

2.7 Fraud Protection Policy



Council Resolution:	2022/06/21/011
Date to take effect:	22/06/2022
Legislative reference:	Regulation 6(d)(i) of the <i>Local Government (General) Regulations 2021</i>
Review Date:	June 2026

1. Purpose

Council is committed to acting in the best interests of the community and to be upholding the principles of honesty, integrity, diligence, accountability and transparency.

2. Policy statement

Council has a zero tolerance for fraudulent or corrupt conduct, activities or behaviours, including from Council members, Council employees, contractors, volunteers and other external parties involved in Council business.

Council's frameworks, systems, policies and procedures are in place to assist with the prevention and control of fraud and corruption and any other form of misconduct.

Appropriate internal controls and a mechanism for reinforcing a culture of acting lawfully, ethically and in a socially responsible manner is an effective way to prevent the occurrence of fraud and corruption.

Council members and Council staff will undertake regular training on fraud and corruption prevention, on their commencement with Council and every two years after that. At the completion of such training, Council members and Council staff will sign a declaration acknowledging that they are aware of this plan and how it applies to them with respect to their powers, functions and roles.

All Council members and Council staff have obligations under the *Independent Commissioner Against Corruption Act 2017*. These obligations include reporting suspected improper conduct, which includes fraud and corruption.

Any fraudulent or corrupt conduct, activity or behaviour will be dealt with expeditiously and with the full force of the law as appropriate.

Lessons learnt following an investigation on alleged fraudulent or corrupt conduct, activity or behaviour will be implemented in the Council's internal controls, as appropriate in the circumstances, and will be used to strengthen those internal controls for the future.

3. Understanding fraud

For the purposes of this plan:

Fraud includes dishonest activity involving deception that causes actual or potential financial loss.

Corruption includes dishonest activity in which employees act against the interests of their employer and abuse their position to achieve personal gain or advantage for themselves or others.

The following are ten key issues for fraud reduction:

1. Tone and culture
2. Clearly written policies and procedures
3. Allocate responsibility for fraud risk management

4. Training
5. Whistle-blowing
6. Implement strong anti-fraud controls
7. Fraud risk management
8. Enforcement as deterrent
9. Paying attention to small transgressions
10. Prevention first.

Further information on these key considerations and other matters, including identifying risk areas for fraud, are contained in the Office of the Independent Commissioner Against Corruption NT's *Fraud Management Toolkit* (November 2020).

4. Application of plan

This Plan applies to all Council members, employees, contractors, subcontractors, suppliers, consultants, volunteers and any individual or groups undertaking activities or work for, or on behalf of, Council.

This Plan is intended to complement and be implemented in conjunction with other relevant policies, procedures and guidelines.

4.1 Council responsibilities

Council has a legislated responsibility to provide an open, responsive and accountable government at the local level.

Individually, Council members are bound by the Code of Conduct and are responsible for the following:

- a) acting in an open, transparent and ethical manner;
- b) making well-informed decisions and ensuring all conflicts of interest are declared;
- c) ensuring the CEO has implemented proper internal controls to minimise the risk of fraud or corrupt behaviour;
- d) promoting a culture and environment in which fraud and corruption is actively discouraged; and
- e) promoting community awareness of Council's commitment to the prevention, detection and resolution of fraud and corruption.

4.2 Council staff responsibilities

Council employees, volunteers, contractors and other external parties involved in Council business have a responsibility to practice sound professional judgement, work in an honest and ethical manner at all times and are responsible for the following:

- a) complying with Council staff Code of Conduct and related policies and procedures at all times;
- b) promoting an ethical culture and work environment and following established internal controls;
- c) being vigilant in their work to prevent and detect fraud or corruption;
- d) performing their role and functions with due care, diligence, honesty and integrity;
- e) taking care for the management and use of Council property which includes avoiding the misuse of Council assets and other resources;
- f) promoting the importance of ethical conduct and compliance with internal controls;
- g) report any suspected fraud or corruption of which they become aware or suspect on reasonable grounds; and
- h) assist in any investigations of fraud and corruption as required.

