

# Policy

## Fraud and Corruption Prevention 2021



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Further Document Information and Relationships	
<b>Related Legislation*</b>	<i>Independent Commission Against Corruption Act 1988</i> <i>Local Government Act 1993</i> <i>Local Government (General) Regulation 2005</i> <i>Public Interest Disclosures Act 1994</i>
<b>Related Policies</b>	Code of Conduct 2020 (D20/10650) Procedures for the Administration of the Code of Conduct (D20/10652) Fraud and Corruption Control Plan 2021 (D20/21125)
<b>Related Documents</b>	Australian Standard As8001-2008 Fraud and Corruption Control Fraud Control Improvement Kit, NSW Audit Office (February 2015)

*\*Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*

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## 1 Policy Objective

The objective of the Fraud and Corruption Prevention Policy is to:

- (a) Educate and inform Council Officials, contractors and volunteers about their responsibilities and accountabilities in preventing and reporting instances of fraud and corruption within Liverpool Plains Shire Council;
- (b) Create awareness about what constitutes unethical conduct; and
- (c) Reduce and prevent the risk of internal and external fraud and corruption.

## 2 Scope

This policy applies to:

- Council Officials
- Contractors
- Volunteers.

## 3 Definitions

Term	Definition
<b>Contractors</b>	Includes contractors, consultants and suppliers engaged by Council under contract to provide goods, services or specialist or professional advice to Council.
<b>Corruption</b>	Dishonest activity in which a director, executive, manager, employer or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity. The concept of 'corruption' can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly. <i>(AS 8001-2008 Fraud and Corruption Control, 2008)</i>
<b>Council Officials</b>	Includes Councillors, members of staff of Council, administrators, Council committee members and delegates of Council.
<b>Fraud</b>	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 where deception is used at the time, immediately before or immediately following the activity.  This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

	The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered 'fraud'. <i>(AS 8001-2008 Fraud and Corruption Control, 2008)</i>
<b>Volunteers</b>	Individuals who voluntarily assist in the provision of Liverpool Plains Shire Council services or in the delivery of its projects, programmes and events without financial payment.

## 4 Policy Statement

Liverpool Plains Shire Council (Council) is committed to maintaining a work environment that is resistant to fraud and corruption and is dedicated to implementing effective measures to minimise fraud and corruption risks. Fraud and corruption can undermine Council's ability to achieve its objectives, and can have detrimental consequences such as:

- Financial loss;
- Waste of resources, including management time;
- Damage to corporate reputation;
- Loss of public confidence in Council's ability to provide strong, effective and accountable local government; and
- Impact on employee morale and subsequent effects on productivity.

Council is committed to maintaining and upholding high standards of legal and ethical behaviour and has zero tolerance to fraud and corruption in Council's work environment. In accordance with its legal and statutory obligations, Council will take appropriate action against Council Officials, contractors and volunteers who have participated in fraudulent or corrupt conduct, and those who have allowed it to occur.

### 4.1 Principles

Council is committed to building a corruption resistant culture through:

- The prevention and deterrence of an opportunity for fraudulent or corrupt conduct by Council Officials, contractors and volunteers;
- The detection, investigation and disciplining and/or prosecution of fraudulent or corrupt conduct; and
- The reporting of any fraudulent or corrupt conduct to the Independent Commission Against Corruption (ICAC) or relevant external agency, where appropriate.

Council's commitment to preventing fraudulent or corrupt conduct, and avoiding or managing conflicts of interests, will be addressed through implementing appropriate auditing systems to deter and identify corrupt activities.

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## 4.2 Roles and Responsibilities

### 4.2.1 Council Officials, Contractors and Volunteers

All Council Officials are required under the *Local Government Act 1993* and Council's Code of Conduct to act lawfully and honestly and exercise a reasonable degree of care and diligence in carrying out functions.

It is the responsibility of all Council Officials, contractors and volunteers to adhere to this policy and execute their work with probity, accountability and transparency in order to prevent incidences of fraud and corruption in Council's organisation.

All Council Officials, contractors and volunteers must report any alleged or actual incidences of fraud and corrupt behaviour using relevant mechanisms outlined in this policy.

### 4.2.2 General Manager

The General Manager has ultimate responsibility for managing fraud and corruption risks within Council and encouraging an ethical culture by promoting zero tolerance to any form of fraud and corrupt behaviour.

