



FRAUD & CORRUPTION PREVENTION - POLICY AND SYSTEM

TITLE	FRAUD & CORRUPTION PREVENTION - POLICY AND SYSTEM
RESPONSIBLE PERSON	GENERAL MANAGER
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FRAUD & CORRUPTION CONTROL POLICY

1 AUTHORITY & APPLICATION

Date of approval	16/09/2025
Source of approval	General Manager
Start Date	16/09/2025
Related Council Documents	This Policy should be considered in conjunction with the following policies and procedures: • <i>Code of Conduct Policy</i> • <i>Code of Tenders and Contracts</i> • <i>Customer Service Charter</i> • <i>Disciplinary Policy</i> • <i>External Activities & Conflict of Interest Policy</i> • <i>Issue Resolution</i> • <i>Managing Performance</i> • <i>Public Interest Disclosure Procedure</i> • <i>Risk Management Policy</i> • <i>Whistle Blower Protection Policy</i>
Date of Review	16/06/2027
Previous policies replaced by this Policy	N/A
Publication of Policy	Sorell Council Intranet, MagiqDocs

2 PURPOSE

Sorell Council (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.

Council aims to prevent, deter, and detect incidents of fraud and corruption by: raising the awareness of the risk of fraud and corruption, taking necessary actions for its prevention, providing processes for the reporting and investigation of incidents, and protecting those who report suspected fraud or corruption incidents.

3 COVERAGE

This Policy and the associated System applies to all Councillors, committee members, employees, contractors, and consultants of Sorell Council as they are responsible for the identification and management of all risks associated with the performance of Council functions and the delivery of Council services.

This Policy and the associated System applies to situations where fraudulent or suspicious behaviour is suspected and/or has been identified.

For the avoidance of doubt, this Fraud & Corruption Prevention Policy and System only applies to matters where Fraud and/or Corruption are suspected or detected.

Whilst this policy and system refers to Council's *Code of Conduct Policy*, any identified Code of Conduct matters are dealt with separately, under Council's *Code of Conduct Policy*.

4 POLICY STATEMENT

Council adopts a zero-tolerance approach to fraud or corruption amongst its employees, special committee members, contractors, consultants or Councillors.

Council is committed to:

- ensuring internal controls are developed to deter, detect, and prevent fraud;
- providing a sound ethical environment in which fraud is difficult and honest behaviour is encouraged;
- complying with legislation and relevant policies, procedures and controls;
- proactively managing any allegations or incidences of fraud and/or corruption in accordance with approved procedure including reporting of allegations to law enforcement agencies;
- reporting any detected fraud and/or corruption to Tasmanian Audit Office, Chair of the Audit Panel and Tasmania Police;
- providing sufficient resources to facilitate the implementation of this policy within Council;
- protecting disclosers in accordance with the *Public Interest Disclosure Act (2003)*; and

- ensuring awareness of the Fraud and Corruption Control Policy and associated procedures through the provision of appropriate training and awareness raising strategies to employees.

5 RESPONSIBILITIES

This policy assigns responsibility for fraud and corruption prevention management to all Councillors, managers, and employees.

All Departments will be required to implement practices consistent with this policy and associated procedures.

6 PROCEDURES

Procedures relating to the minimisation, detection and reporting of Council's fraud and corruption risk are contained in the *Fraud and Corruption Control System*.

Robert Higgins

General Manager

Definitions	
Term	Meaning
Amendment	Council retains the sole discretion to vary, terminate or replace this Policy from time to time. Council will consult before amendments are made and will notify and train those the amendments apply to.
Applicable Laws	All laws in connection with fraud and corruption including: • <i>Criminal Code Act 1924</i> (Tas) • <i>Integrity Commission Act 2009</i> (Tas) • <i>Local Government Act 1993</i> (Tas) • <i>Police Offences Act 1935</i> (Tas) • <i>Privacy Act 1988</i> (Cth) • <i>Public Interest Disclosure Act 2003</i> (Tas) • <i>Right to Information Act 2009</i> (Tas)
Breach of Policy	Persons covered under paragraph 3 of the Policy (Coverage) who engage in Infringing Workplace Behaviour may (as is appropriate and as applicable) be subject to appropriate disciplinary action in accordance with Disciplinary Policy and Procedure (Employees); further (as is appropriate and as applicable) the matter may be referred to the Director of Local Government, Tasmanian Integrity Commission, Ombudsman or Tasmania Police (Employees, Elected Members, Special Committees, Consultants or Contractors). Infringing Workplace Behaviour may also amount to breaches of Applicable Laws: (a) exposing individuals to legal proceedings; and (b) making Council vicariously liable for the conduct of others.
Committee Members	Members of any Special Committee of Council convened under Section 24 of the <i>Local Government Act 1993</i> (Tas). Council's current S24 Special Committees include: • Copping Hall & Reserve Committee • Development Assessment Special Committee • Audit Panel
Confidential Information	Any information disclosed or communicated to the Employee by, or on behalf of, the Council that: (a) is marked as 'Confidential'; (b) is considered confidential under the law; (c) the Employee would reasonably expect to be confidential; (d) is accessed or generated during the Employee's work, including Council dealings, financials, contracts, plans,

