

Fraud Protection Plan

Policy Number	82/01/2025/CO
Policy Category	Finance
Responsibility	General Manager – People and Corporate Services
Date to Take Effect	18 September 2025
Legislative Reference	NT Local Government Act and Regulations
Policy Reference	Fraud and Corruption Control Policy, Codes of Conduct, Conflict of Interest Policy
Next Review Due	June 2029
CEO Adoption	

1. Purpose

The East Arnhem Regional Council has adopted a Fraud Policy to create a framework for prevention, detection, reporting, and investigation of fraud and corrupt practices within the scope of the activities of the Council.

The purpose of this plan is to lay down further procedures to give effect to the objectives of the Fraud Policy.

2. Application

This document details EARC's procedures regarding the prevention, detection, reporting, and investigation of fraud and corrupt practices within the activities and functioning of the Council.

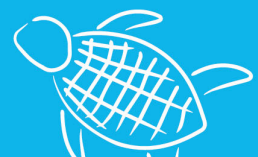
3. Definitions

Fraud as defined by AS8001-2008 is a dishonest activity causing actual or potential financial loss to any person or entity including theft of monies or other property by Council Officers or persons external to the entity and whether or not 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.

Corruption is defined by AS8001-2008 as dishonest activity in which as director, executive, manager, employee or a contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust to achieve some personal gain or advantage for him or herself or for another person or entity.

Council means the East Arnhem Regional Council (EARC)



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CEO is the Chief Executive Officer of the East Arnhem Regional Council.

Staff refers to the staff of the East Arnhem Regional Council

Councillors are the Councillors of the East Arnhem Regional Council.

4. Principles

4.1 Procedures for Prevention of Fraud

Development of policies and procedures

The Council will frame appropriate policies and procedures for the conduct of all major activities of the council. Such policies and procedures will incorporate the best practice in relation to prevention and detection of fraud and corrupt practices in the conduct of such activities. These activities will cover

- Procurement
- Payroll
- Accounting
- Cash & Financial management
- Financial Reporting
- Computer & Internet Usage
- Travel

The above list is indicative, and the council will make further policies which may be deemed as necessary by the Council for the prevention of fraud and corrupt practices.

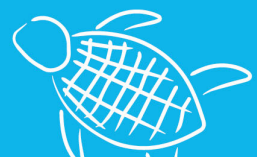
Disclosure of Conflict of Interest

The Council will make a policy for mandatory Disclosure of Conflict of Interest for a Councillor of the EARC as well as the staff of the Council. The policy will detail the steps that will be taken by the Council or the CEO if a conflict of interest is disclosed by a staff or Councillor of the EARC.

Pre employment Checks for prospective employees

The Council will ensure that all the prospective staff goes through the following pre-employment checks -

- At least two satisfactory reference checks
- Such reference checks would ask for the persons conduct and reason for leaving the previous job.
- Police checks particularly when the person is handling Council's assets like cars, inventory, computers etc.
- Confirmation of identity through driver's license or passport



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- Confirmation of the persons qualifications (to ensure that the person is reliable and can be trusted upon)

The applicable Recruitment Policy will include the above requirements.

Staff Training and Awareness

The staff of the Council will be trained and made aware of the policies and procedures of the council as well as the requirements of the Fraud Policy and Fraud Protection Plan.

The staff will be made aware that Fraud and corrupt practices are not tolerable by the council and can lead to strict punitive action including dismissal from service.

The council will adopt such policies for staff training which will ensure that the staff are adequately aware of the effects of any fraudulent or corrupt activity on their personal career and continuity of service.

This would require that all the new staff as well as existing staff are given access to such policies on the intranet of the Council and are encouraged to read and acknowledge such policies and procedures.

Staff will also be advised and trained to be constantly vigilant and report any fraudulent or corrupt activity.

The Councillors awareness program

- The Councillors will be required to operate as per the policies of the Council & the Local Government Laws and Regulations.
- The Council will draw a Code of Conduct for the Councillors

Fraud Risk Management

The Council will do an analysis of the Fraud Risks that the activities of the council are exposed to. Such risks would be covered in the Council's Operational Risk register.

