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FRAUD CONTROL POLICY

Strategic	Good government
Policy type	Administrative
Date of Adoption:	15 February 2023 Minute Number:
Date for Review:	17 February 2027
Responsible	Enterprise and Risk Manager
Document	Replaces Fraud Control Policy adopted 15 March, 2017
Delivery Program Link:	2.1.3 Council operations and financial management support ethical, transparent and accountable corporate governance.

1. POLICY STATEMENT

Berrigan Shire Council is entrusted with the responsibility of managing assets and funds on behalf of the Berrigan Shire community. The Council has an obligation to establish and maintain systems that identify and deal effectively with risks relating to the fraudulent use of assets and funds controlled by the Council, and to instil in all workers, the values of the Berrigan Shire Council.

2. PURPOSE

The purpose of this policy is to:

- Ensure staff, councillors and volunteers of the Council are aware of their responsibilities regarding the identification and prevention of fraud or corrupt activity.
- Promote a workplace culture of integrity, honesty and fairness.
- Protect the reputation of the Council and staff.

3. SCOPE

This policy applies to all councillors, Council staff, delegates, volunteers, contractors and customers.

4. OBJECTIVE

This policy is developed to assist the Council with the Delivery Program Objective:



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2.1.3 Council operations and financial management support ethical, transparent and accountable corporate governance.

5. DEFINITIONS

Corruption dishonest activity in which a person associated with an organisation acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.

Fraud dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity.

6. POLICY IMPLEMENTATION

6.1 Fraud prevention

Council uses a number of strategies to prevent fraud and corruption.

6.1.1 Implementing and maintaining an ethical culture

Implementing and maintaining an ethical culture in respect to fraud management includes:

- establishing and distributing the Code of Conduct to all staff.
- Code of Conduct workshops/training delivered to existing staff.
- explanation of the Code of Conduct during induction.
- management leading by example and held accountable.
- periodic reinforcement through communication.

6.1.2 Senior management commitment

The Chief Executive Officer (CEO), Directors and managers are committed to ensuring the risk of fraud and corruption is eliminated from their areas of control.

All levels of management are accountable for setting the appropriate tone of intolerance for fraudulent acts by displaying the proper attitude toward complying with laws, rules, regulations and policies and in particular the Berrigan Shire Council Code of Conduct.



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6.1.3 Internal controls

Fraud risk assessments have identified those activities that pose risks of fraudulent activity. In addition, they list existing fraud control measures in place that assist in reducing the identified risks.

All control measures are subjected to periodic review to ensure they remain effective.

6.1.4 Management and staff awareness

The primary purpose of ensuring management and staff are aware of fraud is to assist in the prevention and control of fraud by raising the general level of awareness amongst all employees. This is achieved by:

- ensuring all employees (in addition to the Code of Conduct) receive fraud awareness training appropriate to their positions,
- ensuring all updates and changes to the Fraud Control policy, other relevant policies, the Code of Conduct, and other pronouncements are effectively communicated to all employees,
- ensuring staff are aware of the alternative ways in which they may report allegations or concerns regarding fraud, corruption or unethical conduct, and
- encouraging staff to report any suspected incident of fraud.

6.1.5 Human resource controls

Human resource controls are critical in minimising Council's fraud risks. Main areas of control include pre-employment screening, segregation of duties, job rotation and enforced leave.

6.1.6 Stakeholder awareness

Emphasising the Council is committed to ethical, transparent and accountable corporate governance is important in ensuring stakeholders receive clear messages on Council's stance on fraud and corruption.

Council will use a variety of mediums to ensure this message is relayed.

6.2 **Fraud detection**

Monitoring and detection strategies used by Council will fall into two areas – external and internal checks.

6.2.1 External checks

Council's external financial auditor has a responsibility for detecting fraud as part of the annual audit, and Council will offer any assistance required to enable to auditor to conduct a comprehensive examination of this issue.



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6.2.2 Internal checks

Council will develop and undertake a series of post-transactional reviews and periodic assessment of particular transactions that will support existing fraud control measures. This will be determined on a risk prioritised basis.

6.3 Fraud reporting

In accordance with Council's Code of Conduct and Internal Reporting Policy, avenues are provided to Council officers and the public for the reporting of suspicious or known, illegal or unethical conduct.

Reports regarding suspected or known fraud can also be made to external agencies including:

- NSW Police Force
- Office of Local Government
- ICAC
- The NSW Ombudsman

The reporting of fraud and corruption incidents is conducted in accordance with Council's Internal Reporting, and Protected Disclosures policies.

6.4 Responding to fraud incidents

Following the reporting of fraudulent, corrupt or unethical activity, and where possible, an internal investigation will occur. The investigation will be conducted by two or more persons who are appropriately qualified and not associated with the activity in question, and will occur as soon as practicably possible after becoming aware of the incident.

Council are committed to ensuring any investigation is conducted in a confidential, transparent, independent and objective manner, and according to the rules of procedural fairness.

Outcomes of any investigation will be handled in accordance with Council's disciplinary procedures.

Whenever matters come to the Council's attention that have the potential to require external investigation will be referred to the appropriate external body such as ICAC or NSW Police as required under relevant legislation.

6.4.1 Internal control review

Following the detection of a fraud incident, Council will review and assess the adequacy of its internal controls, particularly those directly impacting on the fraud incident, and will consider whether any improvements are required. Where improvements are required, these will be implemented as soon as practicably possible.



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7. RELATED LEGISLATION, POLICIES AND STRATEGIES

7.1 Legislation

- *Local Government Act 1993*
- *NSW Public Interest Disclosures Act 1994*
- *NSW Crimes Act 1900*

7.2 Council policies and guidelines

- AS8001-2021 Fraud and Corruption Control
- Code of Conduct
- Risk Management Policy and Framework
- Internal Reporting Policy
- Protected Disclosures Policy

8. RECORDS MANAGEMENT

Recording of all information relating to this policy including inspection and maintenance programs will be maintained in accordance with Australian Standard playground requirements.

All Records must be kept in accordance with Council's Records Management Policy (currently under development) and destroyed as per the General Retention and Disposal Authority: Local Government Records (GA39).

9. REVIEW AND EVALUATION

This policy (procedure) will be evaluated and reviewed at least once every four (4) years as per Council's Governance Policy (currently under development) or as required.

10. DOCUMENT AVAILABILITY

A number of legislative instruments require Councils to have the policy available for inspection at Council's principal office (i.e. Policies made under Part 3, of the *Local Government Act 1993*). Each document should therefore state the ways in which the policy is available including any relevant fees and charges for access to such policy. An example of the required statement is provided below:

This policy will be available for inspection at Council's principal office during ordinary business hours as per the requirements of section 18 (c) of the *Government Information (Public Access) Act 2009* and section 167 of the *Local Government Act 1993*.

Access to the policy in digital format is free and is available on Council's website <https://www.berriganshire.nsw.gov.au/>



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Printed copies of the document are available at Council's principal office (address noted below) and are subject to Council's Fees and Charges.

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11. VERSION CONTROL

Version Number	Date	Summary	Responsible Officer
1.0		New Policy document	Michelle Koopman
1.1		Minor review (detail)	Matt Hansen
2.0		Major revision (detail)	Karina Ewer

APPENDICES