

Moira Shire Council

Fraud and Corruption Control Policy

Policy type	Council
Version Number	4
Responsible Director	Corporate Performance
Responsible Officer	Manager Governance, Risk and Performance
Date adopted by Council	27 November 2024
Scheduled for review	This policy will be reviewed two years from the date of adoption, or sooner if required.

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Administrative changes do not materially alter the document (such as spelling/typographical errors, change to the name of a Council department, a change to the name of a Federal or State Government department). Administrative updates can be made in accordance with the Policy Framework Guidelines.

PURPOSE

The purpose of this policy is to outline Council's commitment to protecting public funds, property and information from fraud and corruption and to clearly articulate Council's commitment to a comprehensive and systematic approach to preventing, detecting and responding to fraud and corruption.

SCOPE

This policy applies to all Councillors/Administrators, employees, contractors, volunteers of Council. The policy applies to internal and external fraud.

DEFINITIONS

Term	Definition
CEO	Chief Executive Officer.
Corruption	As defined in AS8001, corruption is dishonest activity in which a person associated with an organisation acts contrary to the interest 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 interest of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly. Corrupt conduct is defined by section 4 of the <i>Independent Broad-Based Anti-Corruption Commission Act 2011</i> .
Council	Moira Shire Council.
Councillor	A person who holds the office of member of Council as defined by the <i>Local Government Act 2020</i> including Administrators in accordance with the <i>Local Government (Moira Shire Council) Act 2023</i> .
Fraud	As defined in AS8001, fraud is defined 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.
Fraud and Corruption Control System (System)	As defined in AS8001, a Fraud and Corruption Control System is the framework for controlling the risks of fraud and corruption against or by an organisation.
Internal fraud	As defined in AS8001, Internal Fraud is fraudulent activity where at least one perpetrator is employed by or has a close association with the target organisation (Council) and has detailed internal knowledge of the organisation's operations, systems and procedures.
External fraud	As defined in AS8001, External Fraud is fraudulent activity where no perpetrator is employed by or has a close association with the target organisation (Council).

POLICY CONTEXT

This policy provides the overarching principles for Council's Fraud and Corruption Control System (system), which includes:

- Fraud Control Plan.
- Fraud and Corruption Risk Assessments.
- Supporting documents, policies and other internal controls that compliment fraud and corruption prevention, detection and response including Council's Risk Management Framework, Codes of Conduct and Corporate Values, Recruitment policies and procedures, Public Interest Disclosure Policy and Procedures & Disciplinary Procedure.

The system will enable:

- A formal, structured approach to fraud and corruption prevention, detection and response.
- An approach that is consistent with the principles of AS8001:2021 Fraud and Corruption Control.
- Integration of the fraud and corruption risk assessment process with Council's Risk Management Framework.

POLICY STATEMENT

Council has zero tolerance towards any type of fraud and corruption. Instances of fraud or corruption significantly impact the Council by causing financial loss, reputational damage, and eroding the Council's ability to deliver its strategic objectives.

Council is committed to minimising the incidences and impacts of fraud and corruption through the developing and, implementing a system of fraud prevention, detection and response strategies as set out in this policy and associated plan.

RESPONSIBILITIES

Councillors	<ul style="list-style-type: none">• Adopting the Fraud and Corruption Control Policy.• Modelling honesty and integrity across the organisation as outlined in their Code of Conduct.• Ensuring that Management has appropriate measures in place to detect and prevent fraud.
Chief Executive Officer (CEO)	<ul style="list-style-type: none">• Primary responsibility for fraud and corruption control and compliance with the Fraud and Corruption Control Policy and Plan throughout the organisation.• Ensuring that an effective fraud and corruption control system is established and maintained.• Receiving reports relating to suspected cases or incidents of fraud.• Determining the appropriate course of action for each reported case in regard to communication and investigation.• Expeditiously reporting to IBAC as required, in accordance with mandatory reporting requirements.

