

<b>Title</b>	<b>Fraud and Corruption Policy and Control Plan</b>
<b>Description</b>	The purpose of this policy and plan is to promote and guide the conduct of all employees, Councillors and external parties associated with Council with a view to the avoidance of fraud and corruption and management of situations, which may be regarded as unethical conduct or behaviour
<b>Category</b>	Governance
<b>Type</b>	Policy
<b>Approval authority</b>	Group Manager, People and Culture
<b>Responsible officer</b>	Manager Risk and Safety
<b>Approval date</b>	22 July 2020
<b>Review cycle</b>	Every four years
<b>Review date</b>	July 2024
<b>Document Reference (Trim)</b>	D11/60018
<b>Human Rights compatibility</b>	This policy and plan has been assessed and is compatible with the Victorian Charter of Human Rights of Responsibilities

## 1. Purpose

The purpose of this policy and plan is to promote and guide the conduct of all employees, Councillors and external parties associated with Council with a view to the avoidance of fraud and corruption and management of situations, which may be regarded as unethical conduct or behaviour.

## 2. Policy Statement

Fraud and corruption can cause significant harm to Council's finances, reputation and service delivery. Fraud and corruption can undermine the community's trust and respect in Council.

Council has zero tolerance towards fraud and corruption. If proven, incidents of fraud and corruption will be regarded as a serious disciplinary matter with potential legal consequences.

Council is committed to effectively preventing, detecting and dealing with incidents of fraud and corruption. Through transparent and accountable decision-making together with open discussion about the risks of fraud and corruption, Council seeks to foster an organisational culture where employees will be prepared to "*speak up*".

### 3. Fraud Risk Assessment output examples of potential Fraud and Corruption

Area	Example
<b>Assets and Security</b>	<ul style="list-style-type: none"> <li>• Misappropriation, unauthorised or unlawful destruction of data</li> <li>• Unauthorised or unlawful alteration of data</li> <li>• Sharing of usernames and passwords</li> <li>• Misappropriation, theft or waste of Council assets</li> <li>• Inappropriate use of Council assets and resources</li> </ul>
<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>• Providing false or misleading information</li> <li>• Failing to provide information where there is a legal obligation to do so</li> </ul>
<b>Personnel Records / Confidential Information / Privacy</b>	<ul style="list-style-type: none"> <li>• Use or disclosure of personal information for an improper purpose</li> <li>• Unauthorised or unlawful alteration of personal information</li> </ul>
<b>Salaries, Wages, Allowances</b>	<ul style="list-style-type: none"> <li>• Payments to phantom employee</li> <li>• Payment to an employee for tasks not performed</li> <li>• Payment to an employee for skills they do not have</li> <li>• Unauthorised absence from workplace</li> </ul>
<b>Contract Management</b>	<ul style="list-style-type: none"> <li>• Accepting bribes and/or kickbacks from suppliers</li> <li>• Negligent or deliberate mismanagement of contracts which may include non-compliance with contract schedules or rates, misrepresentation of dates, description of services or identities of contract providers</li> <li>• Incorrect charging for labour and material, misuse of assets or product substitution (substituting a product for one of lesser quality)</li> </ul>
<b>Tendering</b>	<ul style="list-style-type: none"> <li>• Failure to comply with tender procedures</li> <li>• Manipulating a tender process to achieve a desired outcome</li> <li>• Unauthorised or improper release of pricing or other tendering information</li> <li>• Accepting or conferring gifts and benefits contrary to Council's Gifts and Hospitality Policy</li> <li>• Non-compliance with the Conflict of Interest Policy</li> </ul>
<b>Purchasing Cards</b>	<ul style="list-style-type: none"> <li>• Non-compliance with Council's policy</li> </ul>
<b>Purchases and Accounts Payable</b>	<ul style="list-style-type: none"> <li>• Failure to comply with tender procedures</li> <li>• Entering into a commercial transaction where there is a conflict of interest (without complying with the Conflict of Interest Policy)</li> <li>• Invoice and purchase order splitting to circumvent procedures or delegation levels</li> <li>• False or nil documentation in support of invoices</li> <li>• Creation and payments made to ghost suppliers</li> </ul>
<b>Conflict of Interest</b>	<ul style="list-style-type: none"> <li>• Failing to disclose an actual, perceived or potential conflict of interest contrary to Council's Conflict of Interest Policy</li> <li>• Failing to actively manage a disclosed conflict of interest</li> <li>• Allowing a conflict of interest to undermine your independence</li> <li>• Receiving a personal benefit for assisting a person or entity to gain work or business with Council</li> <li>• Influencing decision making with a known conflict of interest</li> </ul>

## 4. Responsibilities

Responsibility for fraud and corruption prevention rests with all levels of management, Councillors, employees, volunteers and agency or contract employees who represent the Council collectively and individually. All parties accept ownership of the controls relative to this Policy.

