

Fraud and Corruption Control Policy

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

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1 PURPOSE

Fraud or corrupt activity is damaging to the City of Burnie whether through financial loss, loss of public confidence (either perceived or real), reputational damage or adverse publicity.

The purpose of this policy is to demonstrate Council's commitment to the prevention, detection and investigation of any fraudulent or corrupt activity.

2 OBJECTIVE

To provide a framework for the identification and investigation of fraudulent or corrupt behaviour, whilst ensuring an effective and supportive environment that enables individuals to disclose information under the *Public Interest Disclosures Act 2002*.

3 SCOPE

This policy applies to any actual, alleged or suspected fraud or corruption involving Councillors, employees and representatives of the Burnie City Council as well as external parties such as, but not limited to, suppliers, contractors, consultants or any other external agency undertaking transactions with the City.

Employees and representatives of the City must have, and be seen to have, the highest standards of honesty, transparency, propriety and integrity in discharging their obligations to the community.

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.”

It 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. It also includes the theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is 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.

Corruption

Corruption is defined by Australian Standard AS8001 – 2008 as:

“Dishonest activity in which an employee or contractor of the entity acts contrary to the interests of the entity and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or organisation. The concept of ‘corruption’ can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity.”

Corruption is any deliberate or intentional wrongdoing that is improper, dishonest or fraudulent and may include:

- conflict of interest;
- failure to disclose acceptance of gifts or hospitality;
- acceptance of a bribe;
- misuse of internet or email; or
- release of confidential or private information or intellectual property.

Corrupt conduct tends to show a deliberate intent or an improper purpose and motivation and may involve conduct such as the deliberate failure to perform the functions of office properly; the exercise of a power or duty for an improper purpose; or dishonesty.

5 POLICY

The Burnie City Council considers unauthorised possession (theft/robbery), unauthorised use, misappropriation, fraud, corruption, impropriety and dishonesty to be unacceptable.

Fraud and corruption represents a risk to the Burnie City Council in areas such as:

- financial loss;
- reputational damage;
- diversion of management effort;
- organisational morale;
- organisational disruption;
- loss of employment;
- reduced performance; and
- diminished safety.

This behaviour does not align with the Council’s core values, and as such is treated seriously and a zero tolerance approach is adopted towards such behaviour. The Council is committed

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to developing and maintaining an organisational culture which supports and requires the highest standard of moral and ethical behaviour from its employees and representatives.

All employees are accountable for, and have a role to play in fraud and corruption prevention and control. The Burnie City Council encourages its employees to disclose actual or suspected fraudulent or corrupt activity in accordance with the *Public Interest Disclosure Act 2002*.

When identified, any suspected fraudulent or corrupt activity will be promptly and thoroughly investigated, and where appropriate legal remedies available under the law will be pursued.

The Burnie City Council will make every effort where this is possible, to protect the anonymity of those reporting the fraudulent or corrupt activity.

The Council will ensure that detrimental actions are not permitted against anyone who reports suspected or known incidents, consistent with the *Public Interest Disclosures Act 2002*. The City adopts a similar approach to those who maliciously and knowingly create a false and/or vexatious allegation.

Fraud and Corruption Management

The Burnie City Council will integrate fraud and corruption risk identification and mitigation strategies into the broader risk management framework of the Council. Specific mitigations are outlined in the Fraud and Corruption Control Plan, including the high level commitments provided below:

- The General Manager will appoint a dedicated Fraud and Corruption Control Officer (Chief Financial Officer);
- The provision of appropriate training to all employees to ensure awareness of this policy and the associated responsibilities and expectations;
- Appropriately resourcing for the Fraud and Corruption Control Officer, the Audit Committee including the internal audit program, the Risk Committee, the Welfare Manager and other fraud and corruption minimisation measures;
- Maintaining a Fraud and Corruption Register recording all reported incidents of suspected fraud and corruption; and
- Taking court action to recover losses incurred by Council where appropriate.

Reporting

The *Public Interest Disclosures Act 2002* provides public officers (employees of the Council as the public body), the ability to make a disclosure on any known or suspected fraudulent or corrupt behaviour. Additionally the Act provides the ability for contractors to also make disclosure; however, the method of reporting the disclosure is different – please refer to the

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Council's Public Interest Disclosures Procedures PRO-CBS-SG-109 for guidance on how this is undertaken.

The Council encourages its employees and Council representatives, to make a disclosure with regard to fraudulent or corrupt behaviour in line with the following principles. Doing so enables the Council to ensure that all disclosures can be facilitated in a timely and consistent manner, and one that is empathetic to all of the parties concerned.

Any person reporting any suspected fraudulent or corrupt act (the informant) should do so to one of the Council's Public Interest Disclosure Officers.

The Council's appointed Public Interest Disclosure Officers are as follows:

- Director Works and Services;
- Director Corporate and Commercial Services;
- Executive Manager Corporate Governance; or
- Coordinator Information Management.

If a Councillor or the General Manager is suspected of involvement, the matter must be reported directly to either the Ombudsman Tasmania or the Integrity Commission. The respective Agency will subsequently conduct all aspects of the investigation.

The informant reporting the activity or behaviour may chose to remain anonymous. It is suggested that the informant ensure the matter remains confidential prior to making the disclosure to ensure anonymity where possible. The Council will take all reasonable steps to protect people who make such disclosure from any detrimental action in reprisal for making the disclosure.