4.3 Fraud and corruption risk prevention and reduction strategies

To minimise the risk of fraud and corruption, Council has implemented the following strategies:

- a) training will be available which covers fraud and corruption awareness as well as conflict of interest;
- b) establishment of internal controls including separation of duties, regular account reconciliations, expenditure verification and monthly reporting;
- c) regular communication of approved delegations;
- d) ensuring all staff members are adhering to, and working within their delegated responsibilities;
- e) ensuring Council members and staff members understand the responsibilities of their position;
- f) communicating Council's policies and procedures;
- g) ensuring Council members and Council staff understand what behaviour constitutes fraudulent conduct and corrupt conduct and how and where suspected incidences are to be recorded and reported.

4.4 Reporting suspected fraud and corruption

Council recognises that the effective communication of this Plan will ultimately determine its success and credibility. Council's zero tolerance stance towards all forms of fraud and corruption will ensure that Council members, employees, volunteers, contractors and the wider community are aware that prevention of such improper conduct is an ongoing priority of Council.

Anyone who has knowledge of an occurrence of fraud, or has reason to suspect that a fraud has occurred, has a duty to raise that matter immediately with the CEO (or the CEO's nominated officer).

All reports must be made in good faith and without malice or an intention to damage the reputation of Council, Council members or Council staff.

If the suspected fraudulent activity involves the CEO, then the matter should be reported directly to the President and to the officer as delegated by the CEO. The person must not attempt to investigate the suspected fraud or discuss the matter with anyone other than as stated in this Plan.

4.5 Protection of person reporting

Any individual reporting suspected fraud or otherwise participating in the investigation of fraud will be protected from any form of discrimination or abuse and their identity can remain anonymous.

4.6 Investigation

All reported fraudulent or corrupt behaviour, or suspected behaviour, will be investigated.

Depending on the circumstances of the suspected behaviour, the investigation will either be carried out by Council staff appointed by the CEO, or an external investigator.

The purpose of the investigation will be to do the following:

- a) establish the circumstances of the suspected fraud or corrupt behaviour to determine if fraudulent or corrupt behaviour has actually been committed;
- b) identify the person(s) responsible for the fraudulent or corrupt behaviour;
- c) discover the extent of the fraudulent or corrupt behaviour and determine the action to be taken;
- d) identify how long the fraudulent or corrupt behaviour has been occurring and thereby the extent of the breakdown of internal controls;
- e) identify any gaps or weaknesses in the controls and systems associated with the activity that is subject to the investigation; and
- f) recommend improvements in operations to alleviate any future risk of the fraudulent or corrupt incident from reoccurring.

4.7 Outcome of investigation

The outcome of an investigation may provide guidance on actions to be taken by the Council or the CEO against a person(s), if they are found to have engaged in fraudulent or corrupt conduct, activity or behaviour.

These may include any or a combination of the below actions, as appropriate in the circumstances:

- a) reporting the matter to the Independent Commissioner Against Corruption (ICAC);
- b) disciplinary procedures including dismissal, demotion or reprimand;
- c) referring the matter to the Police; and
- d) any other action deemed necessary and appropriate.

4.8 Review of internal controls

On conclusion of an investigation, where fraud or corruption is detected, the adequacy of the relevant internal control environment will be reviewed and processes or procedures strengthened to mitigate the risk of any future occurrence of fraud or corruption.

All changes to internal controls will be developed, documented and implemented as soon as practical, and communicated to Council staff who have roles and responsibilities in the changed procedures.

DOCUMENT HISTORY		
2.7 Fraud and Corruption Policy		
Date Adopted:	16/07/2013	16/07/2013/006
Amended:	21/06/2022	2022/06/21/011 Updated in line with new legislation. Renamed from Fraud Protection Plan to Fraud and Corruption Policy.
Amended:		