Analysis of the Fraud Risks will help in forming policies and procedures to prevent and mitigate such risks.

Review by Internal Audit & Risk and Audit Committee

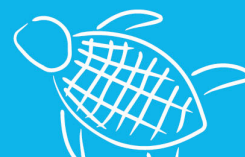
The council will adopt an Internal Audit plan to review the existence and effectiveness of internal controls to prevent occurrence of Fraud and corrupt activities.

The Council will ensure that the agreed recommendations by the Internal Audit are implemented to address gaps in control and reduce the likelihood of fraud.

The plan will be reviewed by the Risk and Audit Committee.

Co-operation with other Councils or local government bodies

The Council may decide to share fraud related information with other Councils & obtain such information from other Councils and government bodies that will develop the fraud prevention strategy.



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Encouragement to the members of the public to share information regarding any fraudulent or corrupt activity within the Council or outside the Council.

The Council will encourage the members of the public to share with the CEO, all such information which will lead to discovery of fraud and corrupt practices by the Council's staff

4.2 Procedures for Disclosure and Detection of Fraud

Whistle Blowers Policy

The Council will frame appropriate procedures for the protection of the people who will make disclosures that would reveal fraudulent or corrupt activity. The Council will consider the provisions and objectives of the Whistleblowers Protection Act while making such procedures. The Council will ensure that no reprisal action is taken against an individual if (s)he has made any disclosure in good faith without malicious intention. The Council will encourage staff to report fraud or corrupt practices without delays and will keep their identity confidential as far as possible.

However as mentioned in the Fraud Policy, any unsubstantiated allegation of fraud with malicious intent for the sake of causing harm to others will be subject to a disciplinary action by the Council.

Receiving allegations of fraud

The Council will ensure that procedures are in place to record the receipt of allegation of fraud. The Council will design appropriate forms and documents which would be used to record an allegation of fraud.

The CEO will be informed as soon as such an allegation is received.

Financial Analysis

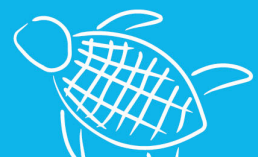
The council would adopt an Annual Budget and compare operational and financial performance with the budget.

All the variances in operational and financial information with respect to the budget, will be investigated and commented upon by the officers and staff of the Council, to rule out any existence of fraud.

4.3. Procedures for Investigation of Fraud

Procedures for investigation of suspected fraud would be as under-

- Document an allegation for fraud, in the form mentioned for that purpose.
- Inform the Council of the allegation of fraud.
- Determine the existence of facts, gather all the supporting documentation and evidence, and assess the loss to the council due to fraud. This may be done by conducting appropriate "Forensic Audit", either by external subject matter experts or the Police.



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- Inform appropriate law enforcement authorities like police if there is an evidence of criminal offence and file a legal proceeding against the fraudster to recover the stolen assets/funds. The Council may seek legal opinion if required, prior to filing a legal case
- Submit the evidence to the authorities
- Follow up with the authorities on the status of the legal action
- Keep Council as well as the Audit Committee informed of the status of the legal action.
- Initiate such amendments to Policies and procedures as would be necessary to prevent the recurrence of fraud or corrupt practice.
- Initiate such Internal Audit Reviews which will help in strengthening of the internal controls to prevent recurrence of fraud.

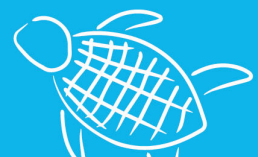
4.4. Records of Fraudulent activities

The Council will maintain a Fraud Register to document all the frauds and corrupt practices identified in the Council's activities.

All the fraud allegations proved as resulting in fraud will be mentioned in the Fraud Register.