	policies, personnel matters, or internal management. This includes any information about Council operations, strategies, or future plans that is not publicly available.
Consultant	A person or organisation who provides, has provided, or intends to provide <i>professional advice</i> for Council and negotiate their own fees and working arrangements.
Contractor	A person or organisation who provides, has provided, or intends to provide <i>services</i> for Council and negotiate their own fees and working arrangements.
Corruption	<i>Australian Standard 2001:2021 Fraud and Corruption Control</i> defines corruption as: “Dishonest activity in which a person associated with an organization (e.g. director, executive, manager, employee, or contractor) acts contrary to the interests of the organization and abuses their position of trust in order to achieve personal advantage or advantage for another person or organization. This can also involve corrupt conduct by the organization, or a person purporting to act on behalf of and in the interests of the organization, in order to secure some form of improper advantage for the organization either directly or indirectly.”
Council	Sorell Council
Council Property	Any real or tangible property (e.g., cash, motor vehicles, plant, and equipment); and any intangible property (e.g., intellectual property and goodwill) owned by Council or in Council’s possession or control.
Councillor	An elected member of Council known as a Councillor or Alderman or otherwise meeting the definition of a ‘councillor’ as defined under section 3 of the <i>Local Government Act 1993</i> (TAS).
Employee	A person who conducts work for Council as an employee of Council.
Fraud	<i>Australian Standard 8001:2021 Fraud and Corruption Control</i> defines fraud as: “Dishonest activity causing actual or potential gain or loss to any person or organization including theft of moneys or other property by persons internal and/or external to the organization and/or where deception is used at the time, immediately before or immediately following the activity.” • Property in this context also includes intellectual property and other intangibles such as information. • Fraud 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 for personal financial benefit.
Fraud and Corruption Control Officer (FCCO)	The General Manager or designate.
General Manager	The general manager of Council as appointed under section 61 of the <i>Local Government Act 1993</i> (TAS).
Infringing Workplace Behaviour	Any act or omission, which amounts to a breach of any Council policy, contractual obligation or misconduct at common law.
Interpretation of Policy	(a) The singular includes the plural and vice versa. (b) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements, or re-enactments of any of them. (c) A reference to policy or procedure means any approved policies or procedures of Council unless otherwise stated. (d) ‘Including’ and similar expressions are not words of limitation. (e) A reference to a document (including this document) is to that document as amended, novated, or replaced unless otherwise stated. (f) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning. (g) Examples used in this Policy are for illustrative purposes only and are not intended to be exhaustive. (h) Unless expressly provided for, this Policy is not in any way incorporated as part of any enterprise agreement and does not form part of any Employee’s contract of employment and any applicable enterprise agreement or contract of employment will prevail over this Policy to the extent of any inconsistency. (i) It is not intended that this Policy impose any obligations on the Council or those covered by it that are unreasonable or contrary to the operation of

	Applicable Laws. Any obligation, direction, instruction, or responsibility imposed by this Policy must be conducted in a manner that an objective third party would consider to be fair and reasonable considering and in the context of all the relevant Applicable Laws, operational and personal circumstances. Questions relating to the interpretation, application or enforcement of this Policy should be directed to a person's Manager/Supervisor.
Manager/Supervisor	A person at the Workplace who is appointed to a position that has management/supervisory responsibilities for others or their appropriately nominated or authorised delegate.
Nominated Council Delegate	Human Resource Officer and Corporate Administration Officer
Other Persons at the Workplace	Any person at the Workplace who is not an Employee including visitors and ratepayers.
Policy	This Fraud & Corruption Prevention Policy including the 'Authority and Application'.
Privileged Information	Any information which is subject to legal professional privilege.
Reporting of Breaches	Persons covered under paragraph 3 (Coverage) must report suspected or actual breaches of Infringing Workplace Behaviour as follows: For suspected or actual breaches by: (a) an Employee (other than the General Manager), Special Committee Member, Contractor, or Consultant - Report to: i. Supervisor or General Manager (or FCCO, if delegated): If the supervisor or General Manager (or FCCO, if delegated) is involved in the misconduct or the employee feels unsafe reporting through this channel, the employee may use alternative reporting mechanisms (such as a Public Interest

