



PREVENTION OF FRAUD AND CORRUPT CONDUCT POLICY

Corporate Document ECM: 2652118
Adopted by: Council on 7 September 2010
Ownership: Director Corporate Services

Amendments

Date	Amendment	Reference
7 September 2010	Adopted	CS/45
14 August 2017	Minor Wording amendments and updates	MG
23 August 2022	Minor Wording amendments and updates	PG
28 December 2022	Minor Wording amendments and updates	SL
13 January 2022	Minor Wording amendments and updates	SL
7 March 2023	To address Internal Audit Report on Fraud and Corruption – Risk Assessment dated 1 November 2022	CS/5

Purpose

Mosman Council is committed to good governance and ethical behaviours as a key ingredient to responsible, transparent, effective and accountable local government.

The purpose of this policy is to demonstrate that it does not tolerate dishonest or fraudulent behaviour and is committed to deterring and preventing such behaviour.

The community has an expectation that Council employees acknowledge and fulfil their responsibility to protect public money and property.

Fraud and corrupt conduct are ongoing and pervasive risks faced by all organisations. Because fraud and corrupt conduct are more likely to flourish in an environment of ignorance and neglect, fraud and corruption control must be an ongoing activity.

Fraud and corruption control are key components of good governance.

Objective

Council is committed to protecting its revenue, expenditure, and property from any attempt (either by the public, contractors, or its own employees) to gain by deceit, financial or other benefits.

Scope and Application

This policy applies to all council officials:

- All council staff and Councillors
- Permanent employees, whether full-time or part-time
- Temporary or casual employees
- All contractors working for or on behalf of Council
- Employees of contractors providing services to or on behalf of Council
- Volunteers, Committee and panel members who perform council official functions.

This policy applies to all Councillors, employees of Council, any external entity providing goods or services to Council, and to any user of Council services.

This policy should be read in conjunction with the AONSW Fraud controls in local councils dated 22 June 2018 and the ICAC's Managing Corruption Risks in Regulatory Work dated November 2022.

Definition of Corruption

Corrupt conduct is defined in section 7, 8 and 9 of the Independent Commission Against Corruption Act 1988 and may include conduct such as:

- (a) any conduct of any person (whether or not a public official) that adversely affects, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or

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

Corruption is also defined in the Australian Standard AS 8001-2003 “Fraud and Corruption”, as:

“Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity 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.”

Definition of Fraud

Fraud, which is a type of corruption, is defined in the Australian Standard AS8001-2008 as:

“Dishonest activity causing actual or potential financial loss to any person or entity including theft of money 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 a normal business purpose or improper use of information or position”.

Policy Statement

This policy is designed to protect public funds and assets, the integrity, security and reputation of the Council and its employees, and maintain a high level of services to the community and is part of a wider Fraud and Corruption Prevention Framework that includes a supporting Fraud and Corruption Prevention Plan.

Council will meet this commitment by:

Implementing a Fraud and Corruption Prevention Strategy for each area of Council which:

- Aligns to the NSW Independent Commission Against Corruption Act 1988
- Is adapted from the ten attributes of a Fraud Control Framework set out in the NSW Audit Office Fraud Control Improvement Kit 2015
- Maintains an effective system of internal controls and compliance with those controls aimed at preventing and detecting fraud and corruption.
- Provides for regular fraud risk assessments to identify opportunities for fraud and implementing prevention and minimisation procedures in day-to-day operations.
- Establishes standards and formal procedures for the investigation of allegations of dishonest and/or fraudulent behaviour.
- When allegations are proven to be true, reports outcomes of preliminary inquiries to the General Manager for disciplinary action and/or for referral to external authorities as appropriate.

- Reacts appropriately to situations where fraud allegations are proven to be true. This may be through reporting to relevant authorities and/or disciplinary action under the Code of Conduct.
- Ensures all Council employees are aware of their obligations in combating dishonest and fraudulent behaviour by directing all staff to the Code of Conduct and providing appropriate training and information sessions on a regular basis.
- Cultivates and maintains an environment in which dishonest and fraudulent behaviour is actively discouraged.
- Fosters an environment in which fraudulent activity is discouraged by encouraging staff and Councillors to report suspected fraud and corruption either against Council or within Council.
- Ensures public awareness of Council's commitment to fraud and corruption prevention and encourages public reporting of suspected fraud and corruption by Council officials or against Council.