<p>Executive and Senior Leadership Teams</p>	<ul style="list-style-type: none"> • Complying with legislation and Council policies and practices. • Receiving reports relating to suspected events or incidents of fraud and corruptions. • Ensuring staff understand their responsibilities through adequate supervision, acting within their delegated powers, written procedures and position descriptions. • Ensuring that appropriate corporate systems, procedures and controls designed to prevent and detect fraud are in place and managed within their departments and operational units. • Responding positively to matters raised and advice given by internal and external audit and implementing agreed recommendations in a timely manner. • Ensuring that staff implement recommendations to eliminate or reduce the risk of fraud and corruption. • Ensuring that appropriate action is taken if changes in their functional area result in new fraud risks.
<p>Manager Governance, Risk and Performance</p>	<ul style="list-style-type: none"> • Coordinating the review of Council' Fraud and Corruption Control Policy and Plan. • Coordinating a periodic Fraud and Corruption Risk Assessment, in line with Council's Risk Management Framework. • Preparation of fraud and corruption risk reporting in line with Council's Risk Management Plan.
<p>Public Interest Disclosure Coordinator (PIDC)</p>	<ul style="list-style-type: none"> • Encouraging direct reporting of concerns to the IBAC but can receive and notify the IBAC of potential public interest disclosures regarding Council employees, contractors and volunteers. • Supporting the CEO in expeditiously reporting to IBAC as required, in accordance with mandatory reporting requirements. • Assisting the IBAC investigators. • Ensuring the welfare of disclosers by appointing welfare officers as required in accordance with Council's Public Interest Disclosure Policy. • Working to make employees aware of the public interest disclosure legislation.
<p>Manager People and Culture</p>	<ul style="list-style-type: none"> • Ensuring the recruitment related practices which underpin fraud prevention are carried out in accordance with the Recruitment and Selection Policy and Procedures. • Coordinate disciplinary action where required. • Ensuring Fraud and Corruption training is delivered in accordance with the Fraud and Corruption Control Plan.

<p>Employees, Contractors and Council Volunteers</p>	<ul style="list-style-type: none"> • Acting with propriety in all Council activities and not using their position with the Council to gain personal advantage or to confer advantage, or disadvantage, on any other person. • Safeguarding Council assets against theft, misuse or improper use. • Reporting any suspicion of fraud. • Conducting themselves with honesty, accountability and integrity and in line with the Employee Code of Conduct and Corporate Values.
<p>Audit & Risk Committee</p>	<ul style="list-style-type: none"> • Reviewing Council's Fraud and Corruption Control policies, plans and controls at least every two years. • Receiving reports from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event. • Reviewing reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies. • Receiving reports on Council's Fraud and Corruption risks in accordance with Council's Risk Management Plan.
<p>Internal and External Audit</p>	<ul style="list-style-type: none"> • Playing an important role in the prevention and detection of fraud by independently reviewing systems, procedures and controls to ensure there are adequate safeguards to prevent, detect and respond to fraud and corruption; with particular attention paid to areas where there is a significant risk. • Providing findings and recommendations to Council for consideration. • Certifying that Council's accounts represent a true and fair view of the Council's financial position (Undertaken by External Auditor – Victorian Auditor General's Office).

Prevention Strategies

Fraud and corruption prevention strategies are the first line of defence, designed to reduce the risk of fraud and corruption from occurring in the first place. Council's Fraud and Corruption Control Plan provides further detail on the fraud and corruption prevention strategies implemented by Council. These strategies include:

- A culture of integrity supported by Codes of Conduct and Values & Behaviours.
- Effective recruitment processes, including pre-employment screening.
- Screening and ongoing management of contractors.
- Fraud and corruption awareness education and training.
- Defined process for the management of Conflicts of Interest.
- Defined process for the management of Gifts, Benefits and Hospitality.
- Appropriate security (including IT Security).
- Other internal controls identified in the Fraud and Corruption Risk Assessment process, such as delegations, standard operating procedures and segregation of duties.

Detection Strategies

Council recognises that despite having a comprehensive framework in place, it is possible that fraud and corruption may still occur. Accordingly, Council has implemented strategies aimed at detecting fraud and corruption as soon as possible. Detection strategies include:

- Identification of early warning signs.
- Conducting exit surveys or interviews.
- Post transactional reviews.
- Data analysis.
- A well communicated process on how and why to report fraud and corruption.

Reporting Fraud and Corruption

Reports of fraud and corruption or suspected fraud and corruption by employees, volunteers and contractors can be made directly to IBAC or the Victorian Ombudsman in accordance with the Council's Public Interest Disclosure Policy. Reports can also be made to a Supervisor or Manager or to Council's Public Interest Disclosure Coordinator.