<b>Chief Executive Officer (CEO)</b>	<ul style="list-style-type: none"> <li>• Principal responsibility for fraud and corruption control and to ensure appropriate governance structures are in place</li> <li>• Foster an environment in which fraudulent and corrupt behaviour will not be tolerated</li> <li>• Determine how and by whom any investigation into an allegation of fraudulent and corrupt activity will be conducted</li> <li>• Determine the employment of Police and any external assistance in the investigation</li> <li>• Must notify IBAC (Independent Broad Based Anti-Corruption commission) of any matter which they suspect, on reasonable grounds, corrupt conduct has occurred or is occurring</li> <li>• Maintain a wide ranging independent Internal Audit function</li> </ul>
<b>Executive/Managers/ Coordinators/Team Leaders</b>	<ul style="list-style-type: none"> <li>• Take a leadership role in promoting ethical behaviour within Council</li> <li>• Notify Council's Public Interest Disclosure Coordinator Officer of any disclosure reported to them</li> <li>• Monitor their workplaces to identify and address situations that are likely to raise ethical dilemmas and being supportive to employees who require guidance on ethical concerns</li> <li>• Fostering a workplace free from harassment, discrimination, victimisation, corruption, maladministration and waste</li> <li>• Coordination, monitoring and ongoing communication of Council's Fraud and Corruption Control Policy &amp; Plan</li> <li>• Foster an environment in which fraudulent and corrupt behaviour will not be tolerated</li> <li>• Perform regular fraud risk assessments to ensure satisfactory level of risk management and develop action plans as part of the Council's broader risk management activities</li> <li>• Monitor and actively manage excessive leave balances</li> <li>• Advise the Group Manager People and Culture of any significant changes in functional areas of responsibility</li> <li>• Inform new employees, contractors and volunteers of the fraud and corruption control measures to be observed at Council and the standard of conduct expected as outlined in Council's Employee Code of Conduct</li> <li>• Supporting and protecting employees who report, in good faith, instances of potentially unethical or corrupt practices</li> <li>• Ensure that internal controls are operating effectively</li> <li>• Working constructively with auditors in the detection of fraud and corruption</li> </ul>
<b>All Employees</b>	<ul style="list-style-type: none"> <li>• Act ethically, lawfully and in accordance with the principles contained in Council's Employee Code of Conduct</li> <li>• Be alert to the possibility that fraud and corruption may occur in the work area and report potentially unethical or corrupt practices via the established channels listed in this Policy &amp; Plan</li> <li>• Follow instructions given by supervisors, particularly in relation to safekeeping of Council assets, use of Purchasing Cards and information and communication technology</li> <li>• Maintain public records in accordance with legislation, privacy standards and other relevant industry guidelines and procedures</li> </ul>

	<ul style="list-style-type: none"> <li>• All employees, including volunteers, contractors and employees of third parties providing services on Council's behalf are responsible for acting with propriety and integrity in undertaking their duties</li> <li>• Safeguarding Council assets against theft, waste or misuse</li> <li>• To not use their position with the Council to gain a personal advantage, confer advantage or disadvantage to any other person</li> <li>• Report any and all suspicions of fraud or corruption</li> </ul>
<b>Councillors</b>	<ul style="list-style-type: none"> <li>• Conform to Council's policies and procedures regarding fraud and corruption control, including but not limited to all aspects of the Councillor Code of Conduct.</li> </ul>
<b>Audit and Risk Committee</b>	<ul style="list-style-type: none"> <li>• Assist Council in fulfilling its responsibilities in relation to internal control mechanisms and external reporting requirements</li> <li>• Oversee the Council's effective management of financial and other risks and the protection of Council assets</li> <li>• Review the adherence to Council's fraud and corruption prevention policies and plans,</li> <li>• Oversee risks included in Council's risk register that are rated as 'high to very high'</li> <li>• Review the circumstances surrounding any instances of fraud or corruption and any identified internal control weaknesses and provide advice to the CEO and Council in relation to management and reporting</li> <li>• Monitor management actions to address any incidents of fraudulent or corrupt actions</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Provide to the Executive Team an efficient appraisal of Council's activities enabling them to ensure the continued operation and effectiveness of internal controls in place to safeguard and monitor all material risks and assets of the Council</li> <li>• Consider the possibility of material fraud and non-compliance with controls when planning and performing all internal audit assignments</li> </ul>

## 5. Fraud and Corruption Control Plan

### 5.1. Prevention

Fraud and corruption prevention strategies are the first line of defence and provide the most cost-effective method of controlling Fraud and corruption within Council.

