



# **FRAUD and CORRUPTION PREVENTION POLICY**

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<b>TITLE:</b>	<b>FRAUD and CORRUPTION PREVENTION POLICY</b>
<b>RESPONSIBLE OFFICER:</b>	<b>MANAGER FINANCE and INFORMATION</b>
<b>APPROVED BY COUNCIL:</b>	<b>20 DECEMBER 2011</b>
<b>RESOLUTION NO</b>	<b>106/2011</b>
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## **1. INTRODUCTION**

- 1.1. Sorell Council ("the Council") is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency, which are all key components of good governance.
- 1.2. The Council recognises that Fraud and Corruption have the potential to cause significant financial and non-financial harm and that therefore, the prevention and control of Fraud and Corruption should feature predominantly within the systems and procedures of a responsible Council.

## **2. POLICY STATEMENT**

- 2.1 This Policy is designed to protect public funds and assets and the integrity, security and reputation of the Council.
- 2.2 This Policy outlines the Council's approach to the prevention, detection and control of fraudulent and/or corrupt activity and, summarises the associated responsibilities of Council Members and Council Employees.

2.3 The Council will not tolerate fraudulent or corrupt activity and is committed to its control and prevention by:

- establishing and maintaining an effective system of internal controls and enforcing compliance with those controls;
- regularly undertaking risk assessments to identify circumstances in which fraud and corruption could potentially occur;
- implementing fraud and corruption prevention and mitigation strategies in its day to day operations;
- establishing formal procedures for the investigation of allegations relating to fraudulent and/or corrupt activity;
- taking appropriate action in response to allegations of fraudulent and/or corrupt activity including, reporting allegations through appropriate channels and where allegations are substantiated, taking disciplinary action in accordance with the Council's Codes of Conduct;
- ensuring all Council Employees and Council Members are aware of their obligations in regards to the prevention of fraud and corruption within the Council;
- fostering an ethical environment in which dishonest and fraudulent behaviour is actively discouraged; and
- generating community awareness of the Council's commitment to the prevention of fraud and corruption.

### **3. SCOPE**

3.1 This Policy is intended to complement and be implemented in conjunction with other Council policies, including:

- Whistleblower Protection;
- Risk Management;
- Investment;
- Credit Card;
- Code of Tenders and Contracts;
- Use of Information and Communication Technologies;
- Mobile Devices;
- Councillor Code of Conduct; and
- Councillor Allowances.

3.2 This Policy applies to all disclosures that relate to the actual or suspected occurrence of fraud and corruption within the Council.

## 4. DEFINITIONS

For the purpose of this Policy the following definitions apply:

- 4.1 An **Appropriate Authority** that receives disclosure of public interest information includes:
- a Minister of the Crown;
  - a member of the police force - where the information relates to an illegal activity;
  - the Auditor-General – where the information relates to the irregular or unauthorised use of public money;
  - the Ombudsman – where the information relates to a public officer;
  - a Responsible Officer, where the information relates to a matter falling within the sphere of responsibility of a local Government body; or
  - any other person<sup>1</sup> to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure<sup>2</sup>.
- 4.2 A person makes an appropriate disclosure of public interest information if
- 4.2.1. the person –
- 4.2.1.1. believes on reasonable grounds that the information is true; or
- 4.2.1.2. is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
- 4.2.2. the disclosure is made to the Appropriate Authority.
- 4.3 **Corruption** is conduct of a public official involving a breach of that person's duty and/or the misuse or abuse of their position:
- to gain a reward or benefit; or
  - for any dishonest or improper purpose.
- 4.4 **Deception** means deceiving another to obtain a benefit or to cause detriment to a person.
- 4.5 An **Employee** 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.

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<sup>1</sup> Such a person may include an independent company that offers an anonymous whistleblower call service.

<sup>2</sup> Where the disclosure relates to fraud and corruption, the Appropriate Authority must pass the information as soon as practicable to the Anti-Corruption Branch of the Tasmanian Police

- 4.6 A **False Disclosure** is a disclosure of information involving actual or suspected 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.
- 4.7 **Fraud** is the use of misrepresentations, deception or dishonest conduct in order to obtain an unjust advantage over another or, to cause detriment to the Council. Examples of fraudulent conduct include:
- theft of assets;
  - unauthorised and/or illegal use of assets, information or services for private purposes;
  - misappropriation of funds; and/or
  - falsification of records.
- 4.8 **Maladministration** generally includes impropriety or negligence, which may extend to conduct of a serious nature that is:
- contrary to law; or
  - unreasonable, unjust, oppressive or improperly discriminatory; or
  - based upon improper motives; or
  - a result of acting outside the parameters of recommended practice.
- 4.9 **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.
- 4.10 **Public Officer** includes:
- a Council Member of the Council, including the Mayor;
  - an Independent Member of the Council's Development Assessment Committee;
  - an Independent Member of a Council Committee or a subsidiary of the Council;
  - a member of a Council or regional subsidiary; and
  - an Employee or Officer of the Council.
- 4.11 A **Responsible Officer** is a person (or persons) authorised to receive and act upon public interest information provided by a Whistleblower. Council will designate two officers as a Responsible Officers for the Council.
- 4.12 **Waste** refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or, unauthorised use of public resources.

## 5. PREVENTION

5.1 The Council recognises that:

- the occurrence of fraud and corruption will prevail in an administrative environment where opportunities exist for waste, abuse and maladministration; and
- the most effective way to prevent the occurrence of fraud and corruption is to promote an ethical environment in which internal control mechanisms have been implemented.