Reports regarding Councillors must be made directly to IBAC or the Victorian Ombudsman in accordance Council's Public Interest Disclosure Policy.

Council respects the rights of individuals and has a commitment to the principles of natural justice, compliance with the *Public Interest Disclosures Act 2012* and the Charter of Human Rights. Any member of Council identified in a report or suspected of fraud or corruption will be treated fairly and afforded natural justice should an investigation be necessary.

Response Strategies

Council will ensure it has appropriate strategies in place to respond to fraud and corruption. These strategies include:

- Undertaking any immediate actions that may be required in response to an event.
- Undertaking investigations.
- Reporting the matter to an external entity as required in accordance with Council's Public Interest Disclosures Policy (which may include law enforcement agencies).
- Taking disciplinary action in accordance with Council's Disciplinary Procedures or terminating an arrangement/contract with Council (e.g. Contractors).
- Seeking to recover stolen funds or property (this may include through insurance or civil action).

Responsibility for Investigations

If a report is not considered to be an IBAC mandatory reportable matter, or is referred to Council by IBAC, an investigation will be performed by Council in a timely manner.

The CEO, Director Corporate Performance, Manager Governance Risk & Performance, or other authorised member of Council shall determine how the investigation of reports will proceed and may include staff, notification to the Police and/or appointing an external investigator.

All members of Council are required to cooperate fully with any investigation if requested to do so by the Chief Executive Officer, Public Interest Disclosure Coordinator or other person authorised to make the request.

Council's response to investigations may include disciplinary action, reporting to Victoria Police, and/or civil action to recover losses.

MONITORING AND EVALUATION

Reporting of fraud and corruption risks will be undertaken in accordance with Council's Risk Management Framework.

The CEO via delegation to the Manager Governance, Risk and Performance shall ensure that a register of fraud and corruption events is kept to accurately record suspected incidents of fraud and corruption, their handling and all relevant supporting documentation.

In instances where a fraud and corruption event have been detected, Council will reassess the adequacy of controls and determine whether remedial actions are required.

Fraud and corruption events will be reported to the Audit & Risk Committee who will provide oversight in ensuring that any remedial actions have been undertaken.

Any deviation from this Policy is to be approved by the Director or CEO.

RELATED LEGISLATION

Local Government Act 2020

Public Interest Disclosures Act 2012

Independent Broad-based Anti-corruption Commission Act 2011

Local Government (Governance and Integrity) Regulations 2020

Privacy and Data Protection Act 2014

Charter of Human Rights & Responsibilities Act 2006

RELATED POLICIES AND PROCEDURES

Employee Code of Conduct

Administrator/Councillor Code of Conduct

Competency Framework

Disciplinary Procedure

Gifts, Benefits and Hospitality Policy

Conflict of Interest Guide

Fraud and Corruption Control Plan

Risk Management Policy

Public Interest Disclosure Policy

Purchase Card Policy

IT Security Policy

Staff Reimbursement of Expenses Policy

Councillor Expense and Support Policy

Budget and Financial Reporting

Community Strengthening Grants Policy

Moira Shire Council – Fraud and Corruption Control Policy

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Councillor Professional Development Policy
 Recruitment and Selection Policy
 Procurement Policy
 Privacy Policy
 Records Management Policy
 Motor Vehicle Policy
 Sponsorship (outgoing) Policy
 Treasury Management Policy
 Instruments of Delegation

RELATED STANDARDS AND GUIDELINES

AS8001 – 2021 Fraud and Corruption Control
 AS/ISO 31000 - Risk Management Guidelines
 VAGO Report - Fraud and Corruption Control - Local Government - June 2019
 VAGO Fraud Prevention Strategies in Local Government - June 2012
 Local Government Victoria, In the Public Interest Guide 2020

DOCUMENT REVISIONS

Version	Summary of Changes	Approved by	Date
1	Original Policy adopted	Council	17/09/2012
2	Revised in accordance with review schedule	Council	19/09/2016
3	Revised in accordance with review schedule	Council	27/05/2020
4	Revised following Internal Audit	Council	27/11/2024