audit functions as required to review Council's performance, risk management, financial governance and reporting



KENTISH

Area	1	Governance and Organisational Development
Program	1.5	Risk Management
Objective	1.5	To be actively committed to risk management.
Strategy	1.5.1	Maintain and improve our risk management systems and culture.

APPROVED BY LATROBE COUNCIL: Monday 14 February 2022

Minute: 17097

APPROVED BY KENTISH COUNCIL: Tuesday 15 February 2022

Minute: 8.3

EFFECTIVE DATE LATROBE COUNCIL: 14 February 2022

EFFECTIVE DATE KENTISH COUNCIL: 15 February 2022

ADMINISTERED BY: General Manager

This policy will be reviewed periodically to ensure its relevance in terms of community needs and expectations and Council goals, targets, budget and statutory requirements.



APPENDIX 1

Fraud and Corruption Control System

1. OBJECTIVE

Latrobe and Kentish Councils' (the Councils') are committed to acting in the best interest of their communities and to upholding the principles of honesty, integrity, and transparency, which are all key components of good governance. The Councils' will not tolerate fraudulent and/or corrupt activity of any kind.

The Councils' Fraud and Corruption Control System is designed to reduce the overall risk of fraud and corruption and reflects the Councils' commitment to promoting ethical and honest behaviour in the workplace.

The purpose of this System is to:

- outline management's key leadership responsibilities in regard to fraud and corrupt behaviour;
- inform all Councillors and employees of their individual responsibilities regarding fraud and corruption, and detail the actions required when fraud and corruption is suspected; and
- summarise the Councils' anti-fraud strategies.

2. SCOPE

The Fraud and Corruption Control System has been developed in accordance with the Australian Standards on Fraud and Corruption Control 8001-2021 and applies to Councillors, employees and any external party involved in providing services to any part of the Councils', for example, contractors, consultants, outsourced service providers and suppliers.

Councillors and employees are expected to perform their duties for, and on behalf of the Councils' legally, ethically and with integrity and professionalism. Embedding these requirements into day-to-day operations will protect the Councils' by reducing the likelihood of financial loss or reputational damage as a result of misconduct by employees and others.

3. DEFINITION OF FRAUD AND CORRUPTION

The Australian Standard on Fraud and Corruption Control AS 8001-2021 defines:

"Fraud - means dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by those in scope of this policy. Fraud also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal benefit."



Corruption - means dishonest activity in which a person associated with an organisation acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.

Example of activities that would be viewed as fraud or corruption that relate specifically to Council, Councillors, employees and third party providers are outlined in the Fraud Control and Corruption Prevention Policy.

4. RESPONSIBILITIES

4.1 Councillors

Collectively, as the decision making body, Councillors are responsible for ensuring that Council:

- promotes community awareness of the Councils' commitment to the prevention of fraud and corruption;
- provides adequate security for the prevention of fraud and corruption. This includes the provision of secure facilities for storage of assets, and procedures to deter fraudulent or corrupt activity from occurring;
- provides mechanisms for receiving allegations of fraud or corruption, including the appointment of the Manager Corporate & Business Services as the Councils' designated Fraud Control Officer;
- ensures that, where appropriate, proper investigations are conducted into allegations that involve fraud and/or corruption;
- ensures that all employees are aware of their responsibilities in relation to fraud and corruption through the provision of appropriate and regular training; and
- promotes a culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur

4.2 Management

Management and any other person supervising employees or contractors have a shared responsibility and are accountable to actively support and implement this strategy including:

- understanding and supporting the Fraud and Corruption Control System, and providing employees within their department the necessary information to implement this plan;
- identify and understand the risks of fraud and corruption within Council;
- undertakes a fraud and corruption risk assessment on a regular basis;
- implement and maintain appropriate internal controls to reduce any risks;



- promote the importance of ethical conduct and compliance with the Councils' policies and procedures;
- receive and pass on reports of suspected fraud or corruption in accordance with the respective Councils':
 - Fraud Control and Corruption Prevention Policy;
 - Fraud and Corruption Control System; and
 - Public Interest Disclosure Policy;
- support individuals who have made reports in accordance with this Plan and the Councils' Public Interest Disclosure Policy. Protect and maintain the confidentiality of the individual and ensure they are protected from detrimental action;
- formally consider ongoing commercial relationships with contractors or third parties when it is deemed that there is a heightened risk of fraud or corruption in continuing to deal with that party;
- ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption; and
- leading by example to promote ethical behaviour.