	Disclosure). ii. Public Interest Disclosure (Whistleblower Protection): • Employees can make a formal Public Interest Disclosure under the <i>Public Interest Disclosures Act 2002</i> (Tas) to Council's Public Interest Disclosure Officer (PID Officer) if they wish to report confidentially or anonymously. This provides protection from reprisal and ensures the report is handled in accordance with the Act. iii. the Tasmanian Integrity Commission: • If the employee believes the conduct involves serious or systemic corruption, they may report directly to the Tasmanian Integrity Commission. The Integrity Commission can investigate allegations of misconduct by council employees, including fraud and corruption. (b) the General Manager - report to: i. the Mayor or Fraud and Corruption Control Officer (if delegated). • If the Mayor or FCCO is implicated, the matter should be reported directly to the Tasmanian Integrity Commission or the Director of Local Government. ii. Public Interest Disclosure: • Suspected misconduct by the General
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	Manager can be reported under the <i>Public Interest Disclosures Act 2002</i> (Tas). The disclosure can be made to the council's PID Officer or the Tasmanian Ombudsman for independent handling. iii. Tasmanian Integrity Commission: - Alternatively, the report can be made directly to the Tasmanian Integrity Commission for further investigation if the issue involves serious or systemic corruption. (c) a Councillor - report to: i. the General Manager or Fraud and Corruption Control Officer (if delegated). - If the General Manager or FCCO is implicated, the matter should be reported directly to the Tasmanian Integrity Commission or the Director of Local Government. ii. Public Interest Disclosure: - A Public Interest Disclosure can also be made to Council's PID Officer or directly to the Tasmanian Ombudsman if whistleblower protections are desired. iii. Tasmanian Integrity Commission: - Serious allegations of misconduct or corruption involving a councillor should be reported to the Tasmanian Integrity Commission for independent investigation. - The Integrity Commission has jurisdiction
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	over elected officials, including councillors, and can take appropriate action based on the findings. iv. Director of Local Government: • If the conduct is related to a breach of the <i>Local Government Act 1993</i> (Tas), the matter can be reported to the Director of Local Government, who has authority over councillor conduct. (d) the Mayor - report to: i. the General Manager or Fraud and Corruption Control Officer (if delegated): • In cases where the General Manager or FCCO is implicated or concerns about impartiality arise, the report should be directed to the Tasmanian Integrity Commission. ii. Public Interest Disclosure: • A Public Interest Disclosure can be lodged with the PID Officer, Tasmanian Ombudsman, or directly with the Tasmanian Integrity Commission if confidentiality and whistleblower protection are needed. iii. Tasmanian Integrity Commission: • Any serious misconduct or corruption allegations involving the Mayor should be reported to the Tasmanian Integrity Commission, which has oversight of elected officials.
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	iv. Director of Local Government: A report may also be made to the Director of Local Government, who oversees the behaviour of council officials, including the Mayor.
Training	Council will provide all persons covered by this Policy with appropriate training, so they are made aware of their responsibilities and obligations under the Policy.
Worker	A person who conducts work in any capacity for Council, including work as: (a) an Employee; (b) a contractor or subcontractor; (c) an employee of a contractor or subcontractor; (d) an employee of a labour hire company who has been assigned to work at Council; (e) an outworker; (f) an apprentice or trainee; (g) a student gaining work experience; (h) a volunteer; or (i) Councillor.
Workplace	A place where work is conducted for Council.

FRAUD & CORRUPTION CONTROL SYSTEM

1 OBJECTIVE

Sorell Council (Council) is dedicated to serving the community with honesty, integrity, and transparency, which are essential for good governance. Council has zero-tolerance for any fraudulent or corrupt activity.

Council's Fraud and Corruption Control System aims to minimize the risk of fraud and corruption. It shows the Council's commitment to promoting ethical and honest behavior in the workplace.

The goals of this System are to:

- outline management's main responsibilities in preventing fraud and corruption;
- inform all employees and Councillors of their duties regarding fraud and corruption, and explain what actions to take if fraud and corruption is suspected; and
- summarise Council's strategies to prevent fraud.

2 SCOPE

The Fraud and Corruption Control System follows the *Australian Standard on Fraud and Corruption Control AS8001:2021*. It applies to Councillors, employees and anyone else involved in providing services to the Council, such as contractors, consultants, outsourced service providers and suppliers.

