

Kyogle Council

Fraud Prevention Policy



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FRAUD PREVENTION

1 Validity

This policy derives validity from Council's Resolution CO/1018/10.

2 Objectives

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

Kyogle Council is committed to protecting its funds and assets from deceit, solicitation, stealing or forgery by all parties, including:

- members of the public,
- contactors,
- elected members, or
- its own employees,

The objective of Kyogle Council's Fraud Prevention Policy is 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 aligns with the Local Government Act 1993 and ICAC Act 1988,
- All staff are 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.

3 Sourcing Of Policy

The Fraud Prevention Policy is:

- Publicly available on the Council's webpage
- Explained to all employees as part of the induction process

4 Definitions

In this policy document:

“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.

Corrupt conduct involves:

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

5 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 Directors, Managers and Supervisors share responsibility for the prevention and detection of fraud or corruption and for the operation of Council.

It is the responsibility of Directors 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 employees have the responsibility to report fraud and suspected corrupt activity, through the appropriate notification of their Supervisor, Manager or Director.

Employees may wish to take advantage of the provisions of the Protective Disclosures Act, and may make their report in accordance with Council's Protected Disclosures Policy.

6 Prevention Strategy

Council will continually promote 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.

Council has policies, procedures and committees designed to result in fewer opportunities for fraud and corruption including;

- Delegations and Procurement policy and processes
- Gifts and Benefits policy
- Governance policy
- Code of Conduct
- Internal Audit Committee
- Procurement Steering Committee
- Consultative Committee
- Protected Disclosures policy
- Pecuniary Interest policy
- Related Party Disclosure policy
- Statement of Business Ethics
- Conflict of Interest policy
- Provision of Information and Interaction Between Councillors and Staff policy
- Enterprise Risk Management policy

These checks and balances along with regular risk assessment reviews and staff awareness are paramount in achieving zero opportunity for fraud and corruption.

If potential risk is identified a plan will be developed to eliminate, minimise and control the risk, to be approved by the General Manager. Once approved by the General Manager, it will be the responsibility of the Directors and Managers to ensure staff are aware of the new processes and procedures.

Remedial action and risk minimisation strategies 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
- Regular reporting on implementation of recommendations
- Ensuring that Council's current and potential customers are aware of its policies and procedures

Security and accountability of council resources and reduced opportunity for fraud or corruption comes via internal controls such as:

- Segregation of duties
- Appropriate recruitment procedures, (including reference checking)
- Internal audits
- Documentation of procedures
- Budget control
- Reconciliations
- Risk analysis

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.

7 Internal Reporting of Fraud or Corruption

Fluid channels of internal communication 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 Division Director. Senior Officers are to ensure that employees are protected from fear or retribution if they make any report about fraud or corruption.

Those employees, who feel uncomfortable about reporting suspected fraud or corruption, should take advantage of the provisions of the Protective Disclosures Act and make their report in accordance with Council's Protected Disclosures Policy.

Prompt action will be initiated to investigate all reported acts of fraud or corruption. Policies and procedures will be improved to discourage others that may be inclined to commit similar conduct.

8 External Reporting Of Fraud Or Corruption

Reporting systems are available for all employees and the general public.

Alternative avenues for employees who feel more comfortable in reporting fraud or corrupt acts to an external investigating authority, are the Independent Commission Against Corruption (ICAC), or the Chief Executive, Office 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 to the appropriate authority.

9 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 member of the public, they are required to report it to the General Manager, Director, Manager Corporate Services, Public Officer, ICAC, the Chief Executive, Office of Local Government or Police.

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 made after the existence of corrupt conduct has been established.

The nature of the allegation will determine who assesses possible acts of fraud or corruption. The General Manager may appoint a Senior Officer to conduct an initial investigation.

If it is considered by the Director and General Manager, that the investigation should be conducted outside their Department, then it should be handled by the 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 objectives 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 determine:

- Evidence based validity of the information
- Timeframe of the alleged misconduct occur
- If additional resources are required to investigate the allegation further

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

10 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 weight of evidence obtained during the investigation.

If there is sufficient information for the matter to be reported to the police, 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.

11 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 Directors in order that they may examine their operations for similar circumstances and risks.

The Manager Corporate Services 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.

Preventing fraud requires all Council Employees to be proactive in assisting in detecting fraudulent or corrupt acts. This is achieved via staff training and awareness.

12 Staff Training and Awareness

Council will ensure training and induction programs, policies and procedures that reduce opportunity for fraud and corruption.