4.3 Employees

Employees and others engaged to work or provide services for Council have a responsibility to demonstrate fairness, integrity and sound professional and ethical practice at all times in every aspect of their business with Council.

Employees have a responsibility to understand, observe and comply with the Councils' Code of Conduct and related policies and procedures and to embrace and promote an ethical culture and work environment that does not tolerate fraudulent behaviours or other forms of corrupt behaviour.

Employees should:

- be vigilant in their work to prevent and detect fraud or corruption;
- perform their functions and duties with care, diligence, honesty, and integrity;
- take care for the Councils' property which includes avoiding the waste or misuse of the Councils' resources;
- report any suspected fraud or corruption of which they become aware or suspect;
- assist in any investigations of fraud and corruption as required;
- refrain from any activity that is, or could be perceived to be victimisation or harassment of a person who makes a disclosure of reportable conduct;
- protect and maintain the confidentiality of a person they know or suspect to have made a disclosure of a reportable conduct.



4.4 Fraud Control Officer

The Fraud Control Officer has responsibility for the development and review of the Councils' Fraud and Corruption Control System and ensuring that the System requirements are implemented and functioning at the Councils'. The Fraud Control Officer will conduct preliminary investigations into reports of fraud or corruption, for the purpose of deciding if any further action is necessary.

5. PREVENTION

The Councils' recognise that the most effective way to prevent fraud and corruption is to promote an ethical environment fully supported and demonstrated by management and in which internal control mechanisms have been implemented. The Councils' fraud and corruption prevention strategies include the following elements:

- a Code of Conduct outlining a statement of values and details of unacceptable behaviour;
- recognition from management who adhere to, promote and maintain an ethical culture and actively promote such a culture within the workplace;
- a program for communicating the Councils' Code of Conduct. through regular dissemination of material;
- ongoing training in the use of codes of behaviour and ethical standards; and
- a mechanism to report complaints or concerns inside and outside the normal channels of communication.

5.1 Ensuring Management Commitment to Controlling the Risk of Fraud and Corruption

Management must have a high level of commitment to controlling the risk of fraud and corruption. Management should maintain an understanding of the types of fraud and corruption common within local government and any types of fraud and corruption that have been detected in the Councils' previously.

Management should have strong knowledge of the internal control environment and its ability to prevent and detect the types of fraud and corruption which may occur.

Management (including any person supervising employees or contractors) have a responsibility to be aware of their accountabilities for the prevention and detection of fraud and corruption. In order to reinforce this, the Councils' Fraud and Corruption Control System includes the following elements:

- the responsibility to implement policies and procedures, including the Fraud and Corruption Control System, is incorporated within all Managers position descriptions; and
- managers receive appropriate training on fraud and corruption control measures. During training Managers are informed of their specific fraud and corruption accountabilities.

5.2 Maintaining A Strong Internal Control System and Internal Control Culture

Internal controls are often the first line of defence against fraud and the Councils' will ensure the maintenance of a strong internal control system that addresses all business processes, particularly those assessed as having a higher predisposition to the risks of fraud and corruption. In respect to the internal controls, the Councils' will:

- document internal controls;
- communicate internal controls effectively to all employees. The level and means of communication will be based on level of responsibility and position of each employee;
- provide access to documented internal controls to appropriate and relevant employees;
- regularly review internal controls and documentation to ensure continuous improvement at least every 3 years; and
- regularly review adherence to internal controls.

The Councils' promotes a strong culture in which all employees understand the importance of adhering to internal controls and will implement appropriate compliance assessments including regular performance review programs to measure and monitor adherence.

5.3 Fraud and Corruption Risk Assessment

Focused fraud risk assessment will be undertaken at least annually as part of a structured risk management process or when there is significant change to operations.

The Councils' main objective in the prevention and control of fraud and corruption is to minimise the occurrence of fraud and corruption within the respective Council. This objective is generally achieved by:

- identifying and assessing fraud and corruption risks;
- determining strategies to control those risks; and
- defining responsibility for and, the timeframe within which the strategies will be implemented.

Controlling strategies that result from a fraud risk assessment will be monitored and reported to the General Manager via the Fraud Control Officer in accordance with developed risk management strategies.