Key elements of effective Fraud and Corruption prevention include (but not limited to):

- A robust Fraud and Corruption Control Policy and Plan
- Code of Conduct for Employees
- Effective Fraud and Corruption risk management processes
- Informed Employees through awareness training
- Identification of activities with higher Fraud and Corruption risk exposure, and the application of appropriate control strategies to those activities
- Proactive demonstration across the organisation of a proactive 'zero tolerance' approach to Fraud and Corruption.

The below table outlines a range of preventative strategies and measures actioned by Council to manage Fraud and Corruption risks:

Prevention	Actions	Responsible Officers
<u>Fraud and Corruption Risk Management</u>  Identification of Fraud and corruption risks - to be documented in the <i>CammsRisk</i> system as a Fraud and Corruption risk.	Reviewed minimum annually and more regularly for higher risks	All People Leaders
<u>Fraud and Corruption Control Policy and Plan</u>  To assist Council in understanding what Fraud and Corruption is and Council's attitude and approach to Fraud and Corruption. Includes key details for employees on responsibilities and reporting procedures.  Endorsement and promotion of the Plan and to take ongoing action to ensure Employee awareness.	Reviewed every 2 years or as required	All People Leaders Risk and Safety Team
<u>Communication, Education and Awareness</u>  Training and awareness include: <ul style="list-style-type: none"> <li>○ General awareness of the Fraud and Corruption Control Policy and Plan</li> <li>○ Organisational expectations for employees regarding conduct, behaviour in relation to Fraud and Corruption</li> <li>○ Examples and case studies of inappropriate behaviour</li> <li>○ Reporting mechanisms and responsibilities</li> </ul>	Ongoing but at least biennial	Risk and Safety Team

## 5.2 Detection

### 5.2.1 Reporting Fraud and Corruption

Any employee who has knowledge of an occurrence of fraud or corruption, or has reason to suspect that a fraud or corruption has occurred, has a duty to raise the matter immediately.

There are a number of avenues for employees to report any occurrence of fraud and corruption and it is at the discretion of the employee if they wish to report this internally or externally.

#### 5.2.1.1 Internal Reporting

Employees may wish to notify a member of Council's **Fraud and Corruption Response Team (FCRT)**. This team includes:

- CEO
- Director Corporate Business & Finance
- Group Manager People and Culture
- Group Manager CEO's Office
- Manager Risk and Safety

The employee should not attempt to investigate the suspected fraud or corruption, or discuss the matter with anyone other than as stated in this section.

If an employee has reason to believe that someone from the FCRT may be involved in a fraud or corruption, then they may alternatively raise the matter via external avenues.

#### 5.2.2.2 External Reporting

The Public Interest Disclosure Act 2012 states that any disclosure relating to a Councillor **MUST** be made directly to:

IBAC [www.ibac.vic.gov.au/reporting-corruption/report](http://www.ibac.vic.gov.au/reporting-corruption/report) or

The Victorian Ombudsman [www.ibac.vic.gov.au/reporting-corruption/report](http://www.ibac.vic.gov.au/reporting-corruption/report)

#### Reporting Externally to "Your Call"

Employees can also report suspected fraud and corruption to Council's external reporting service provider **Your Call**.

Your Call is a safe, secure and impartial organisation that ensures any disclosure is managed in a professional, discrete and legally compliant manner, protecting the rights of individuals, particularly those afforded by the Public Interest Disclosure Act 2012 (the Act).

Your Call act as the intermediary between the whistle-blower and Council. Your Call bridges the gap between Council's leaders and its people who choose to speak up.

Employees may remain 100% anonymous and all reports are strictly confidential. Employees will not be disadvantaged because of any disclosure.

