

Fraud Policy

Consultation Draft

Considered by EMT 7 July 2017

1. POLICY AIMS

Nillumbik Shire Council aims to protect its finances, properties and intellectual rights from any attempt, to gain personal or other advantage by deception by employees, members of the public, contractors, subcontractors or agents.

Employees, contractors and other service providers of Nillumbik Shire Council are required to act honestly and with integrity and to safeguard the public resources for which they are responsible and make themselves aware of Council's Code of Conduct and all other related policies that support this commitment.

The principles behind this policy are based on the Australian Standard AS8001:2008 'Fraud and Corruption Control'.

2. POLICY STATEMENT

Nillumbik Council is committed to preventing fraud in the workplace extending to corruption and bribery through:

- Implementation of effective preventative measures including awareness training to minimise the risk of fraud;
- A commitment to detection, investigation, reporting and responding to cases of fraud; and
- Respecting the rights of individuals having regards to the Charter of Human Rights and/or the right to confidentiality under the *Protected Disclosures Act 2012*.

Any employee, contractor, subcontractor and agent suspected of fraud will be treated fairly and afforded natural justice should any investigation be necessary.

3. DEFINITIONS

- **Fraud** – Dishonest or deceptive act that causes a financial loss or a disadvantage to another.
- **Corruption** – Abuse of a position of trust for personal gain or an act that is contrary to the interest of Council.

4. REPORTING

All Staff are obligated to report incidents or suspected incidents of fraud or corruption and may make reports to their Supervisor, Manager, Director, CEO or Council's Protected Disclosure Coordinator.

All reports shall be referred to the Protected Disclosure Coordinator for initial assessment to determine whether the matter is to be managed under the provisions of the *Protected Disclosures Act 2012* or *Independent Broad-based Anti-corruption Commission Act 2011*(IBAC).

The Protected Disclosure Coordinator shall inform the CEO that a matter has been referred for an initial assessment.



Any disclosures involving a Councillor must be reported directly to IBAC.

Under no circumstances are any incidents or suspected incidents of fraud or corruption to be investigated or any other action whatsoever; including internal control actions to mitigate losses unless authorised by the CEO or Manager Governance.

Subject to the requirements of the *Protected Disclosures Act 2012* and *Independent Broad-based Anti-corruption Commission Act 2011*, all confirmed cases of fraud must be reported to the Audit Committee and Council's Fidelity Insurer in accordance with the policy of insurance.

4.1 IBAC matters

Where a matter has been referred to IBAC, Council will cooperate with IBAC or the agency investigation and take action to implement any findings and recommendations from that investigation.

4.2 Non IBAC matters

If a matter has been determined not to be a disclosure under the *Protected Disclosure Act 2012* or the matter has been referred to Council under the *Independent Broad-based Anti-corruption Commission Act 2011* then the CEO or Manager Governance may authorise an investigation or refer the matter to another agency to conduct an investigation in accordance with the Fraud Control Plan.

5. FRAUD CONTROL FRAMEWORK

To minimise the occurrence and impact of fraud, the Manager Governance will prepare and approve a Fraud Control Plan to prevent, detect and respond to fraud and / or corruption.

The key elements of Council's Fraud Control Plan are to:

- Communicate Council's intentions and responsibilities for fraud management through the Fraud Policy and Code of Conduct(s);
- Identify key risks through fraud risk assessments at corporate and operational levels, consistent with Council's risk management framework encompassing mitigation plans and actions;
- Limiting opportunities by providing internal control systems, processes and procedures to minimise risks as part of the fraud risk assessment;
- Raising awareness through training and induction;
- Monitoring and review of Council's internal controls, risk management processes and fraud control strategies through the Audit Committee and internal audit program; and
- Periodically review the Fraud Policy and Fraud Control Plan.

6. CONSEQUENCES OF ENGAGING IN FRAUDULENT CONDUCT

Subject to the requirements of the *Protected Disclosures Act 2012*, where fraud allegations are substantiated, Council (or another authority) will take appropriate action. Actions may also include but not limited to; reporting to the relevant authority extending to recovery actions or internal disciplinary procedures.

7. REVIEW

This Fraud Policy will be reviewed every 2 years and the Fraud Control Plan will be reviewed annually. The next review of the policy is due to be completed by June 2019.

8. RELATED POLICIES AND PROCEDURES

To be read in conjunction with, but not limited to the following Council policies, procedures, Acts, standards and external references:

- *AS 8001-2008 Fraud and Corruption Control*
- *AS 31000:2010 Risk Management*
- Charter of Human Rights
- Employee Code of Conduct
- *Equal Opportunity Act 2010*
- Fleet Policy
- *Freedom of Information Act 1982*

- *Local Government Act 1989*
- MAV Fidelity Appraisal
- *Occupational Health and Safety Act 2004*
- *Privacy and Data Protection Act 2014*
- *Privacy Policy 2014*
- Procurement Policy and Guidelines 2014
- *Protected Disclosures Act, 2012*
- *Protected Disclosures Act, 2012 Procedures*
- Victorian Auditor-General's Report – *Fraud Prevention Strategies in Local Government*
- *Working with Children Act 2005*

Approval

Council has resolved that this policy

1. Comes into force immediately upon its approval; and
2. Remains in force until varied or revoked

Council Meeting Minute no:

Date:

Fraud Procedure Flow Chart