Councillors and employees must perform their duties for the Council legally, ethically, and with integrity and professionalism. Making these standards part of daily work will help protect the Council from financial loss or damage to its reputation due to misconduct.

3 DEFINITION OF FRAUD AND CORRUPTION

3.1 FRAUD

The *Australian Standard on Fraud and Corruption Control AS8001:2021* defines **fraud** as:

"Dishonest activity causing actual or potential gain or loss to any person or organization including theft of moneys or other property by persons internal and/or external to the organization and/or where 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 for personal benefit. The theft of property belonging to an organization by a person or persons internal to the organization but where deception is not used is also considered 'fraud' for the purposes of this standard."

3.2 CORRUPTION

The *Australian Standard on Fraud and Corruption Control AS 8001:2021* defines **corruption** as:

“Dishonest activity in which a person associated with an organization (e.g. director, executive, manager, employee, or contractor) acts contrary to the interests of the organization and abuses their position of trust in order to achieve personal advantage or advantage for another person or organization. This can also involve corrupt conduct by the organization, or a person purporting to act on behalf of and in the interests of the organization, in order to secure some form of improper advantage for the organization either directly or indirectly.”

Please refer to Appendix B for an example of activities that would be viewed as fraud or corruption that relate specifically to Council, Councillors, employees, and third-party providers.

4 RESPONSIBILITIES

4.1 COUNCILLORS

As the decision-making body, Councillors are responsible for ensuring that Council has policies and processes in place to:

- Raise community awareness about Council's commitment to preventing fraud and corruption.
- Provide sufficient security to prevent fraud and corruption, including secure storage for assets and procedures to deter fraudulent or corrupt activities.
- Establish clear reporting mechanisms fraud or corruption, including appointing the General Manager or their delegate as the Fraud and Corruption Control Officer.
- Ensure that proper investigations are conducted into allegations of fraud or corruption when necessary.
- Ensure that all employees understand their responsibilities regarding fraud and corruption through regular and appropriate training.
- Promote a culture where fraud and corruption are actively discouraged and promptly reported if they occur.

4.2 MANAGEMENT

Managers and supervisors share the responsibility for supporting and implementing the strategy to prevent fraud and corruption. Their responsibilities include:

- Understanding and supporting the Fraud and Corruption Control System and giving employees the necessary information to follow this system.
- Identifying and understanding the risks of fraud and corruption within their departments.
- Regularly assessing the risks of fraud and corruption.

- Implementing and maintaining appropriate internal controls to reduce these risks to an acceptable level.
- Promoting the importance of ethical conduct and compliance with the Sorell Council related policies and procedures, setting and enforcing acceptable standards of behavior.
- Receiving and passing on reports of suspected fraud or corruption according to the Council's Fraud and Corruption Control System and Public Interest Disclosure Policy.
- Supporting individuals who report fraud or corruption according to this System and the Council's Public Interest Disclosure Policy, protecting their confidentiality, and ensuring they are safe from harmful actions in line with the Council's Whistle Blower Protection Policy.
- Considering ongoing commercial relationships with contractors or third parties when there is a high risk of fraud or corruption in continuing to work with that party.
- Ensuring that new employees understand their responsibilities regarding fraud and corruption.
- Leading by example to promote ethical behaviour.

4.3 EMPLOYEES

Employees and others working for the Council must always show fairness, integrity, and professionalism in all aspects of their job.

Employees must understand, follow, and support the Council's Code of Conduct and related policies. They should help create and maintain an ethical workplace that does not allow fraud or corruption.

Employees should:

- Be alert in their work to prevent and detect fraud or corruption.
- Perform their duties with care, diligence, honesty and integrity.
- Take care of Council's property and avoid wasting or misusing Council's resources.
- Report any suspected fraud or corruption they become aware of or reasonably suspect.
- Assist in any investigations of fraud and corruption as needed.
- Avoid any actions that could be seen as victimizing or harassing someone who reports suspected fraud or corruption.
- Protect and keep confidential the identity of anyone who reports suspected fraud or corruption.

4.4 FRAUD AND CORRUPTION CONTROL OFFICER

Councillors will appoint the General Manager, or their delegate, as the Fraud and Corruption Control Officer.

The Fraud and Corruption Control Officer is responsible for creating and reviewing the Council's Fraud and Corruption Control System. They ensure that the System is put into action and works properly within the Council. The Fraud and Corruption Control Officer also carries out initial investigations into reports of fraud or corruption to decide what actions to take next.

