

Name of Policy:	Fraud and Corruption Control		
Policy Code:			
Adoption by Council	22 March 2023	Minute No.	103/2023
Last Review Date:	March 2023		
Review Timeframe:	2 Yearly		
Next Scheduled Review Date:	March 2025		
Related Legislation:	<i>Local Government Act 1993 Independent Commission Against Corruption Act 1988</i>		
Associated Policies/Documents:	MidCoast Council Code of Conduct MidCoast Council Gifts and Benefits Policy MidCoast Council Fraud and Corruption Control Framework MidCoast Council Internal Audit Framework and associated documents and systems MidCoast Council Public Interest Disclosures and Internal Reporting Policy MidCoast Council Governance Framework MidCoast Council Secondary Employment Policy		
Responsible Department:	Corporate Services		

Policy Objective

The objective of this policy is to reinforce Council's commitment to fraud and corruption control by providing guidance as to Council's actions and expectations in relation to fraud and corruption prevention, detection and investigation. It outlines the responsibilities of the various parties for dealing with the risks of fraud and corruption.

Policy Statement

Council is committed to fostering an environment that discourages fraud and corruption and that focuses on its prevention. Council believes that good governance and high ethical standards are the key ingredients of responsible, effective and accountable local government.

As such Council's *Fraud and Corruption Control Policy* forms a critical part of Council's overall Governance Framework.

This commitment is holistic in nature and is based upon:

- A commitment to the prevention, detection, investigation and prosecution of individual cases of fraud and corruption;
- Provision of a suitable environment for Councillors, staff members and third parties to report matters of a fraudulent and/or corrupt nature;
- Reinforcing an 'awareness culture' that fraud and corruption within Council will not be tolerated, by preventing fraud and corruption at its origin through the ongoing promotion of an ethical culture, implementation of effective reporting disclosure systems; enterprise risk management; and robust internal controls aimed at reducing the risk of fraud and corruption being committed within or against the organisation; and
- Respect of the civil rights of employees and citizens and a commitment to natural justice.

Coverage of the Policy

This Policy applies to all Council staff members; Councillors; volunteers; Section 355 Committees; key stakeholders such as suppliers, contractors and consultants; customers; members of the MidCoast community; and relevant third parties with regard to functions and operations undertaken for or on behalf of Council.

Strategic Plan Link

Community Outcome 4 – Strong Leadership and Good Governance

<i>Strategic Objective 4.2 Council demonstrates good governance and financial management to ensure decisions and transactions are ethical, efficient, safe and fair</i>	<i>Strategy 4.2.3 Council manages our services and infrastructure in a sustainable manner to balance community need and expectations</i>
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Policy Content

Council is committed to good governance and ethical behaviour as a key ingredient of responsible, effective and accountable local government. Fraud and corruption control is a vital element of Councils governance framework and is the responsibility of Councillors, Senior Management and every employee.

It is recognised that Council has a responsibility to protect taxpayer funded resources and assets from fraud and corruption and to ensure that decisions and actions are free from any corruption. Fraudulent and corrupt conduct will therefore not be tolerated within or against the organisation and Council will take the appropriate disciplinary actions as deemed necessary.

Council has established a *Fraud and Corruption Control Framework* which is based upon the ten (10) fraud control attributes developed by the Audit Office of NSW in their publication "Fraud Control Improvement Kit: Managing Your Fraud Control Obligations" (2015). The attributes (as amended to include corruption) are:

1. Leadership

- Senior Management Commitment

2. Ethical Framework

- A suit of policies that establish a standard of behaviour
- Strong Governance Framework

3. Responsibility Structures

- Resources are allocated to appropriately manage fraud

- Audit, Risk and Improvement Committee (ARIC)
- Management and staff have clearly defined responsibilities and skill sets to manage fraud
- 4. Fraud Control Policy**
- 5. Prevention Systems**
 - Proactive and integrated fraud risk assessments
 - Planning, accountability, reporting
- 6. Fraud Awareness**
 - Councillor and staff awareness/education
 - Community and third party awareness
- 7. Third Party Management Systems**
 - Effective third party controls
 - Secondary Employment Policy
 - Procurement procedures
 - Statement of Business Ethics
- 8. Notification Systems**
 - Culture that supports and encourages reporting
 - Public Interest Disclosures Policy
 - Reporting suspected fraud and corruption
 - Reporting under section 11 of the ICAC Act
- 9. Detection Systems**
 - Audit, Risk and Improvement Committee (Risk based internal audit processes)
 - External Audit
- 10. Investigation Systems**
 - Investigation Policy and Procedures
 - Disciplinary Procedures in place
 - Insurance (fidelity guarantee)

The General Manager is responsible for the implementation of Council's Fraud and Corruption Control Policy and Framework.

The specific responsibilities of the General Manager, Council staff, Councillors, Audit, Risk and Improvement Committee (ARIC), Internal Auditor, fraud and corruption prevention, detection and investigation are further detailed within the Fraud and Corruption Control Framework, Internal Audit Framework, and Risk Management Framework.

Definitions

Fraud – Fraud can be defined as a deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The type of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception. (Audit Office of NSW)

Corruption – is defined in Section 8 and 9 of the Independent Commission Against Corruption Act 1988. **Corrupt Conduct** is:

- Conduct of a person (whether or not a public official) that adversely affects, or could affect the honest and impartial exercise of public official functions, or
- Conduct of a public official that involves the dishonest or partial exercise of any of his or her public official functions, or
- A breach of public trust, or
- The misuse of information or material acquired in the course of a public official's functions.

Corrupt conduct can also include the conduct of any person (whether or not a public official) that adversely affects or could affect the exercise of official functions and involves conduct such as bribery, blackmail, fraud, forgery and various other crimes.

For conduct to be corrupt it must be covered by one of the conditions above and also any one of the following:

- A criminal offence, or
- A disciplinary offence, or
- Reasonable grounds for dismissal or dispensing or terminating the services of a public official.

References and Related Documents

- MidCoast Council Governance Framework
- MidCoast Council Fraud and Corruption Control Framework
- MidCoast Council Code of Conduct
- MidCoast Council Gifts and Benefits Policy
- MidCoast Council Public Interest Disclosures and Internal Reporting Policy
- MidCoast Council Secondary Employment Policy
- Audit Office of NSW Fraud Control Improvement Kit

Responsible Officer (Position)

Manager Governance in consultation with Manager Finance

Attachments

Nil