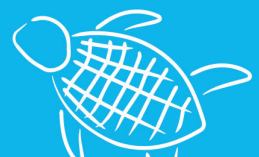
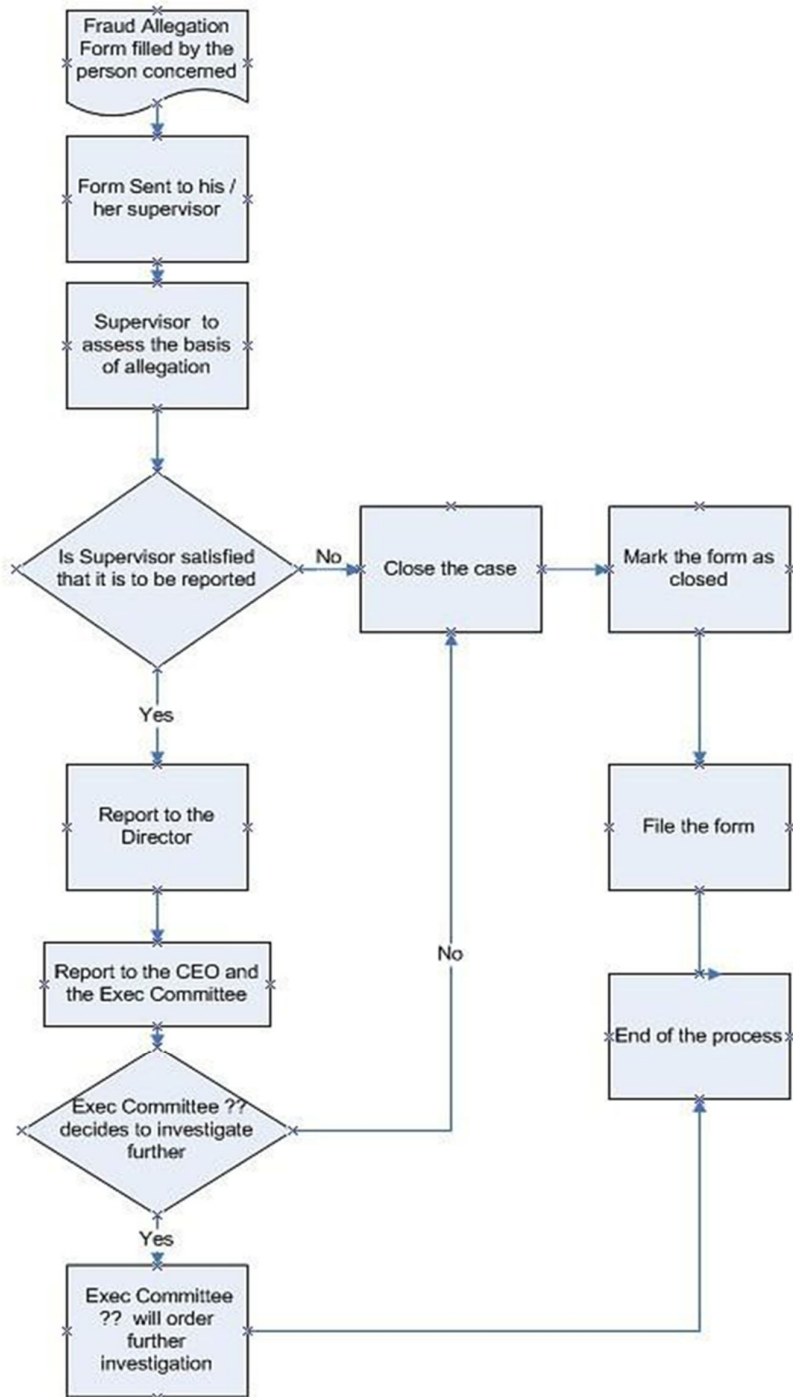
The Fraud Register will include the details of -

- the circumstances leading to the Fraud including the internal control weakness contributing to the perpetration of fraud
- the loss incurred,
- the action taken (including the legal action),
- the results of such legal action,
- the results of the subsequent Internal Audit Reviews
- the corrective action taken by the Council and/or CEO.
- a final assessment by the Council that the Fraud Risk has been mitigated, (based on subsequent Internal Audit Reviews)



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Annexure - Fraud allegation management procedure





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5. Version Control

Version	Decision Number	Adoption Date
00	120/2017	July 19, 2017
01	Res 2025/99	Sept 18, 2025