In accordance with the *Independent Commission Against Corruption Act 1988* (ICAC Act) and Council's Code of Conduct, the General Manager is required to report any matter to the Independent Commission Against Corruption (ICAC) or relevant external agency, such as the Office of the Local Government and NSW Ombudsman, that they suspect on reasonable grounds concerns or may concern corrupt conduct, whether on the part of Council Officials or any party with whom Council conducts business.

### 4.2.3 Executive Manager Corporate Services

The Executive Manager Corporate Services, together with Council's Audit, Risk and Improvement Committee, is responsible for ensuring Council's fraud and corruption resources work collectively and are effectively coordinated.

### 4.2.4 Audit, Risk and Improvement Committee

Council's Audit, Risk and Improvement Committee (ARIC) is responsible for promoting good governance at Council. This is achieved by ensuring the services provided to people of the Liverpool Plains are executed effectively, efficiently and delivered with integrity.

Fraud and corruption prevention is one of the key areas for which the ARIC provides independent assurance and assistance to Council in accordance with the *Local Government Amendment Act 1993*. The ARIC oversees at a high-level Council's fraud and corruption prevention arrangements.

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#### **4.2.5 Internal Auditor**

While fraud and corruption control is a management responsibility; Council's Internal Auditor plays an important role in identifying the indicators of fraud and corruption in executing the organisation's Internal Audit Program.

In instances where fraud and corruption is detected, the Internal Auditor will reassess the control measures in place to identify the adequacy and effectiveness of such control measures.

The Internal Auditor will then consider whether improvements are required and ensure suggested recommendations are implemented as soon as possible and reported back to the ARIC.

#### **4.2.6 Disclosures Coordinator and Disclosures Officers**

Consistent with the *Public Interest Disclosure Act 1994* (PID Act) and Council's Public Interest Disclosure Internal Reporting Policy, Council has appointed a Disclosures Coordinator and Disclosures Officer. These roles play a critical role in Council's internal reporting system, and their responsibilities are detailed further in Council's Public Interest Disclosure Internal Reporting Policy.

### **4.3 Reporting Mechanisms**

All Council Officials, contractors and volunteers are obligated to report suspected fraudulent or corrupt conduct, either through Council's internal reporting procedure in accordance with Council's Public Interest Disclosure Internal Reporting Policy, or directly to the ICAC or relevant external agency. The Code of Conduct also establishes responsibility for Council Officials to report breaches of the Code of Conduct.

#### **4.3.1 Internal Reporting**

In accordance with the PID Act, Council has in place a Public Interest Disclosure Internal Reporting Policy, which details Council's internal reporting mechanisms and provides guidance to Council Officials in reporting wrongdoing as a Public Interest Disclosure.

#### **4.3.2 External Reporting**

In addition to Council's internal reporting mechanisms, the PID Act lists a number of external investigating authorities that wrongdoing can be reported to and the categories of wrongdoing each authority can deal with. In relation to Council, these authorities are:

- a. ICAC
- b. NSW Ombudsman
- c. NSW Information Commissioner
- d. The Office of Local Government

(refer to Appendix A for contact details)

## 5 APPENDICES

### 5.1 Appendix A – External Reporting Agencies' Contact Details

<b>Independent Commission Against Corruption (ICAC)</b>		
Contact regarding alleged corruption	Telephone:	1800 463 909
	Email:	<a href="mailto:icac@icac.nsw.gov.au">icac@icac.nsw.gov.au</a>
<b>NSW Ombudsman</b>		
Contact about alleged maladministration	Telephone:	(02) 9286 1000
	Email:	<a href="mailto:nswombo@ombo.nsw.gov.au">nswombo@ombo.nsw.gov.au</a>
<b>Information and Privacy Commission NSW (IPC)</b>		
Contact about alleged information breaches	Telephone:	1800 472 679
	Email:	<a href="mailto:ipcinfo@ipc.nsw.gov.au">ipcinfo@ipc.nsw.gov.au</a>
<b>Office of Local Government - OLG</b>		
Contact regarding serious and substantial waste	Telephone:	(02) 4428 4100
	Email:	<a href="mailto:olg@olg.nsw.gov.au">olg@olg.nsw.gov.au</a>