If you suspect fraudulent, corrupt or improper conduct at Council, contact Your Call:

- Call 1300 798 101 between 7pm and 10pm, Monday to Friday (excluding Public Holidays)
- Report Online at [www.secured1.yourcall.com.au](http://www.secured1.yourcall.com.au) using Council's unique ID Number **YRR2011** and follow the prompts (the online service is monitored 24/7)
- Mail Your Call 3/400 High Street Kew VIC 3101

Council has a procedure that allows employees to report suspected acts of fraud or corruption, while being afforded the statutory protections under the Public Interest Disclosure Act (the Act), including full anonymity.

The purpose of the Act is to encourage and facilitate the reporting of improper conduct by Councillors and/or employees. The Act provides protection to those who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

These procedures are contained in Council's Public Interest Disclosure Procedures, which are located on Council's Intranet site under *Document Centre > Governance > Policy and Legislation or Content Manager Reference D13/83288*.

## 5.2.2 Protection for Employees Reporting Suspected Fraud and Corruption

No individual reporting suspected fraud or corruption, or otherwise participating in the investigation of fraud or corruption will be discriminated against. We encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken. Council and all parties have a responsibility to keep the disclosure confidential and will take all reasonable steps to protect the identity of the employee.

It is a criminal offence to disclose information relating to a Public Interest Disclosure.

An employee seeking to disclose a suspected fraud or corruption can avail themselves of the Protection Disclosure Act (PDA) which covers the disclosure of improper conduct by employees, Councillors or the Council. The Act relates to improper conduct serious enough to constitute a criminal offence or reasonable grounds for dismissal.

Disclosures of suspected fraud, corruption or other improper conduct or detrimental action by Council or its employees may be made directly to Council's Public Interest Disclosure Coordinator:

Ivan Gilbert, Group Manager CEO's Office on 9205 5110  
or by email [ivan.gilbert@yarracity.vic.gov.au](mailto:ivan.gilbert@yarracity.vic.gov.au)

In Ivan's absence:

Diarmuid McAlary, Director Corporate, Business & Finance on 9205 5210 or by email  
[diarmuid.mcalary@yarracity.vic.gov.au](mailto:diarmuid.mcalary@yarracity.vic.gov.au)

## 5.3 Response

### 5.3.1 Internal Investigation Processes

The investigation of suspected fraud or corruption will be performed in a timely basis and, in a methodical and comprehensive manner. Confidentiality of the information and the identity of the employee making the disclosure of suspected fraud or corruption will be maintained. Care will be taken to ensure that procedures are fair and a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals involved in the process.

The purpose of investigations are to:

1. Determine if in fact that fraud or corruption has been committed
2. Identify the person(s) responsible for the fraud or corruption
3. Quantify the extent and financial consequences of the fraud or corruption
4. Identify how long the fraud or corruption has been occurring and the reasons for the failure of internal controls
5. Provide recommendations to improve systems and controls to prevent future occurrences

Once a disclosure is received, the relevant team member of the FCRT must impartially assess the disclosure and decide whether a preliminary enquiry needs to be conducted as soon as reasonably practical.

This assessment will be based on the following criteria:

1. Does the disclosure relate to the conduct of a Council employee(s), Councillor(s) and external parties associated with Council?
2. Is the alleged disclosure fraudulent, corrupt or unethical conduct or behaviour?
3. Does the person making the disclosure have reasonable grounds for believing the alleged conduct has occurred?

Should the preliminary enquiry determine that a further assessment is required, the matter is referred to FCRT

Following consideration of all evidence and information, the FCRT will determine whether an investigation will follow.

The FCRT will determine how and by whom the investigation will be conducted and whether Victoria Police or any other external assistance (e.g. internal auditors, investigators etc.) will be utilised. If there is a large amount involved and a strong suspicion exists that a crime has been committed then the Police will be involved at the earliest opportunity

If no investigation is required, the FCRT will determine any actions required (e.g. process improvement).



The following protocols shall apply if fraud or corruption is suspected:

<b>Record Security</b>	The Director Corporate, Business & Finance will take action to prevent the theft, alteration, or destruction of records that may be relevant to the investigation
<b>Personnel Actions</b>	If the occurrence of fraud or corruption is substantiated by the audit investigation, disciplinary action will be taken in accordance with Council's disciplinary policy and procedures
<b>Confidentiality</b>	All participants in a fraud or corruption investigation will keep the details and results of the investigation confidential except as expressly provided in this document
<b>Reprisals</b>	No individual reporting suspected fraud or corruption, or otherwise participating in the investigation of fraud will be discriminated against
<b>Media Issues</b>	There will be no discussion of a suspected fraud or corruption and subsequent investigation with the media other than through the Advocacy & Engagement Department
<b>Contributors</b>	The fraud and corruption investigation procedure will consider all realistic contributors and their contributions will be assessed and documented. Issues addressed will include accountabilities, training/awareness, risk assessment/control. Remedial actions will be put into place to prevent recurrence and noted in Council's Fraud Risk Register

Council will fully cooperate with any investigation of fraud and corruption undertaken by law enforcement or regulatory authorities.