All enquiries concerning the activities under investigation from the suspected individual, his or her lawyer or representative, or any other enquirer must be directed to the Manager People.

Investigations

The Council appointed Public Interest Disclosure Officers have primary responsibility for investigations as defined in this policy.

The Public Interest Disclosure Officers have free and unrestricted access to all Council records and premises and authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on premises without prior knowledge or consultation with of any individual who may have custody of any such items or facilities when it is within the scope of their investigation.

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Any investigation carried out is to comply with the Burnie City Council's employment policies, including the Grievance Reporting and Resolution Policy.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, authority or relationship to the Council.

At the conclusion of the investigation the events will be documented in a confidential report which will be provided to the General Manager.

Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the General Manager, where applicable, in consultation with the respective Director and Manager People, and with legal advice if appropriate.

Recommendations from the investigations may be referred to the Risk Committee or Audit Committee to enhance internal control procedures where necessary.

All incidents investigated will maintain the principles of natural justice and procedural fairness.

Equity and Fairness

The Council will ensure that every 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 *Public Interest Disclosures Act 2002*.

Any individual who reports suspected fraud or corrupt behaviour has the right to expect their actions will be dealt with in confidence.

Evidence collected as part of any fraud investigation must substantiate any further action the organisation takes. There must be transparency in the fraud response action that the process has been adhered to.

Consequences of an investigation

Any investigation may result in a recommendation to terminate a supplier's, consultants or contractors contract or, in the case of an employee, the commencement of a disciplinary process, the outcome of which may be dismissal of the employee where appropriate.

Any decision to begin disciplinary process, or to terminate an employee's employment at the conclusion of that process, will be made in conjunction with the Manager People as the Welfare Manager, the Fraud and Corruption Control Officer and the relevant Director. The Council may also seek legal advice in this regard, where considered necessary.

6 ROLES AND RESPONSIBILITIES

Fraud and corruption control is the responsibility of everyone in, and representing the organisation, who are to abide by the Council's Code of Conduct.

Elected Members

Councillors have a responsibility to abide by the Councillors' Code of Conduct. Councillors have overall responsibility for setting the policy framework for fraud and corruption prevention for the Council in order to minimise risk the risk to the community.

General Manager

The General Manager has primary responsibility for ensuring the policy is complied with and is responsible for applying the Burnie City Council's resources to fraud and corruption prevention to ensure adequate controls are in place and risks are mitigated.

Audit and Risk Committees

The Council's Audit and Risk Committee's role in relation to fraud and corruption control includes:

- reviewing risk management frameworks and associated procedures for the effective identification and management of fraud and corruption risks;
- conducting internal audits to test performance of the policy; and
- providing leadership in preventing fraud and corruption.

Fraud and Corruption Control Officer

The Chief Financial Officer assumes responsibility for ensuring that there are sound and robust processes in place to monitor area susceptible to fraud and corruption that appropriate controls exist and that effective reporting processes are in place. The position will provide mentoring and guidance to the organisation on fraud and corruption principles and controls.

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 and corruption which will be achieved through:

- Regular monitoring and review of the Fraud and Corruption Control Plan;
- Fostering a high standard of ethical behaviour throughout the organisation;
- Ensuring staff are aware of their responsibilities through induction, training and supervision;

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- Regularly reviewing transactions and activities susceptible to fraud and corruption; and
- Responding to issues raised by both the external Auditors and the Audit Committee.

Public Interest Disclosure (PID) Officers

Public Interest Disclosure Officers receive and investigate disclosures, and take action following the completion of investigations under the *Public Interest Disclosure Act 2002*.

Manager People and Safety

The Manager People and Safety will act as the Welfare Manager during investigations as required under the *Public Interest Disclosure Act 2002*.

Managers and Supervisors

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

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

Employees and Representatives of the Council

All employees and representatives must adhere and comply with this policy at all times and as such must take into account the need to prevent and detect fraudulent or corrupt behaviour as part of their normal responsibilities.

Where weaknesses in controls are identified, or where there is suspected or actual incidents of fraud or corruption, employees and representatives are to report the matter immediately in accordance with this policy.

7 LEGISLATION

Local Government Act 1993

Public Interest Disclosures Act 2002

Fair Work Act 2009

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8 RELATED DOCUMENTS

Fraud and Corruption Control Plan GL-CBS-FIN-002
 Risk Management Policy CP-CBS-SG-027
 Councillors' Code of Conduct CP-CBS-SG-024
 Staff Code of Conduct WP-OGM-HR- 012
 Public Interest Disclosure Procedures PRO-CBS-SG-109
 Disciplinary Process WP-OGM-HR-024
 Grievance Reporting and Resolution WP-OGM-HR-002

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 and Corruption Control Policy. The General Manager is accountable for compliance with the Fraud and Corruption Control Policy and associated procedures. It is the responsibility of the Director Corporate and Commercial Services to review and operationalise this policy. It is the responsibility of the Corporate Governance Unit to maintain this policy within the corporate document framework.
Minute Reference:	AO126-21
Council Meeting Date:	27 July 2021
Strategic Plan Reference:	Strategy 7.4.2 Demonstrate financial accountability and ensure strong internal controls underpin performance.
Previous Policies Replaced:	This policy replaces the previous Fraud Control Policy v1.0 approved by Council on 8 December 2015, Item AO307-15, and the Public Interest Disclosures Policy v4.1 approved by Council on 21 November 2017, Item A0280-17.
Date of Commencement:	28 July 2021
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)