

FRAUD AND CORRUPTION PREVENTION POLICY



COUNCIL POLICY – FRAUD AND CORRUPTION PREVENTION POLICY	
Reference Number	741624 (previous no 667642)
Responsible Business Unit	Office of the CEO
Responsible Officer	Chief Executive Officer
Legislation	Local Government Act 1999 ICAC Act 2012 Public Information Disclosure Act 2018 Development Act 1993 Planning Development & Infrastructure Act 2016
Relevant Delegations	Chief Executive Officer
Related Policies Management Guidelines Frameworks	Good Public Administration Framework - 741628 Reporting Fraud and Corruption Management Guideline - 741627 Code of Conduct for Elected Members - 682841 Code of Conduct for Employees - 679144 Code of Conduct for Volunteers - 743122 Code of Conduct for Independent Members of \$41 Committees - 685233 Minister's Code of Conduct for CAP Public Information Disclosure Guideline Risk Management Framework Access to Council Meetings and Committee meetings Code of Practice - 676270 Policy Framework - 676271 Complaint Framework Internal Review of Council Decisions - 714555 Freedom of Information Policy - 688275 Internal Control Policy - 743236
Link to Strategic Plan	Objective 4.1 - Provide effective and accountable leadership and teamwork throughout the organisation
Council resolution	162.2
Date Adopted	14 October 2019
Review Date	2019
Previous Revisions	9 June 2015, item 147.1 (Audit Committee 26/5/15) 13 May 2013, item 98.1 27 April 2009, item 820.1.3

1 INTRODUCTION

The Rural City of Murray Bridge ("The Council") is committed to acting in the best interest of the community and to upholding principles of honesty, integrity and transparency, which are all key components of good governance.

The Council recognises that Fraud and Corruption in Public Administration have the potential to cause significant financial and non-financial harm and that, therefore, the prevention and control

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of Fraud and Corruption should feature predominantly within the systems and procedures of a responsible Council.

2 POLICY STATEMENT

1. This Policy is designed to protect public funds and assets and the integrity, security and reputation of the Council.
2. This Policy outlines the Council's approach to the prevention of minimisation, identification and control of fraudulent and/or corrupt activity and summarises the associated responsibilities of Council Members and Council workers.
3. The Council will not tolerate fraudulent or corrupt activity and is commitment to its control and prevention by:
 - a. Complying with the requirements of the Independent Commissioner Against Corruption Act 2012 (ICAC Act)
 - b. Establishing and maintaining an effective system of internal controls and enforcing compliance with those controls;
 - c. Regularly undertaking risk assessment to identify circumstances in which Fraud and Corruption could potentially occur;
 - d. Implementing Fraud and Corruption prevention and mitigation strategies in its day to day operations.
 - e. Taking appropriate action in response to allegations of fraudulent and/or corrupt activity including
 - i. reporting allegations in accordance with the ICAC Act 2012 and the reporting system established by the Independent Commissioner Against Corruption (ICAC) under section 20 of the ICAC Act, and
 - ii. where allegations are substantiated, in addition to applicable criminal sanctions, may take disciplinary action in accordance with the Codes of Conduct for Council Members and Council Employees or, if relevant, a Council's Employee's contract of employment with Council.
 - f. Ensuring all Council Workers and Council Members are aware of their obligations in relations to the prevention of Fraud and Corruption within the Council and the inclusion of preliminary education in any induction process.
 - g. Active participation in education and evaluation practices relevant to Fraud and Corruption.
 - h. Fostering an ethical environment in which dishonest and fraudulent behaviour is actively discouraged, and
 - i. General community awareness of the Council's commitment the prevention of fraud and corruption.

3 SCOPE

This policy is intended to compliment and be implemented in conjunction with other Council policy documents including:

- Good Public Administration Framework
- Code of Conduct – Council Members
- Code of Conduct – Employees
- Code of Conduct – Volunteers
- Code of Conduct – S41 independent members (includes complaint handling)
- Minister's Code of Conduct for CAP
- Strategic Risk Framework
- Code of Practice – Access to Council and Committee meetings
- Council Member Allowances and Benefits Policy
- Internal Review of Council decisions
- Public Interest Disclosure Guideline

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- Internal Controls
- Complaint Framework

This policy applies to all disclosures that relate to the actual or suspected occurrence of Fraud and/or Corruption with the Council.