To assist with the identification of fraud and corruption risks Managers must be alert to the potential of fraud and corruption and remain aware of factors which may leave the Councils' vulnerable to fraud and corruption, including:

- changes to delegations;
- implementation of cost cutting measures;
- contracting out and outsourcing;
- the impact of new technology; and



- changes to risk management practices.

Refer to Appendix B – Examples of activities considered Fraudulent or Corrupt and Appendix C – Fraud and Corruption Risk Indicators for items to be considered during the performance of fraud and corruption risk assessments.

5.4 Communication and Awareness of Fraud and Corruption

The Councils' recognise that the success and credibility of this System will largely depend upon how effectively it is communicated throughout the organisation and beyond.

5.4.1 Community Awareness

The Councils' will take proactive steps towards ensuring that the wider community is aware of the zero-tolerance stance towards fraud and corruption.

The Councils' will increase community awareness by:

- promoting the Councils' initiatives and policies regarding the control and prevention of fraud and corruption on the respective Councils' website and at the Councils' offices;
- making reference to the Councils' fraud and corruption initiatives in the Annual Report; and
- facilitating public access to all policy documents that reflect the Councils' governance and probity framework.

5.4.2 Council Awareness

All Councillors, employees, and contractors should have an awareness of fraudulent and corrupt conduct and how he or she should respond if this type of activity is detected or suspected.

The Councils' will provide training in fraud and corruption awareness and control through:

- ensuring all employees and Councillors receive training in the respective Councils' Code of Conduct, Public Interest Disclosures Procedures, Fraud Control and Corruption Prevention Policy, Fraud and Corruption Control System and other relevant policies and procedures;
- ensuring all Councillors and employees receive fraud awareness training appropriate to their level of responsibility and risk;
- Ensuring contractors are made aware of the Councils' Fraud Control and Corruption Prevention Policy, Fraud and Corruption Control System;
- ensuring fraud and corruption awareness and standards of conduct are promoted regularly through meetings or internal publications, for example employees' newsletters or intranet articles to promote and support the ongoing commitment by management;



- ensuring updates and changes to fraud related policies, procedures and other relevant policies or procedures are effectively communicated to all;
- ensuring Councillors, employees, and contractors are aware of alternative ways in which they can report allegations or concerns;
- encourage all Councillors, employees, and contractors to report any suspected fraud and/or corruption.

5.5 Employment screening

The Councils' requires pre-employment screening for new employees to be undertaken prior to appointment of positions being considered.

The types of enquiries which may be carried out as part of the employment screening process include but are not limited to:

- verification of identity;
- national police check;
- reference checks with the most recent employers;
- A consideration of any gaps in employment history and the reasons for these gaps; and
- verification of formal qualifications or licences.

Employment screening will be undertaken in line with the Australian Standard on Employment Screening AS 4811-2006 (or relevant standard, regulation, Act).

5.6 Policies Dealing With Annual Leave

Reluctance to take regular leave may increase the risk of occupational injury or disease due to exhaustion and/or fatigue. It is also a possible indicator that a person may be concealing evidence of fraud and/or corruption. Where possible the Councils' may address this by limiting the amount of leave an individual can accrue at any one time in accordance with the Enterprise Agreement.

5.7 Supplier Vetting

Managers and other appropriate employees who are responsible for purchasing goods and services on behalf of the Councils' are to undertake all transactions in accordance with the respective Councils' approved Purchasing Policy and Code for Tenders and Contracts, whereby effective vetting of suppliers is required.

These processes have been established to ensure transactions are undertaken in an open, honest, and ethical manner, promotes fair and open competition, and seek value for money for the Council, whilst supporting measures aimed at controlling the risks of fraud and/or corruption.



6. DETECTION AND REPORTING

6.1 Fraud and Corruption Detection Strategies

The Councils' have established systems that enable post-transaction review and monitoring to identify suspicious transactions and/or instances of fraud or corruption by analysing and matching data extracted from computer systems and through review and analysis of management accounting reports.

These systems increase the level of monitoring and control over transactions, thereby reducing the likelihood of fraudulent and/or corrupt activity. Overall responsibility for developing the systems to detect fraud and/or corruption rests with the Fraud Control Officer who will work with Management in applying the findings from the fraud and corruption risk assessment process to formulate effective fraud and corruption detection systems and procedures.