To support this policy, Council has adopted the following:

- The appointment of a Public Interest Disclosure Officer
- An Audit Risk and Improvement Committee which includes three external representatives one of whom must be the Chairman.
- A follow up check on the organisation's compliance with the Policy by using the Fraud Control Health Check provided by the NSW Audit's Office. Under the Health Check all staff are required to complete a questionnaire every two (2) years prior to the Policy being reviewed.

Enterprise Risk Management

The Policy relies on Council's Enterprise Risk Management process to systematically identify, assess and control fraud and corruption risks. Information is compiled from many sources, including event reports and internal audits. Assessments, controls and treatment plans are recorded in the Enterprise Risk Register and reported regularly to the Audit, Risk and Improvement Committee.

Reporting Breaches

It is the responsibility of each member of staff, all volunteers and contractors to comply with the provisions outlined in this policy. Failure to comply with the provisions set out in this policy will constitute a breach of the Council's Code of Conduct and may be considered misconduct and result in disciplinary and/or legal action.

Staff have an obligation to report any suspected fraud or corrupt conduct to their supervisor, manager and where relevant, to any of the Public Interest Disclosure Officers or the General Manager, the Mayor or external organisations. The General Manager has an obligation, under Section 11 of the ICAC Act, to report those matters to ICAC.

Council also encourages members of the public to report possible fraud or corruption direct to the General Manager, Mayor or Public Interest Disclosure Officers or directly to ICAC.

Related Policies, Plan, Corporate Practices and Legislation

Plan

- Prevention of Fraud and Corrupt Conduct Plan

Policies

- Audit, Risk and Improvement Committee Charter
- Code of Conduct
- Complaints Handling Policy
- Delegations Register
- Enterprise Risk Management Policy
- Gifts and Benefits Policy
- Public Interest Disclosures Policy
- Related Party Disclosure Policy
- Statement of Business Ethics

Corporate Practices

- Internet and Mobile Computing Corporate Practice
- Council Credit Cards and Value Cards Corporate Practice
- Petty cash Handling Corporate Practice
- Purchasing Management Corporate Practice and Procedure

Legislation and Guidelines

- AONSW Fraud Controls in Local Councils 2018
- ICAC Managing Corruption Risks in Regulatory Work 2022
- Local Government Act 1993 (NSW) (Act)
- Local Government (General) Regulations 2005
- Environmental Planning and Assessment Act 1979
- Independent Commission Against Corruption Act 1988 (NSW)
- NSW Audit Office Fraud Control Guidelines 2015
- Public Interest Disclosures Act 2022 (NSW)

COUNCIL PREVENTION OF FRAUD AND CORRUPTION RESPONSIBILITY STRUCTURE			
General Manager	<ul style="list-style-type: none"> ▪ Culture ▪ Policy and Strategy ▪ Business Risk ▪ Corporate Governance ▪ Compliance (legislative, regulatory, community) ▪ Stakeholder value ▪ Image 		
	Directors	<ul style="list-style-type: none"> ▪ Lead by Example ▪ Develop and implement fraud and corruption prevention strategies for Directorate ▪ Identify and mitigate actual and potential corruption risks in the workplace ▪ Monitor and review the effectiveness of mechanisms implemented to minimise and detect corruption ▪ Demonstrate ethical conduct in all business dealings ▪ Promote awareness of fraud and corruption prevention and ethical conduct in the workplace 	
		Supervisors, Team Leaders and Coordinators	<ul style="list-style-type: none"> ▪ Promote awareness of ethical conduct and mechanisms to prevent corruption ▪ Provide input to policies, procedures and instructions that relate to areas of risk ▪ Drive the Prevention of Fraud and Corrupt Conduct Strategy ▪ Provide ethical advice and support to staff ▪ Monitor integrity of Fraud and Corruption Prevention Strategy
	Employees		<ul style="list-style-type: none"> ▪ Ethical behaviours ▪ Report suspected incidents of fraud and corruption ▪ Compliance with fraud and corruption prevention controls including the Fraud and Corruption Prevention Policy

Review

This policy should be reviewed every two years to ensure compliance with current standards and community expectations.

Contact

Enquiries should be directed to the Director Corporate Services on 9978 4003.