4 DEFINITIONS

For the purposes of this Policy the following definitions apply:

Corruption in public administration as described in the ICAC Act 2012, S5, as follows:

- a) An offence against Part 7 Division 4 (offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:
 - a. bribery or corruption of public officers;
 - b. threats or reprisals against public officers
 - c. abuse of public office;
 - d. demanding or requiring benefit on basis of public office
 - e. offences relating to appointment to public office, or
- b) any other offence (including an offence against Part 5 (offences of dishonesty) of the *Criminal Law Consolidation Act 1935*) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence (see appendix 1 for examples of offences under the *Local Government Act 1999*, *Local Government (Elections) Act 1999* and *Development Act 1993*); or
- c) any of the following in relation to an offence referred to in a preceding paragraph:
 - a. aiding, abetting, counselling or procuring the commission of the offence;
 - b. inducing, whether by threats or promises or otherwise, the commission of the offence;
 - c. being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence.
 - d. Conspiring with others to effect the commission of the offence.

Directions and Guidelines is a reference to the Directions and Guidelines issues pursuant to section 20 of the ICAC Act, which are available on the Commissioner's website (www.icac.sa.gov.au)

A **Worker** is any person who is employed by the Council, but also includes any contractors, volunteers and consultants undertaking work for, or on behalf of the Council (as defined under S7 of the Work Health and Safety Act 2012)

A **False Disclosure** is a disclosure of information relating to Fraud or Corruption that is made by a person who knows the information to be false or, who is reckless as to whether it is false.

Fraud is an internal dishonest act or omission done with the purpose of deceiving.

(NB: unlike 'Corruption' there is no statutory definition of 'Fraud'. Fraud is a style of offending. The offences addressed under Part 5 and Part 6 of the *Criminal Law Consolidation Act 1935* are considered to constitute Fraud Offences.

Independent Commissioner Against Corruption (Commissioner) means the person holding or acting in the office of the Independent Commissioner Against Corruption.

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Manager means any Employee of the Council who is responsible for the direct supervision of other Employees, and/or, for the management of a Council Department.

Office of Public Integrity (OPI) is the office established under the *ICAC Act 2012* that has the function to:

- a. Receive and assess complaints about public administration from members of the public;
- b. Receive and assess reports about Corruption, misconduct and maladministration in public administration from the Ombudsman, the Council and public officers;
- c. Make recommendations as to whether and by whom complaints and reports should be investigated;
- d. Perform other functions assigned by the Office of the Commissioner.

Public Administration defined in section 4 of the *ICAC Act 2012* means without limiting the acts that may comprise public administration, an administrative act within the meaning of the *Ombudsman Act 1972* will be taken to be carried out in the course of public administration.

Public Officer defined under the *ICAC Act 2012* includes:

- A Council Member
- A member of a Local Government Body (including a subsidiary of a Council established under the *Local Government Act 1999*); and
- A member of a Local Government body (including a subsidiary or a Council established under the *Local Government Act 1999*) and
- An Employee or Officer of the Council.

A **Responsible Officer** is a person (or persons) appointed by the Chief Executive Officer pursuant to Sections 12 and 13 of the *Public Interest Disclosure Act 2018 (PID)* who is (are) authorised to receive appropriate disclosures of public interest relation to Council and ensure compliance with the PID Act in relation to such disclosures and make appropriate recommendations to the principle officer of the council in relation to dealing with such disclosures and provide advice to officers and employees of the Council in relation to the administration of the PID Act and may carry out any other functions relating to the PID Act.

Volunteer – person who undertakes an activity on behalf of Council for no financial reward, includes work experience students

5 PREVENTION

1. The Council recognises that:
 - a. The occurrence of Fraud and Corruption will prevail in an administrative environment where opportunities exist for waste, abuse and maladministration; and
 - b. The most effective way to prevent occurrence of Fraud and Corruption is to promote an ethical environment in which internal control mechanisms have been implemented.
2. In general, the Council expects that Public Officers will assist in preventing Fraud and Corruption within the Council by:
 - a. Understanding themselves with the Councils policies and procedures and adhering to them;
 - b. Familiarising themselves with the Councils policies and procedures and adhering to them;
 - c. Understanding what behaviour constitutes fraudulent and/or corrupt conduct;
 - d. Maintaining an awareness of the strategies that have been implemented by the Council to minimise Fraud and Corruption;
 - e. Being continuously vigilant to the potential of Fraud and/or Corruption to occur; and
 - f. Reporting suspected or actual occurrences of Fraud or Corruption in accordance with Part 7 of this Policy.