5 PREVENTION

Council understands that the best way to prevent fraud and corruption is to create an ethical environment supported by management and strengthened by internal controls. Council's strategies to prevent fraud and corruption include:

- A Code of Conduct that outlines the Council's values and specifies unacceptable behavior.
- Commitment from management to follow, promote, and maintain an ethical culture.
- Regular communication about the Council's Code of Conduct.
- Ongoing training on ethical behavior and standards.
- A system to report ethical complaints or concerns, both within and outside normal communication channels.

5.1 ENSURING MANAGEMENT COMMITMENT TO CONTROLLING THE RISK OF FRAUD AND CORRUPTION

Management must be highly committed to controlling the risk of fraud and corruption. They should understand the types of fraud and corruption common in local government and those detected in the Council in the past five years.

Management should be well-versed in the internal control environment and its ability to prevent and detect likely fraud and corruption. Anyone supervising employees or contractors must know their responsibilities for preventing and detecting fraud and corruption.

To support this, the Council's Fraud and Corruption Control System includes:

- Making the responsibility to implement policies and procedures, including the Fraud and Corruption Control System, part of managers' job descriptions.
- Providing managers with proper training on fraud and corruption control, which includes informing them of their specific responsibilities in this area.

5.2 MAINTAINING A STRONG INTERNAL CONTROL SYSTEM AND INTERNAL CONTROL CULTURE

Internal controls are often the first defense against fraud. Council will maintain a strong internal control system that covers all business processes, especially those at higher risk for fraud and corruption.

Regarding internal controls, Council will:

- Document internal controls.
- Communicate internal controls clearly to all employees, based on their responsibilities and positions.
- Provide access to documented internal controls to relevant employees.
- Review internal controls and their documentation regularly, at least every three years, to ensure continuous improvement.
- Regularly check adherence to internal controls.

Council aims to create a strong culture where all employees understand the importance of following internal controls. Council will implement compliance assessments, including regular performance reviews, to measure and monitor adherence to these controls.

5.3 FRAUD AND CORRUPTION RISK ASSESSMENT

Council will conduct a focused assessment of fraud risks at least once a year, as part of our organized risk management process or when there are significant changes to our operations. Council's Audit Panel will be involved in reviewing and advising on this process.

Council's main goal in preventing and controlling fraud and corruption is to reduce their likelihood within Council. We achieve this by:

- Identifying and evaluating the risks of fraud and corruption.
- Determining strategies to control those risks.
- Clearly defining who is responsible for implementing these strategies and the timeframe for doing so.

Controlling strategies that result from a fraud risk assessment will be monitored and reported to the General Manager (or the Fraud and Corruption Control Officer, if delegated), with oversight from the Audit Panel, in accordance with developed risk management strategies.

The strategies for controlling risks identified in a fraud risk assessment will be regularly checked and reported to the General Manager through the Fraud and Corruption Control Officer if delegated, and the Audit Panel will review these strategies to ensure ongoing effectiveness.

To help spot potential fraud and corruption risks, Managers need to stay alert to the possibility of fraud and corruption and be aware of factors that could make the Council vulnerable, including:

- Changes to Council's delegations.
- Cost-cutting measures being put in place.
- Outsourcing or contracting out services.
- The impact of new technology.
- Changes in risk management practices.

Refer to Appendix B - Examples of activities considered Fraudulent or Corrupt and Appendix C - Fraud and corruption Risk Indicators - use these resources as items to be considered during fraud and corruption risk assessments.

5.4 COMMUNICATION AND AWARENESS OF FRAUD AND CORRUPTION

Council recognises that the success and credibility of this System will depend upon how effectively it is communicated throughout the organisation and beyond.

(a) Raising Community Awareness

Council will take proactive steps to ensuring that the wider community is aware of our zero-tolerance stance towards fraud and corruption.

Council will increase community awareness by:

- promoting our initiatives and policies on controlling and preventing fraud and corruption on Council's website and at Council offices.
- mentioning our fraud and corruption control efforts in the Annual Report.
- Making all policy documents reflecting our governance and probity framework accessible to the public.

(b) Raising Council Awareness

Everyone working with Council should know about fraudulent and corrupt conduct and how to respond if they spot or suspect it.

Council will provide training on fraud and corruption awareness and control by:

- Making sure all staff and Councillors receive training on our Code of Conduct, Public Interest Disclosures Procedures, Fraud and Corruption Control Policy, Fraud and Corruption Control System, and other relevant policies.
- Providing staff and Councillors fraud awareness training that suits their responsibilities and risks.
- Informing contractors about our Fraud Control Policy and Fraud and Corruption Control System.