Examples of detection strategies include:

- annual review of rating and billing master file;
- annual review of supplier master file;
- annual review of capital programs' significant contractors;
- annual review of payroll master file;
- internal audit;
- public Interest Disclosure Program;
- Financial accounts month-end reconciliation and reporting processes;
- KPI monitoring and reporting;
- external Audit; and
- review of delegations register and authority.

6.2 Reporting Suspected Fraud and Corruption Incidents

Any Councillor, employee, or contractor, who has knowledge of fraudulent activity or incident, or has reason to suspect that fraud and/or corruption may have occurred, has an obligation to immediately report the matter through the following:

- their immediate manager;
- higher level managers;
- councillors; and
- in accordance with the Public Interest Disclosure Policy

Note - If anonymity is required, reports can be made in accordance with the Public Interest Disclosure Policy.

6.3 Implementing a Disclosure Protection program

The Councils' have implemented Public Interest Disclosures Procedures. This policy sets out the respective Councils' approach to the protection of disclosers and witnesses and is based on the requirements of the *Public Interest Disclosures Act*



2002 and has been implemented in order to encourage and prompt reporting of concerns and suspicions.

Management must ensure that all employees are made aware of this policy through training and communication programs and will promote and support the Councils' commitment to the policy content.

7. RESPONDING

7.1 Procedures for the Investigation of Detected or Suspected Incidents

All allegations or suspicions of internal or external fraud or corruption raised must be reported by the notified person to the General Manager or Fraud Control Officer immediately. No attempt should be made by any other employee to conduct any formal investigations or interviews in order to determine if fraudulent and/or corrupt behaviour has occurred or is suspected.

An investigation into suspected fraud and/or corruption shall be conducted by appropriately skilled and experienced personnel.

This independent party can be an external law enforcement agency, a manager or other senior person within the Councils', or an external consultant operating under the direction of the General Manager or Fraud Control Officer.

Formal terms of reference must be agreed between the General Manager or the Fraud Control Officer and the independent party conducting the investigation before any investigation commences. The terms of reference must include the protocols to be followed during the investigation to ensure appropriate collection and custody of evidence.

7.2 Internal Reporting and Escalation of Issues

The Councils' Fraud Control Officer will maintain a fraud and corruption incident register which will include information in relation to all reportable fraud and corruption incidents.

The Fraud Control Officer will regularly supply a report to the management team outlining any recent fraud and corruption events and the actions undertaken in respect to these events.

The General Manager will report fraud and corruption events to the Councils'.

7.3 Disciplinary Procedures

Where there is proven evidence of fraud and/or corruption appropriate disciplinary measures will be taken.

7.4 External Reporting

Where fraudulent activity has been identified as criminal, the General Manager will determine the appropriate process for notifying the police and any other relevant authorities.



Unless there are exceptional circumstances, fraud or corruption that involves the committing of a crime will be reported to the police or relevant authority. If the activity is not reported, the General Manager will notify the Councils' regarding the decision made and the reasons supporting the decision.

The Councils' will take all reasonable steps to assist the authorities in their investigation into alleged fraudulent and/or corrupt conduct.

7.5 Policy for Civil Proceedings to Recover the Proceeds of Fraud or Corruption

Recovery actions will be undertaken at the discretion of the General Manager. The General Manager will make a notification to the Councils' in relation to the action to be undertaken.

7.6 False Disclosure

A person who knowingly makes a false or misleading statement in a complaint or report may face disciplinary action.

7.7 Internal Control Review Following Discovery of Fraud

Following an investigation where fraud was substantiated, the General Manager in conjunction with the Fraud Control Officer will conduct a review of the relevant controls and determine at which point the system of internal control failed and whether corrective action needs to be taken.

7.8 Maintaining and Monitoring Adequacy of Insurance

Insurance will be obtained and maintained to safeguard against damage and ensure continuation of business processes appropriate to the Councils' risk exposure and expectations. Adequacy of insurance policies is to be assessed by the General Manager at least annually.

8. REVIEW

The adequacy of the Fraud and Corruption Control System will be reviewed at least every three (3) years.

Appendix A –Implementation Plan

This table summarises the actions that are required to be performed according to this Fraud and Corruption Control System, the person responsible for ensuring that the action is performed and the timeframe for each action. The implementation date by which time the action must commence to be considered and inserted by the Fraud Control Officer in consultation with the General Manager.

