



# Fraud and Corruption Prevention Policy

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Responsible Position:	Governance, Risk and Corporate Planning Manager
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## Foreword

Every one of us at Council has a crucial role to play in reducing Council's exposure to fraud and corruption. This includes the Mayor, Councillors, Chief Executive Officer and the executive team, staff members, contractors and organisations engaged to provide or deliver services on behalf of the Council.

This Fraud and Corruption Prevention Policy, outlines the main principles Council will follow in our approach to effectively prevent, detect and respond to fraud, corruption or misuse of Council resources.

Fraud and corruption have the potential to be extremely damaging to the reputation and ethical culture of Council and can seriously undermine our ability to achieve the objectives our community expects of us.

In all our dealings, we must ensure public monies are spent for their intended purposes, information is secured, and assets and resources are used appropriately to protect the interests and reputation of the Council. To succeed, we must apply risk-based principles in decision-making to ensure day-to-day functional activities are not compromised.

To manage the risk of opportunistic fraud and corruption, we must continually review the effectiveness of our internal controls and ensure our business processes are streamlined to minimise complexity. This Policy will inform the development of a Fraud and Corruption Control Plan.

We commend this Policy and the associated Control Plan which is intended to support Council staff, contractors and service providers engaged by the Council to assess risk as well as prevent, detect and report fraud so that Council finances and assets are used for their intended purpose.



**Cr Gail Giles-Gidney**  
**Mayor**



**Debra Just**  
**Chief Executive Officer**

## 1. Purpose

This policy outlines Willoughby City Council's commitment to the prevention, deterrence, detection and investigation of all forms of fraud and corrupt conduct. It ensures the appropriate mechanisms are in place to protect the integrity, security and reputation of Council.

## 2. City Strategy Outcome

5.1 – Be honest, transparent and accountable in all that we do

## 3. Application

This policy applies to:

- all Council employees, Councillors, Council committee members, Council delegates ('Council Officials'), and
- contractors, consultants, and other people who perform functions on behalf of Council such as volunteers and external parties.

The Policy is part of a wider ethical framework led by the Code of Conduct.

## 4. Policy Principles

- Council Officials will maintain high standards of ethical conduct in all activities, in particular with respect to resources, information, decision-making and authority.
- All staff are expected to develop, encourage, insist upon and implement sound financial, legal and ethical decision-making within their responsibility levels.
- All Council Officials are expected to be familiar with and act in accordance with the Council's Code of Conduct. The Council expects similar standards from the people, agencies or organisations that do business with the Council.
- All Council Officials must declare any interests in relation to matters they are currently considering, investigating or making a decision on.
- Fraudulent acts against the Council are unacceptable and may constitute a criminal offence; it may also be an offence to fail to report a fraud.
- Any Council Official who suspects fraudulent or corrupt behaviour must report it in accordance with Council's Code of Conduct.

## 5. Policy Statement

Council has established a fraud control framework that has twelve dimensions, which sit within the themes of prevention, detection and response. Each dimension will have a series of processes and behaviours that will be detailed in Council's Fraud and Corruption Prevention Plan and associated Improvement Plan.

Council is committed to upholding an ethical culture supported by appropriate policies, procedures and strategies that prevent fraudulent and corrupt behaviour. As such, it will not tolerate misconduct, fraudulent or corrupt conduct by any council official or supplier. Council's commitment to fraud control is demonstrated in the fraud control dimensions summarised below and explored in greater detail in the Fraud and Corruption Prevention Plan.



### **Dimension One: Leadership Principles**

Council demonstrates the highest level commitment to managing fraud. This Fraud and Corruption Prevention policy demonstrates that Council is committed to building a corruption resistant culture that starts with an appropriate tone at the top.

### **Dimension Two: Accountability and Ownership Structure**

The success of any fraud and corruption prevention program is dependent on clear identification of specific responsibilities within the Council to implement the program. The key responsibility points for the implementation of this policy are detailed in the Fraud and Corruption Prevention Plan. A staff member will be appointed as Fraud and Corruption Prevention Manager and they will have overall responsibility for managing all attributes associated with the Fraud and Corruption Prevention Plan, but the responsibilities must be assigned to Council's risk owners.

### **Dimension Three: Fraud and Corruption Prevention Plan and Associated Policy Framework**

This Fraud and Corruption Prevention Policy demonstrates that Council is committed to building a corruption resistant culture based around a robust fraud and corruption prevention framework that is led by this Policy and supported by necessary policies, systems, and procedures to minimise fraud and corruption in all areas and at all levels. These policies, systems and procedures will be proportionate and specific to the fraud and corruption risks faced by Council.

### **Dimension Four: Risk Based Prevention**

Council is committed to proactively establishing robust, appropriate and effective prevention systems to minimise the likelihood of fraud or corruption occurring. Council will undertake regular fraud risk assessments and has established an Enterprise Risk Management Framework that Council's fraud and corruption prevention activities feed into.

### **Dimension Five: Internal Control Environment**

A control climate that is facilitated by strong ownership with accountabilities communicated within processes, positions descriptions, and embedded within the core business systems will be a feature of this framework. While every staff member at Council is expected to ensure that internal controls are working effectively, staff with managerial or supervisory responsibilities will have an added expectation to ensure that controls are implemented, monitored and adhered to.

Council will implement adequate detection systems to monitor data and identify irregularities and warning signals. In addition to management's own monitoring and review, the Council has established a plan of risk based internal audits, endorsed by the Audit, Risk and Improvement Committee. These internal audits provide assurance on the effectiveness of internal controls established by management including those to prevent and detect fraud and corruption.