Specific procedures apply for following up disclosures made under the Public Interest Disclosure Act 2012.

These procedures are detailed in the Public Interest Disclosure Act – Policy and Procedures The process of assessing whether a disclosure relating to a suspected fraud is a 'public interest disclosure' and a 'public interest disclosure' will be expedited and assistance of the office of the Independent Broad-based Anti-corruption Commission (IBAC) or the Ombudsman Victoria will be sought to expedite any investigation which arises.

### 5.3.2 External Investigative Resources

Council may engage specialist external investigation and audit services to investigate probity allegations when the circumstances suggest that it is appropriate to provide an additional level of 'arm's length' independence to establish the facts.

Council's CEO has a statutory duty to report any matters they suspect, on reasonable grounds, may involve corrupt or fraudulent conduct. The CEO will notify the appropriate agencies such as:

- The Victorian Auditor-General
- Victorian Ombudsman
- Victoria Police
- The Independent Broad-based Anti-corruption Commission (IBAC)

### 5.3.3 Action on completion of investigation

The findings of the investigation will be reported to the Fraud and Corruption Response Team whether the allegation of fraud or corruption has been substantiated or not. If the allegation has been substantiated, the findings must be reported to the CEO and to the Audit and Risk Committee.

Council will take all reasonable steps to prevent the fraud from recurring, and may take action to remedy any harm or loss arising from the fraud. The course of action taken could include:

- Disciplinary proceedings
- Referral to Victoria Police for a criminal investigation
- Referral to another external agency for investigation
- Civil action

### 5.3.4 Audit and Risk Committee

All incidences of proven fraud and corruption are to be reported to the Audit and Risk Committee in a timely manner with details of mitigation measures already taken or proposed to prevent further instances occurring. The Audit and Risk Committee will review the circumstances surrounding any instances of fraud or corruption and any identified internal control weaknesses and provide advice to the CEO and Council in relation to management and reporting.

### 5.3.5 Dispute Resolution

Any dispute or grievance arising in relation to this Policy & Plan must be addressed in accordance with the Dispute Resolution Procedures set out in Council's Enterprise Agreement. In the first instance, an aggrieved employee is expected to raise their concerns with their direct Manager.

## 5.4 Monitoring, Evaluation and Reporting

### 5.4.1 Monitoring

Effective monitoring and evaluation of Council's Fraud and Corruption control strategies assist in:

- Assessing the continued relevance and priority of Fraud and Corruption strategies in light of current and emerging risks.
- Test whether Fraud and corruption strategies are targeting the desired population, and ➤ Ascertain whether there are more cost-effective ways of combating Fraud and Corruption.

### 5.4.2 Evaluation

Evaluations also have the capacity to establish causal links and, over time, an evaluation strategy has the potential to provide insights into:

- The appropriate balance between Fraud and Corruption prevention strategies, and
- The relative weighting of incentives that focus on reducing the potential losses from Fraud and Corruption in the first instance, as opposed to discovering Fraud and Corruption after it has occurred.

## 6. Definitions

Council applies the following definitions which are based on those contained in the Australian Standard for Fraud and Corruption Control (AS8001 – 2008).

### **Corruption**

*“Dishonest activity in which an executive member, manager, employee or contractor acts contrary to the interests of Council and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity”.*

### **Fraud**

*“Dishonest activity by an executive member, manager, employee, contractors or external persons causing actual or potential financial loss to Council, including the theft of moneys or other property. This includes the deliberate falsification, concealment, destruction or improper use of documentation used for a normal business purpose or the improper use of other information or position”.*

## 7. Related Documents

- Risk Management Policy
- Risk Management Framework
- Employee Code of Conduct
- Public Interest Disclosure Procedure
- Disciplinary Procedures
- Gifts & Hospitality Policy
- Police Records Check Policy
- Procurement Procedures Manual
- Audit and Risk Committee Charter
- Enterprise Agreement