

1 PURPOSE

The purpose of this policy is to demonstrate Council's commitment to the prevention, detection and investigation of any fraudulent activity. The policy provides a framework for both the protection of public money and assets and protection of the integrity, security and reputation of the Council, its management and employees and the services it provides to the community.

2 OBJECTIVE

To ensure that the Burnie City Council complies with its obligations and provides an open and supportive environment to individuals in relation to public disclosures and associated investigations.

3 SCOPE

This policy summarises the responsibilities and expected behaviours of Aldermen, employees, contractors, volunteers and all other associated external parties of the Burnie City Council in relation to fraud prevention.

4 DEFINITIONS

Fraud

Fraud is defined in the Australian Standard AS 8001 - 2008 Fraud and Corruption Control as:-

“Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where 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 the improper use of information or position for personal financial benefit. The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered ‘fraud’ for the purposes of this Standard.”

NOTE: The concept of fraud within the meaning of this Standard can involve fraudulent or corrupt conduct by internal or external parties targeting the entity or fraudulent or corrupt conduct by the entity itself targeting external parties.”

Fraud and other similar irregularities include, but are not limited to:

- Unauthorised use or misuse of Council property, equipment, materials or records.
- Forgery or alteration of cheques, invoices, computer records and other documents.
- Any misappropriation of funds, securities, supplies or any other Council property.
- Any irregularity in the handling or reporting of money transactions.
- Seeking or accepting anything of material value from vendors, consultants or contractors doing business with the Council.
- Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Council owned software.
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Council.
- Any similar or related irregularity.

A detailed list of potential examples of fraud can be found at Appendix A of the Fraud Control Plan.

Internal fraud

Refers to fraudulent acts undertaken by Aldermen, employees or contractors, volunteers and all other associated external parties. Examples of such fraud would include: falsification of expenses claims, theft of cash and alteration of records to conceal any deficiency, falsification of invoices for payment, failure to account for monies collected, dealing inappropriately with benefit claims of friends or relatives.

In some instances, there can be potential for those in positions of trust within the Council to perpetrate fraud against third parties. The Council has responsibility for the integrity of staff employed in such positions of trust.

External fraud

Refers to fraud committed against the Council by persons outside of the organisation. Examples include false invoices or statements in applications for Council programs and applications for grants.

5 POLICY

Council is committed to protecting its revenue, expenditure and assets from attempts by any person or legal entity, including contractors, agents, intermediaries or employees to gain financial or other benefits by deceit or dishonest conduct.

Fraud Control Policy

Approved By: **Council**
Doc Controller: **General Manager**
File: 4/14/2

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Council is committed to developing and maintaining an organisational culture which supports and requires the highest standards of moral and ethical behaviour from its employees. At all times, all Aldermen and employees must act with integrity and must not engage in fraudulent activity of any kind, including fraudulent activities which may benefit Council.

All Aldermen and employees have a responsibility to be constantly vigilant and to report in confidence any suspected fraud or unethical behaviour to Executive Manager Corporate Finance or the General Manager. All suspected instances of fraud or unethical behaviour will be investigated.

Burnie City Council will not tolerate fraud or improper conduct by its employees, nor the taking of reprisals against those who come forward to disclose such conduct. Council will meet its commitment to fraud protection by:

- Establishing and maintaining effective internal control systems and enforcing compliance with controls
- The General Manager will appoint a dedicated Fraud Control Officer (the Executive Manager Corporate Finance)
- Providing appropriate training to all employees to ensure awareness of responsibilities and expectations
- Appropriately resourcing the Fraud Control Officer, Audit Committee, including the internal audit program, the Risk Management Committee and other fraud minimisation measures
- Maintaining a Fraud Register recording all reported incidents of suspected fraud
- Identifying fraud risks that may occur and ensuring due diligence to implement, record and monitor controls to prevent potential fraudulent activity
- Taking appropriate action to investigate all reports of suspected fraud or unethical behaviour
- Instigating disciplinary procedures in respect of any employee involved in fraudulent activities
- Taking court action to recover losses incurred by Council where appropriate
- The General Manager will ensure that comprehensive procedures are implemented and maintained within the Council's Fraud Control Plan. The Plan will be updated at least every two years or sooner if Council experiences significant change

6 ROLES AND RESPONSIBILITIES

Fraud control is the responsibility of everyone in the organisation. The General Manager has primary responsibility for ensuring this policy is complied with.

Elected Members

Elected Members have a responsibility to abide by Council's Code of Conduct. Council will support policies and measures taken to prevent, detect, and resolve suspected instances of fraud.

Executive Management Team

The Executive Management Team is responsible for ensuring there are adequate controls to provide reasonable assurance for the prevention and detection of fraud which will be achieved through:-

- Compliance with Council policies and plans
- Fostering a high standard of ethical behaviour throughout the organisation
- Ensuring staff are aware of their responsibilities through adequate induction, training, supervision and written policies and procedures
- Responding to issues raised by both the External Auditors and the Audit Committee.

Managers and Supervisors

All managers and supervisors have a duty to familiarise themselves with the types of improprieties that might be expected to occur within their areas of responsibility and be alert for any indications or irregularity.

Where weaknesses in controls are identified, the relevant Director should be notified as soon as practical.

Employees

All employees must take into account the need to prevent and detect fraud as part of their normal responsibilities.

Where weaknesses in controls are identified, the relevant Director should be notified as soon as practical.

7 LEGISLATION

Local Government Act 1993

Public Interest Disclosures Act 2002

8 RELATED DOCUMENTS

- Fraud Control Plan GL-CBS-FIN-002
- Risk Management Policy – CP-CBS-SG-027
- Public Interest Disclosures Policy CP-CBS-SG-013
- Code of Conduct (Aldermen) CP-CBS-SG-024
- Code of Conduct (Staff) WP-OGM-HR- 012
- Disciplinary Process WP-OGM-HR-024

9 OTHER REFERENCES

- Australian Standard AS8001-2008 Fraud and Corruption Control
- Fraud Control in Local Government (Report of the Tasmanian Auditor-General) No. 1 of 2013–14)
- Fraud Prevention Strategies in Local Government (Victorian Auditor-General June 2012)
- Controlling fraud and corruption: a prevention checklist (Independent Broad-Based Anti-Corruption Commission)

Policy Endorsement	
Responsibility:	It is the responsibility of Council to endorse and monitor on an annual basis the General Manager’s compliance with the Fraud Control Policy. It is the responsibility of the General Manager to implement and ensure compliance with the Fraud Control Policy and Procedures. It is the responsibility of the Executive Manager Corporate Finance to review and administer this policy. It is the responsibility of the Governance Unit to maintain this policy within the corporate document framework.
Minute Reference:	AO307/15, MO354/15
Council Meeting Date:	8 December 2015
Strategic Plan Reference:	Strategy 7.4.2 Demonstrate financial accountability and ensure strong internal controls underpin performance.
Previous Policies Replaced:	This is the first policy by Council specifically relating to Fraud Control.
Date of Commencement:	9 December 2015
Publication of policy:	Members of the public may inspect this policy at the City Offices, or access it on Council’s website (www.burnie.net)