- Regularly promoting awareness of fraud and corruption standards through meetings or internal publications like employee newsletters or intranet articles.
- Ensuring all updates and changes to fraud-related policies and procedures are effectively communicated to everyone.
- Making sure staff, contractors, and Councillors know how to report suspicions or concerns.
- Encouraging all staff, contractors, and Councillors to report any suspected fraud or corruption.

5.5 EMPLOYMENT SCREENING

Council requires new employees to undergo pre-employment screening before they can be considered for a position.

This screening process may include various checks such as:

- Confirming the person's identity.
- Conducting a national police check.
- Contacting the most recent employers for references.
- Looking into any gaps in employment history and understanding why they occurred.
- Confirming the person's formal qualifications or licenses.

All employment screening will follow the guidelines outlined in the Australian Standard on Employment Screening AS 4811:2006 (or any relevant standard, regulation, or Act).

5.6 SUPPLIER VETTING

Managers and other relevant employees who are responsible for purchasing goods and services on behalf of Council must follow Council's approved Procurement Policy. This policy ensures that suppliers are effectively vetted before any transactions take place.

The procurement procedures have been established to ensure transactions happen in a fair, honest, and ethical way. They encourage fair competition among suppliers and aim to secure good value for money for the community. Finally, they assist preventing fraud or corruption.

6 DETECTION AND REPORTING

6.1 FRAUD AND CORRUPTION DETECTION STRATEGIES

Council has set up systems to review transactions after they occur. These systems help spot any suspicious transactions or signs of fraud or corruption. They do this by analyzing data from our accounting systems and reviewing management accounting reports.

By using these systems, the Council can keep a closer eye on transactions, making it less likely for fraud or corruption to happen. The General Manager (or FCCO, if delegated) is mainly responsible for developing these systems to detect fraud and corruption. They collaborate with management to apply insights from the fraud and corruption risk assessment process. This helps create effective systems and procedures for detecting fraud and corruption.

Examples of Council's detection strategies include:

- Annual review of rating and billing master file
- Annual review of supplier master file
- Annual review of capital programs' significant contractors
- Annual review of payroll master file
- Internal audit
- Public Interest Disclosure Program
- Financial accounts month-end reconciliation and reporting processes
- KPI monitoring and reporting
- External Audit
- Review of delegations register and authority.

6.2 REPORTING SUSPECTED FRAUD AND CORRUPTION INCIDENTS

Any employee, contractor, consultant, committee member or Councillor who knows about a fraudulent activity or incident, or suspects fraud or corruption must report it immediately through one of these channels:

- Fraud and Corruption Control Officer (if delegated)
- General Manager
- The Mayor
- *Public Interest Disclosure* Officer
- Tasmanian Ombudsman
- Tasmanian Integrity Commission
- Director of Local Government

6.2.1 REPORTING PROCEDURE:

- (a) For suspected or actual activities or incidents by **an Employee** (other than the General Manager) - Report to:

- i. **General Manager (or FCCO, if delegated):**
 - If the General Manager or FCCO is involved in the misconduct or the employee feels unsafe reporting through this channel, the employee may use alternative reporting mechanisms (such as a **Public Interest Disclosure**).
 - ii. **Public Interest Disclosure (Whistleblower Protection):**
 - Employees can make a formal **Public Interest Disclosure** under the *Public Interest Disclosures Act 2002* (Tas) to Council's **Public Interest Disclosure Officer (PID Officer)** if they wish to report confidentially or anonymously. This provides protection from reprisal and ensures the report is handled in accordance with the Act.
 - iii. **the Tasmanian Integrity Commission:**
 - If the employee believes the conduct involves serious or systemic corruption, they may report directly to the **Tasmanian Integrity Commission**. The Integrity Commission can investigate allegations of misconduct by council employees, including fraud and corruption.
- (b) For suspected or actual activities or incidents by the **General Manager** - report to:
- i. **the Mayor or Fraud and Corruption Control Officer (if delegated).**
 - If the **Mayor** or **FCCO** is implicated, the matter should be reported directly to the **Tasmanian Integrity Commission** or the **Director of Local Government**.
 - ii. **Public Interest Disclosure:**
 - Suspected misconduct by the **General Manager** can be reported under the *Public Interest Disclosures Act 2002* (Tas). The disclosure can be made to the council's **PID Officer** or the **Tasmanian Ombudsman** for independent handling.
 - iii. **Tasmanian Integrity Commission:**
 - Alternatively, the report can be made directly to the **Tasmanian Integrity Commission** for further investigation if the issue involves serious or systemic corruption.
- (c) For suspected or actual activities or incidents by a **Councillor** - report to:
- i. **the General Manager or Fraud and Corruption Control Officer (if delegated).**
 - If the **General Manager** or **FCCO** is implicated, the matter should be reported directly to the **Tasmanian Integrity Commission** or the **Director of Local Government**.