What	How	Who	When	Implementation	
Stage	Component	Action Plan	Oversight	Time Frames	Date
Responsibilities	Fraud and Corruption Control System	<ul style="list-style-type: none"> Senior Management to endorse and promote the Plan 	Relevant Managers	Ongoing	
Prevention	Strategies	<ul style="list-style-type: none"> Codes of Conduct for all employees and Councillors to be maintained Awareness of Code of Conduct to be promoted through a combination of Communication and Training Programs Ethical conduct assessment to be included in the annual performance appraisal process 	Fraud Control Officer	Annually or earlier when required due to change	
Prevention	Internal Control	<ul style="list-style-type: none"> Responsibility to perform Fraud Risk assessments and implementing mitigating controls to be included in relevant management position descriptions 	Fraud Control Officer	Upon commencement of role by employee or next staff appraisal	
Prevention	Internal Control	<ul style="list-style-type: none"> Internal controls to be documented in policies, procedures and processes and made available to relevant employees 	Relevant managers	Every 3 years or earlier when required due to change	
Prevention	Risk Assessment	<ul style="list-style-type: none"> The risk of fraud and/or corruption must be considered and documented as part of the regular risk reviews according to the Risk Management Policy 	Relevant Managers	Annually	
Prevention	Risk Assessment	<ul style="list-style-type: none"> Risk registers to be reviewed for inclusion of fraud and corruption risk factors and appropriate treatment actions 	Fraud Control Officer	Annually	
Prevention	Communication and Awareness	<ul style="list-style-type: none"> Awareness of fraud and corruption risk and control plans and procedures to be created and maintained through a combination of communication and training 	Fraud Control Officer	Every 3 years or earlier when required due to change	
Prevention	Employment screening	<ul style="list-style-type: none"> Pre-employment and ongoing screening procedures to be carried out 	Department Managers	Before commencement of employment	
Prevention	Annual leave	<ul style="list-style-type: none"> Monitor compliance to annual leave policies 	Department Managers	Annually	
Prevention	Supplier Vetting	<ul style="list-style-type: none"> Compliance to procurement policies and guidelines to be monitored 	Team Leader Finance	Monthly	
Detection and Reporting	Detection Programs	<ul style="list-style-type: none"> Detection programs to be implemented and maintained 	Fraud Control Officer	Ongoing	

What	How	Who	When	Implementation
Stage	Component	Action Plan	Oversight	Time Frames
Detection and Reporting	Disclosure	<ul style="list-style-type: none"> Awareness of channels available to report suspected or alleged incidents of fraud or corruption to be maintained through a combination of communication and training programs 	Fraud Control Officer	Annually
Detection and Reporting	Disclosure	<ul style="list-style-type: none"> Discloser Protection Program to be implemented and maintained 	Public Interest Disclosure Officer	Ongoing
Response	Investigation and reporting	<ul style="list-style-type: none"> When fraud or corruption allegations are not externally reported, reasons are to be provided to Council 	General Manager	When required
Response	Investigation	<ul style="list-style-type: none"> Investigators to be appointed with letter of authorisation and terms of reference 	General Manager	When required
Response	Disciplinary process	<ul style="list-style-type: none"> Disciplinary process to be conducted in accordance with Disciplinary Policy 	General Manager	When required
Response	Civil proceedings	<ul style="list-style-type: none"> Recovery strategies must be considered and implemented where appropriate 	General Manager	When Required
Response	Internal control review	<ul style="list-style-type: none"> A review of internal controls are to be performed where instances of fraud or corruption have been identified 	General Manager	To commence within one month of identifying an instance of Fraud or Corruption
Response	Maintaining Insurance	<ul style="list-style-type: none"> Appropriate insurance policies are to be maintained and reviewed 	Team Leader Finance	Annually or earlier when required
Review	Fraud and Corruption Control System	<ul style="list-style-type: none"> The plan is to be reviewed on a regular basis 	Fraud Control Officer	Every 3 years or earlier when required due to change

Appendix B – Examples of activities considered Fraudulent or Corrupt

The following list is provided for illustrative purposes and contains examples of activities or actions that would likely be considered as Fraudulent and/or Corrupt Behaviour in terms of the Fraud Control and Corruption Prevention Policy and the Fraud and Corruption Control System.

