



TWEED
SHIRE COUNCIL

Policy

Fraud Prevention

Version 1.1

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Fraud Prevention

Policy Objective

The prime objective of this policy is to limit Tweed Shire Council's exposure to fraud or corruption by encouraging an "awareness culture" that fraud and corruption within its workplace will not be tolerated.

Tweed Shire Council is committed to protecting its public funds or assets from any attempt either by:

*members of the public,
contractors,
elected members, or
its own employees,*

to gain a benefit through deceit, solicitation, stealing or forgery.

Other objectives of Tweed Shire Council's Fraud Prevention Policy are to ensure that the actions of any person do not result in the conduct of fraudulent or corrupt acts by ensuring that:

- Council has a policy to manage and prevent fraud or corruption,
- The policy complies with the provisions of various sections contained with the Local Government Act 1993 and ICAC Act 1988,
- All staff is aware of the policy through distribution of information and posting on the Council Intranet,
- Council has guidelines and measures for the prevention, detection and management of fraud or corruption,
- The policy provides guidance to the General Manager and other persons in meeting the various reporting requirements.

Definitions

Fraud - means an intentional dishonest act or omission done with the purpose of gaining an advantage, usually a financial benefit from a position of trust and authority.

The types of acts or omissions include, but are not limited to, theft, false pretences, evasion, and manipulation of information, misappropriation, larceny, embezzlement and improper destruction or falsification of accounts or records.

Corruption - means a breach of trust in the performance of official duties, acted or failed to act in the performance of the functions of their duties, or taken advantage of their employment to obtain any benefit for themselves or another person.

It is not corrupt conduct unless it involves:

- a criminal offence,
- a disciplinary offence, or
- reasonable grounds for terminating the services of a public official.

Policy Background

Not applicable

Policy

Prevention Responsibility

The General Manager is responsible for the prevention and detection of fraud and corruption through the implementation of appropriate and effective internal control systems.

The Executive Management Team, Managers, Coordinators and Supervisors must share responsibility for the prevention and detection of fraud or corruption and for the operations of Council.

It is the responsibility of the Executive Management Team to ensure that there are mechanisms in place within the area of their control to:

- assess the risk of fraud,
- promote employee awareness of ethical principles applied by Council, and
- educate employees about fraud and corruption prevention and detection.

All Council Officers have the responsibility to report fraud and suspected corrupt activity, through the appropriate notification to their Supervisor, Manager or Divisional Director.

For those Council Officers who wish to take advantage of the provisions of the Public Interest Disclosures Regulation 2011, then they are to make their report in accordance with Council's Internal Reporting (Public Interest Disclosures) Policy.

Prevention Strategy

Council through the Executive Management Team will create an environment and culture in which fraudulent or corrupt acts will not be tolerated, and which will be fully investigated where they are suspected or reported.

To adhere to this objective, Council is developing policies and procedures which will result in fewer opportunities for fraud and corruption.

Council Officers will conduct regular risk assessment reviews across all operational areas of Council in conjunction with Officers with the relevant operational area. After identification and assessment of potential risk, an action plan will be developed to eliminate, minimise and control the risks. This action can be attained by:

- developing or strengthen internal controls,
- establishing new or additional systems for monitoring and detection,
- delivery of appropriate training programs,
- communicating incidents, findings and recommendations,
- conducting follow-up on audits and recommendations,
- ensuring that Council's current and potentials customers are aware of its policies and procedures, thereby avoiding any conflict of interest.

By developing and strengthening internal controls, it can provide for the security and accountability of council resources and prevent/reduce the opportunity for fraud or corruption through:

- segregation of duties,
- appropriate recruitment procedures, (including reference checking),
- internal audits,
- documentation of procedures,
- budget control,
- reconciliations,
- consideration of risk.

Council has identified the necessity to effectively manage access to information and the critical importance of ensuring that information assets are not lost, amended, misused, inappropriately disclosed or damaged.

Internal Reporting Of Fraud Or Corruption

Good channels of internal communication can encourage a steady flow of information that can result in Council improving its practices and procedures.

All employees have the responsibility to report fraud and suspected corrupt activity, through the appropriate notification to their Supervisor, Manager or Divisional Director. Senior Officers are to ensure that employees are protected from fear or retribution if they make any report about fraud or corruption.

For those Council Officers, who feel uncomfortable about reporting suspected fraud or corruption, should take advantage of the provisions of the Public Interest Disclosures Act. They are to make their report in accordance with Council's Internal Reporting (Public Interest Disclosures) Policy. This policy provides the framework for providing information to employees on how their internal report will be handled within Council.

The underlying thrust of this policy is to inform employees and the general public that fraudulent or corrupt acts against Council will not be tolerated and every report is taken seriously by the Executive Management Team. Prompt action will be initiated to investigate all reported acts of fraud or corruption. Policies and procedures improved to discourage others who may be inclined to commit similar conduct.