ii. **Public Interest Disclosure:**

- A **Public Interest Disclosure** can also be made to Council's **PID Officer** or directly to the **Tasmanian Ombudsman** if whistleblower protections are desired.

iii. **Tasmanian Integrity Commission:**

- Serious allegations of misconduct or corruption involving a councillor should be reported to the **Tasmanian Integrity Commission** for independent investigation.
- The Integrity Commission has jurisdiction over elected officials, including councillors, and can take appropriate action based on the findings.

iv. **Director of Local Government:**

- If the conduct is related to a breach of the *Local Government Act 1993* (Tas), the matter can be reported to the **Director of Local Government**, who has authority over councillor conduct.

(d) For suspected or actual activities or incidents by **the Mayor** - report to:

i. the **General Manager** or **Fraud and Corruption Control Officer** (if delegated):

- In cases where the General Manager or FCCO is implicated or concerns about impartiality arise, the report should be directed to the **Tasmanian Integrity Commission**.

ii. **Public Interest Disclosure:**

- A Public Interest Disclosure can be lodged with the **PID Officer**, **Tasmanian Ombudsman**, or directly with the **Tasmanian Integrity Commission** if confidentiality and whistleblower protection are needed.

iii. **Tasmanian Integrity Commission:**

- Any serious misconduct or corruption allegations involving the Mayor should be reported to the **Tasmanian Integrity Commission**, which has oversight of elected officials.

iv. **Director of Local Government:**

- A report may also be made to the **Director of Local Government**, who oversees the behaviour of council officials, including the Mayor.

In all circumstances, if an instance of Fraud or Corruption is detected, Tasmanian Audit Office, and the Chair of Council's Audit Panel will be notified.

Where there is a crime, Tasmania Police will be notified in accordance with the *Criminal Code Act*.

6.3 IMPLEMENTING A DISCLOSURE PROTECTION PROGRAM

Council has established policy and procedures for handling Public Interest Disclosures. Council's *Public Interest Disclosure* procedure outlines how Council protects those who report concerns and those who witness them.

They are based on the *Public Interest Disclosures Act 2002* and are meant to encourage and facilitate reporting concerns and suspicions.

They can be used to report suspicions or observed instances of fraud or corruption.

Council Management must ensure that all employees are aware of this procedure through training and communication programs. Management will also actively support Council's commitment to the procedure.

7 RESPONDING

7.1 PROCEDURES FOR THE INVESTIGATION OF DETECTED OR SUSPECTED INCIDENTS

Any suspicions or reports of fraud or corruption, whether received from inside or outside the organization, must be promptly reported by the person informed to either the General Manager or the Fraud and Corruption Control Officer (if delegated). No other employee should try to formally investigate or interview anyone to determine if fraud or corruption has occurred or is suspected.

A thorough investigation into any apparent or suspected fraud or corruption will be carried out by qualified and impartial personnel who are not part of the department where the alleged wrongdoing took place. This impartial party could be a law enforcement agency, a senior manager within Council, or an external consultant working under the guidance of a senior person within Council.

The General Manager will formally instruct the investigating party to gather relevant information for the investigation. Before the investigation begins, formal terms of reference must be agreed upon between the General Manager or the Fraud and Corruption Control Officer (if delegated) and the independent investigating party. These terms will outline the procedures to be followed during the investigation to ensure proper collection and custody of evidence.

7.2 INTERNAL REPORTING AND ESCALATION OF ISSUES

Council's General Manager or Fraud and Corruption Control Officer (if delegated) will keep a register of all fraud and corruption incidents that need to be reported. They will regularly provide a report to the management team, detailing recent fraud and corruption events and the actions taken in response.

If any fraud or corruption events occur, the General Manager will report them to the Council, Tasmanian Audit Office and the Audit Panel chair.

7.3 DISCIPLINARY PROCEDURES

Where there is proven evidence of fraud, appropriate disciplinary measures will be taken.

7.4 EXTERNAL REPORTING

All external reporting is to occur in accordance with the procedures set out in 6.2.1.

Where fraudulent activity has been identified as criminal, the General Manager (in conjunction with the Fraud and Corruption Control Officer (if delegated)) will determine the appropriate process for notifying Tasmania Police and any other relevant authorities.