This list (which is not exhaustive) is intended to be consulted during the performance of risk assessment activities to assist with the identification of fraud and corruption risks.

1. Faking timesheets by taking personal time or performing personal activities during work time and not taking leave (i.e. charging the time to a service or job)
2. Using Council equipment for personal activities without authorisation. This may include the use of administrative equipment such as stationary, office equipment or operational items such as tools or vehicles
3. Creating false suppliers, with payment being made to the fraudster's nominated bank account
4. Obtaining kickbacks or bribes from suppliers or contractors
5. Associates of employees providing services to Council at inflated prices
6. Inflated or false reimbursement claims
7. Manipulation of financial data to receive performance-based bonuses
8. Private purchases through business accounts or business cards without approval
9. Not returning unused material and inventory to the stores after the completion of a job and using it for personal benefit
10. Providing information to suppliers who are in the process of supplying a tender to Council without providing the same information at the same time to all suppliers who are tendering to deliver the same product or service whilst receiving a personal benefit in return, including hospitality
11. Preferring and promoting the use of specific suppliers in return for any personal benefit, that has not been disclosed to Council
12. Taking or removing any property of Council without proper authorisation for personal use, including cash, vouchers, tools, equipment, stationary, inventory or any other goods, even if the person intend to return the items after use
13. Forging or falsifying any document (including purchase orders, receipts, payment advice, timesheet, Council letter etc.) to gain a benefit
14. Not reporting the misappropriation of Council assets in return for any benefit
15. Altering customer pricing arrangements or payment terms in the finance system in return for a benefit
16. Issuing customers with rebates, discounts, or reimbursements in return for a benefit
17. Changing payment details of suppliers or intercepting payments that are made to suppliers to enable someone other than the intended supplier to gain a benefit
18. Approving receipt of goods or services ordered without receiving the physical goods or services in return for a benefit

19. Misleading Council by approving reimbursement of expenses that were not incurred on behalf of Council
20. Using Council equipment, inventory, and employees to perform private works for members of the public, any employee or for any Councillor in return for a personal benefit
21. Using Council telephone or mobile phone for personal use without appropriate authorisation
22. Disclosing customer private information to any third party without appropriate authorisation or legal requirement to do so in return for a benefit.
23. Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
24. Payment or solicitation of donations for an improper political purpose.
25. Serious nepotism and cronyism where the appointee are inadequately qualified to perform the role to which he or she has been appointed.

Appendix C – Fraud or Corruption Risk Indicators

The following list contains examples of activities or outcomes that may indicate an increased risk of fraud and/or corruption.

These indicators do not constitute evidence of fraud or corruption but should be considered as part of the risk management process and may assist with the identification of suspicious behaviour. If any of these indicators are identified, then they must be reported in accordance with this Plan.

1. Consistent procurement of goods or services that does not provide the best value for money.
2. Unexpected or inexplicable overspend on service orders or projects. This would include delivery of projects at greater cost and timeframe than normal.
3. Several suppliers complaining of unfair tender processes for a specific tender, without appropriate evidence of due process taken.
4. Lower than expected employees' productivity in a division, team or a project, after taking available workload and leave taken into consideration, which may create unexpected delays in the completion of work or higher than expected use of resources (including employees and materials) to complete a service or project in relation to the complexity of the project without adequate explanation.
5. Supplier complaints received of late or non-payment even though payments have been processed
6. Employees accruing large annual leave balances or refusing to take annual leave without an adequate explanation.
7. An unexpected number or value of contract variation requests received from a contractor or subcontractor for a single or a number of projects without adequate explanation.
8. Complaints received from the public relating to suspicious activities of Councils' Councillors, employees, or contractors.
9. Financial accounts, costs centres or service orders not reconciling to actual expenses or reconciling items that does not clear from the reconciliation over a prolonged amount of time, without adequate explanation.
10. Inability to achieve budgeted revenue without appropriate explanation over a prolonged period.
11. Unexpected cash flow problems or inability to pay suppliers within terms without adequate explanation
12. A greater than expected number of complaints received relating to quality of work performed, without adequate explanation
13. Sharp increase in the use or ordering frequency of specific stores items without an appropriate explanation
14. Lack of segregation of duties between performing an activity, accounting for that activity, and processing payment or making a receipt for that activity, including when management insist on overriding controls establishing segregated functions
15. Unexplained discrepancies in inventory and stock on hand