External Reporting of Fraud or Corruption

Internal reporting systems should always be available for all employees and the general public. Employees are encouraged to make reports to Council Officers in accordance with the Internal Reporting (Public Interest Disclosures) Policy.

Council's Internal Reporting Policy provides an alternative avenue for employees who feel more comfortable in reporting fraud or corrupt acts to an external investigating authority, being ICAC, or Director General, Department of Local Government.

The General Manager is required under the Local Government Act 1993 and ICAC Act 1988 to report circumstances of fraud or corruption.

Investigation

The purpose of a fraud or corruption investigation is to find out as much as possible about what happened. It is not to establish the guilt of a suspect.

When a fraudulent or corrupt act comes to the notice of a Council Officer or to the general public, then they are required to make such reports in accordance with this policy or Council's Internal Reporting (Public Interest Disclosures) Policy.

Whenever an allegation or suspicions of fraud or corruption arise, it is the responsibility of Senior Officers to ensure confidentiality. Releasing information can result in serious damage to the investigation and to the suspected fraudster.

In all cases of reported alleged fraud or corruption, the General Manager should be immediately informed of the matter and then kept informed of the progress of the investigation. The General Manager will report to ICAC any suspected concerns of corrupt conduct. The report will be after the existence of corrupt conduct has been established.

The nature of the allegation, will determine, who firstly, will assess information relating to the possible act of fraud or corruption. Senior Officers may conduct an initial investigation, to establish the existence of an alleged act and if they consider it can be handled within the respective Division.

If it is considered by the Division Director and General Manager that the investigation should be conducted outside their Division then it should be handled by Council's Internal Auditor, Police or outsourced to an independent investigator.

The Council Officer, who is responsible for the conduct of any investigation, must prepare a process plan, notwithstanding the following actions:

- defining the objective or scope of the investigation,
- methodology of the investigation,
- details of any initial inquiries,
- time frame; and finalisation arrangements.

Information obtained during the investigation, must be recorded to determine:

- whether the information is trivial, frivolous or vexatious,
- how much specific evidence is there to support the information provided,
- how long ago did the alleged misconduct occur; and
- whether additional resources are required to investigate the allegation.

In all cases, investigations must be carried out objectively, thoroughly and without prejudice. The Executive Management Team must ensure high standards of investigation that preserve due process and protect the integrity of the process, whilst ensuring confidentiality and fairness.

Disciplinary Action

Council will comply with the provisions of its Code of Conduct, associated policies, relevant awards, conditions and legislation in dealing with confirmed fraudulent acts.

When an investigation confirms that a fraud has occurred, it should recommend the appropriate level of action to be implemented. Such level will depend upon the amount of evidence obtained during the investigation.

If there is sufficient information for the matter to be reported to the police, then that authority should manage the remainder of the investigation.

If there is not enough evidence to sustain criminal charges, then Council should investigate implementing disciplinary action. Prior to taking disciplinary action, the General Manager or delegate will give the Council Officer an opportunity to respond to the allegations.

Preventing Further Fraud

It is important that any fraud or corrupt acts are not repeated. Details of any disclosed fraudulent or corrupt acts will be provided to all Council Officers in order that they may examine their operations for similar circumstances and risks.

Council Officers will work in conjunction with other relevant Council Officers to develop internal controls and procedures to reduce the risk of fraudulent or corrupt acts reoccurring within Council.

There will be a continual revision of all Council internal controls and procedures to ensure that they serve the purpose for which they were developed and to improve controls and procedures where they are warranted.

The main basis for preventing further fraud is for all Council Officers to be proactive in assisting Senior Officers in detecting or preventing fraudulent or corrupt acts before they can materialise into a major concern to Council. This factor can be achieved if Council has a well developed staff training and awareness programme.

Staff Training and Awareness

Council will develop a comprehensive training programme to inform Council Officers of policies and procedures in relation to making them aware of fraud and corruption issues.

Such issues include appropriate provisions within Council's Internal Reporting (Public Interest Disclosures) Policy, Compliments and Complaints Handling Policy and Fraud Prevention Policy pertaining to the risk management process, the reporting process, internal support mechanisms and the management of investigations.

Client and Community Awareness

Council does conduct business with a wide range of external parties that have different ethical standards. Council has developed policies and procedures which it expects potential clients to adhere to, including the Code of Conduct and Statement of Business Ethics. Both of these documents are separately listed on Council's Internet and Intranet Web Sites and this information is contained within all tender documents.

Council will communicate to the community awareness programs on fraud or corruption as a means of providing leadership to the community, with the aim of improving its standing. The programs will provide clear guidelines about Council's acceptable practices and to show that it is committed to providing honest and ethical services to the community.

Related Legislation

Local Government Act 1993
Public Interest Disclosures (PID) Act 1994

Compliance

Not applicable

Forms

Not applicable

Review Period

This Policy will be reviewed within 12 months of the election of each new Council or more frequently in the event of any legislative changes or change in circumstances.

Useful Links

[Tweed Shire Council website](#)