### **Dimension Six: Internal Reporting of Fraud and Corruption**

Council Officials are a prime source of information on suspected frauds in their area. Council Officials are required to report unethical behaviour, including fraud. It is important for Council Officials to be able to make such reports without fear of reprisal and with confidence the report will be taken seriously and acted upon.

### **Dimension Seven: External Reporting of Fraud and Corruption**

Residents, service providers and customers are encouraged to support Council's commitment to fraud and corruption deterrence and prevention by reporting any suspicious behaviour and suspected fraud and corruption to the Chief Executive Officer or appropriate external authority. Council's complaints management process also provides a mechanism for members of the public to report suspected fraud and corruption.

### **Dimension Eight: Public Interest Disclosures: Awareness, Management and Compliance**

Council's Public Interest Disclosures Policy provides guidance on how to report wrongdoing as a protected interest disclosure. The Public Interest Disclosures Policy also outlines the external authorities to report allegations of fraud and corruption.

### **Dimension Nine: Investigatory Framework: Assessment, Investigation and Sanctioning**

Council must ensure that all Council Officials understand that fraud and corruption will not be tolerated by the Council, and those found to have engaged in such conduct will face disciplinary action. To achieve this Council will develop procedures and provide other appropriate support (including training, to staff undertaking investigation activity) to ensure that all investigations should be consistent with commonly used investigation standards. All investigations will consider the improvements can be made to policies, systems and procedures within the Council.

### **Dimension Ten: Ethical Conduct Framework**

Council's fraud control framework is part of a much bigger ethical framework that guides the values of the Council and provides standards for behaviour and decision-making. The ethical framework sets the organisational culture that is fundamental to the success of a fraud control framework.

Council has in place the necessary ethical behaviour policies, systems, and procedures to minimise fraud and corruption in all areas and at all levels. These policies, systems and procedures include the Code of Conduct, gifts and benefits, secondary employment, delegations of authority and conflicts of interest.

### **Dimension Eleven: Education, Awareness and Understanding**

Council Officials are a prime source of information on suspected frauds in their area. Council will empower this valuable resource, by educating Council Officials to ensure their awareness of what fraud is common types of fraud, their responsibilities and how to report suspected frauds.

Council is also committed to ensuring that customers, the community and suppliers understand that the Council will not accept fraudulent or corrupt behaviour in its dealings, and the community, customers and suppliers are aware of the consequences of such fraudulent or corrupt behaviour and how to report it.

### **Dimension Twelve: External Party Management**

Third party management systems are important, as services are increasingly being delivered on behalf of Council by third parties. This adds an additional layer of complexity to fraud control. Council will develop robust checks and controls on third party activities equal or greater to the level of internal controls on Council activities and will also provide education to staff who deal with outside contractors.

## **6. Key Roles, Responsibilities and Accountabilities**

Successful prevention of fraud and corruption at Council requires commitment from all employees, with responsibilities clearly defined and agreed upon as a condition of employment. Senior employees are expected to model ethical standards of best practice, fostering a culture of open communication and ensuring that staff within their business areas are accountable and supported.

The elected Councillors and the Chief Executive Officer have specific responsibilities for ensuring that Council develops and implements a framework that is appropriate for its fraud and corruption risks and for overseeing the effective implementation of associated measures. At the end of each year, the Chief Executive Officer will attest in Council's Annual Report that they are satisfied that Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud and corruption'.

The key responsibility points for the implementation of Council's fraud and corruption prevention activities will be detailed in Council's Fraud and Corruption Prevention Plan.

## **7. Monitoring and Review**

The Governance Risk and Corporate Planning Manager will act as Council's Fraud and Corruption Prevention Manager as detailed in the accompanying Fraud and Corruption Prevention Plan. This role will oversee fraud and corruption prevention activities across the Council, taking advice from the Audit Risk and Improvement Committee and Council's Executive Leadership Team and will be the primary point of contact for advice on the implementation and administration of the Policy and Prevention Plan.

The Policy is to be reviewed at least once every two years, however amendment or review can occur before that date if required.

## **8. Supporting Information**

This policy is part of a wider Fraud and Corruption Prevention Framework that includes a supporting Fraud and Corruption Prevention Plan.

Council will develop appropriate training and education programs to communicate to Councillors, staff and the Community that fraud or corruption is unacceptable. Council will provide training and education to assist Council Officials in being able to identify and prevent fraud or corruption in accordance with this Policy.

Council will also endeavour to promote awareness among the community, customers, contractors, suppliers and other third parties that fraud or corruption in any dealings with Council is unacceptable.

## Appendix

<b>Governing laws and standards</b>	<ul style="list-style-type: none"><li>• Independent Commission Against Corruption Act 1988</li><li>• Local Government Act 1993 and Local Government (General) Regulation 2005</li><li>• Public Interest Disclosures Act 1994</li></ul>
<b>Related policies and other documents</b>	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Complaints Management Policy</li><li>• Public Interest Disclosures Policy</li><li>• Statement of Business Ethics</li><li>• Fraud and Corruption Prevention Plan</li></ul>
<b>Definitions</b>	<ul style="list-style-type: none"><li>• <b>Fraud</b> 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 include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception.</li><li>• <b>Corruption</b> The deliberate, dishonest or preferential use of power or position, a breach of public trust or the misuse of information or material acquired in the course of official functions. The Independent Commission Against Corruption Act 1988 ("the ICAC Act") further defines corruption.</li><li>• <b>Corrupt Conduct</b> Corrupt conduct, as defined in the 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.</li><li>• <b>Council Official</b> For the purpose of this Policy, Councillors, staff, members of Council Committees and Delegates of Council are Council officials.</li></ul>