5.2 In general, the Council expects that Public Officers will assist in preventing fraud and corruption within the Council by:

- understanding the responsibilities of their position;
- familiarising themselves with the Councils procedures and adhering to them;
- understanding what behaviour constitutes fraudulent and/or corrupt conduct;
- maintaining an awareness of the strategies that have been implemented by the Council to minimise fraud and corruption;
- being continuously vigilant to the potential for fraud and/or corruption to occur; and
- reporting suspected or actual occurrences of fraud or corruption to either a Responsible Officer or directly to the Tasmanian Police.

## 5.3 Specific Responsibilities

### 5.3.1 Collectively, as the decision making body of the Council, **Council Members** are responsible for ensuring that the **Council**:

- promotes community awareness of the Council's commitment to the prevention of fraud and corruption;
- 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;
- provides mechanisms for receiving allegations of fraud or corruption, including by ensuring two Responsible Officers are appointed;
- ensures that, where appropriate, proper investigations are conducted into allegations that involve fraud or corruption;
- forwards information relating to the occurrence of fraud or corruption to the Tasmanian Police Anti-Corruption Unit and facilitates cooperation with their investigation;
- ensures that all Employees are aware of their responsibilities in relation to fraud and corruption through the provision of appropriate and regular training;
- promotes a culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and
- undertakes a fraud and corruption risk assessment on a regular basis.

### 5.3.2 **Manager's** are responsible for:

- the conduct of any Employees whom they supervise and, will be held accountable for such;
- any property under their control and, will be held accountable for such;
- reporting any suspected or actual occurrences of fraud or corruption within the Council to one of the Responsible Officers;
- creating an environment in which fraud and corruption is discouraged and readily reported by Employees. Such an environment shall be fostered by the Manager's own attitude to fraud and corruption and, by the accountability and integrity they both display and encourage from other Employees;
- 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;
- identifying potential fraud and corruption risks; and
- leading by example to promote ethical behaviour.

**5.3.3 Employee's** are responsible for:

- performing their functions and duties with care, diligence, honesty and integrity;
- conducting themselves in a professional manner at all times;
- adhering to these guidelines and other Council procedures that have been established to prevent fraud or corruption;
- taking care for Council's property which includes avoiding the waste or misuse of the Council's resources;
- maintaining and enhancing the reputation of the Council;
- remaining scrupulous in their use of the Council's information, assets, funds, property, goods or services; and
- reporting any occurrence of fraud and/or corruption within the Council to one of the Responsible Officers

## **6. FRAUD and CORRUPTION RISK ASSESSMENT PROCESS**

6.1 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. This 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.

6.2 Managers must be alert to the potential of fraud and corruption to occur and remain wary of factors which may 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. REPORTING AND INVESTIGATION**

- 7.1 Managers or Employees who are aware of fraudulent or corrupt activity within the Council are required to report this information to a Responsible Officer.
- 7.2 Reports of fraud or corrupt activity received by any person who is not a Responsible Officer, are to be forwarded to the Responsible Officer.
- 7.3 The Responsible Officer must report any allegations involving fraud or corruption to the Anti-Corruption Branch of the Tasmanian Police.
- 7.4 The Responsible Officer will ensure that, where appropriate, the Council undertakes an investigation into allegations of fraud or corruption. Investigations will be conducted pursuant to the Investigation and Reporting Procedure outlined in the *Whistleblower Protection Policy*.
- 7.5 However, if it is clear that an offence has been committed (i.e. there is sufficient evidence to show that fraud or corruption has occurred), an investigation should not be undertaken by the Council. Rather, the Council will refer the matter to Anti- Corruption Branch of the Tasmanian Police and will follow the instructions from their representative(s) with regards to furthering the matter.
- 7.6 The Responsible Officer will conduct a review into the area in which the fraud or corruption occurred to determine the cause for the breakdown in controls and, will report the findings of the review and provide recommendations (if any) to the Council.
- 7.7 Following consideration of a report provided to the Council in accordance with clause 7.6, the Council will determine the action that is required to be taken to prevent any reoccurrence of the fraud and/or corrupt activity.
- 7.8 In the event that allegations of fraudulent and/or corrupt activity are substantiated, the Council will take disciplinary action against any Employee who was involved.

## **8. FALSE DISCLOSURE**

- 8.2 An Employee who makes a false disclosure, in addition to being guilty of an offence, will face disciplinary action that may include instant dismissal.
- 8.4 Council Members who make a false disclosure, in addition to being guilty of an offence, may face disciplinary action pursuant to Sorell Council's Councillor Code of Conduct.



## **9. EDUCATING for AWARENESS**

- 9.1 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.
- 9.2 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.
- 9.3 The Council will increase community awareness by:
- promoting the Council's initiatives and policies regarding the control and prevention of fraud and corruption on the Council's website and at the Council's offices;
  - make reference to the Council's fraud and corruption initiatives in the Council's Annual Report; and
  - facilitate public access to all of the documents that constitute the Council's fraud and corruption framework.

## **10. RELEVANT LEGISLATION and DOCUMENTS**

Public Interest Disclosure Act (TAS)  
2002 Integrity Commission Act (TAS)  
2009  
Australian Standard on Fraud Control and Corruption Control (AS 8001:  
2008)  
AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines

## **11. CONCLUSION**

- 11.1 The Council has established a number of procedures to assist with the prevention and control 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.