3. Specific Responsibilities

- a. Collectively, as the decision making body of the Council, **Council Members** are responsible for ensuring that the **Council**:
 - i. Promotes community awareness of the Council's commitment to the prevention of Fraud and Corruption
 - ii. Provides adequate security for the prevention of Fraud and Corruption. This includes the provision of secure facilities for storage of assets and procedures to deter fraudulent or corrupt activity from occurring.
 - iii. Provides mechanisms for receiving allegations of Fraud or Corruption, including by ensuring a Responsible Officer¹ is appointed.
 - iv. Ensures that, where appropriate, proper investigations are conducted into allegations that involve Fraud or Corruption.
 - v. Makes reports in accordance with Part 7 of this Policy and facilitates co-operation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner);
 - vi. Ensures that all Workers are aware of their responsibilities in relation to Fraud and Corruption through the provision of appropriate and regular training.
 - vii. Promotes a culture and environment in which Fraud and Corruption is actively discouraged and is readily reported should it occur; and
 - viii. Undertakes a Fraud and Corruption risk assessment on a regular basis.
- b. **Managers** are responsible for:
 - i. the conduct of any Employees whom they supervise and, will be held accountable for such;
 - ii. Any property under their control, and will be held accountable for such;
 - iii. Reporting in accordance with Part 7 of this Policy;
 - iv. Creating an environment in which Fraud and Corruption is discouraged and readily reported by Workers. Such an environment shall be fostered by the Manager's own attitude and behaviours to Fraud and Corruption and, by the accountability and integrity they both display and encourage from other Workers;
 - v. Ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to Fraud and Corruption and, of the standard of conduct expected from all Employees as outlined in the Code of Conduct for Council Employees and this Policy
 - vi. Identifying possible Fraud and Corruption risks; and
 - vii. Leading by example to promote ethical behaviour.
- c. **Workers** are responsible for:
 - i. Performing their functions and duties with care, diligence, honesty and integrity;
 - ii. Conducting themselves in a professional manner at all times.
 - iii. Adhering to these guidelines and other Council procedures that have been established to prevent Fraud and Corruption.
 - iv. Taking care for Council's property which includes avoiding the waste or misuse of the Council's resources;
 - v. Maintaining and enhancing the reputation of the Council
 - vi. Remaining scrupulous in the use of Council information, assets, funds, property, goods or services and;
 - vii. Reporting in accordance with part 7 of this Policy.

¹ Responsible Officers are the General Managers and Executive Officer

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6 FRAUD AND CORRUPTION RISK ASSESSMENT PROCESS

1. The Council's main objective in the prevention and control of Fraud and Corruption is to minimise the occurrence of Fraud and Corruption within the Council. The objective is generally achieved by:
 - Identifying Fraud and Corruption Risks;
 - Determining strategies to control those risks; and
 - Defining responsibility for and, the time frame within which the strategies will be implemented.
2. Managers must be alert to the potential of Fraud and Corruption to occur and remain wary of factors which must leave the Council vulnerable to Fraud and Corruption, including:
 - Changes to Council delegations
 - Implementation of cost cutting measures
 - Contracting out and outsourcing
 - The impact of new technology; and
 - Changes to risk management practices.

7 EDUCATING FOR AWARENESS

1. The Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.
2. The Council, will, therefore, from time to time take proactive steps towards ensuring that the wider community is aware of the Council's zero-tolerance stance towards Fraud and Corruption.
3. The Council will increase community awareness by:
 - a. Promotion of the Council's initiatives and policies regarding the control and prevention of Fraud and Corruption on the Council's website and at the Council officers;
 - b. Make reference to the Council's Fraud and Corruption initiatives in the Council's Annual Report; and
 - c. Facilitating public awareness to all of the documents that constitute the Council's Fraud and Corruption Framework.

8 CONCLUSION

1. The Council has established a number of procedures to assist with the prevention of Fraud and Corruption. The effectiveness of these procedures will be continuously reviewed and assessed and will remain up to date with any future developments in Fraud and Corruption prevention and control techniques.
2. The Council will review this Policy and associated frameworks, policies and management guidelines a least once in a Council term.