Unless there are exceptional circumstances, fraud or corruption that involves committing a crime will be reported to Tasmania Police or relevant authority, in accordance with the *Criminal Code Act*.

The General Manager (or FCCO if delegated) will seek advice where unsure if Tasmania Police need to be notified.

If the activity is not reported, the General Manager will notify the Council regarding the decision made and the reasons supporting the decision.

Council will take all reasonable steps to assist the authorities in their investigation into suspected fraud or corruption.

In all circumstances, if an instance of Fraud or Corruption is detected, Tasmanian Audit Office, and the Chair of Council's Audit Panel will be notified.

Where there is a crime, Tasmania Police will be notified in accordance with the *Criminal Code Act*.

7.5 POLICY FOR CIVIL PROCEEDINGS TO RECOVER THE PROCEEDS OF FRAUD OR CORRUPTION

Recovery actions will be undertaken at the discretion of the General Manager. The General Manager will make a notification to the Council in relation to the action to be undertaken.

7.6 FALSE REPORTS

Anyone who knowingly gives false information in a complaint or report may face disciplinary action.

7.7 INTERNAL CONTROL REVIEW FOLLOWING DISCOVERY OF FRAUD

Following an investigation where fraud was substantiated, the General Manager and/or Fraud and Corruption Control Officer (if delegated) will conduct a review of the relevant controls and determine at which point the system of internal control failed and whether corrective action needs to be taken.

7.8 MAINTAINING AND MONITORING ADEQUACY OF INSURANCE

Council will obtain and maintain insurance to safeguard against damage and ensure continuation of business processes appropriate to Council's risk exposure and expectations. Management will assess adequacy of insurance policies, at least annually.

8 REVIEW

Management will review the adequacy of this System at least every three (3) years.

APPENDIX A: IMPLEMENTATION PLAN

This table summarises the required actions according to this System, the person responsible for ensuring that the action is performed and the time frame for each action. The implementation date by which time the action must commence to be considered and inserted in consultation with the General Manager.

What Stage	Component	How: Action Plan	Who: Oversight	When: Time Frames	Implementation Date
Responsibilities	Fraud and Corruption Control System	Senior Management to endorse and promote the System	Relevant Managers	Ongoing	
Prevention	Strategies	- Codes of Conduct for all employees and Councillors to be maintained - Awareness of Code of Conduct to be promoted through a combination of Communication and Training Programs - Ethical conduct assessment to be included in the annual performance appraisal process	General Manager (or FCCO, if delegated)	Annually or earlier when required due to change	
Prevention	Internal Control	Responsibility to perform Fraud Risk assessments and implement mitigating controls to be included in relevant management position descriptions	General Manager (or FCCO, if delegated) Development Officer Strategy & Risk	Upon commencement of role by employee or next staff appraisal	

What Stage	Component	How: Action Plan	Who: Oversight	When: Time Frames	Implementation Date
Prevention	Internal Control	Internal controls to be documented in policies, procedures and process descriptions and made available to relevant employees	Relevant Managers	Every 3 years or earlier when required due to change	
Prevention	Risk Assessment	The risk of fraud or corruption must be considered and documented as part of the regular risk reviews according to the Risk Management Policy	Relevant Managers	Annually	

What Stage	Component	How: Action Plan	Who: Oversight	When: Time Frames	Implementation Date
Prevention	Risk Assessment	Risk registers to be reviewed for inclusion of fraud and corruption risk factors and appropriate treatment action and reported to the General Manager	General Manager (or FCCO, if delegated) Development Officer Strategy & Risk	Annually	
Prevention	Communication and Awareness	Awareness of fraud and corruption risk and control plans and procedures to be created and maintained through a combination of communication and training	General Manager (or FCCO, if delegated) Development Officer Strategy & Risk	Every 3 years or earlier when required due to change	
Prevention	Employment Screening	Pre-employment and ongoing screening procedures to be carried out	Human Resources Officer	Before commencement of employment	
Prevention	Annual leave	Monitor compliance to annual leave policies	Human Resources Officer	Annually	

What Stage	Component	How: Action Plan	Who: Oversight	When: Time Frames	Implementation Date
Prevention	Supplier Vetting		Monitor compliance to procurement policies and guidelines	Accounts Payable Monthly	
Detection and Reporting	Detection Programs		Detection programs to be implemented and maintained	General Manager (or FCCO, if delegated) Ongoing	
Detection and Reporting	Disclosure		Awareness of channels available to report suspected of alleged incidents of fraud or corruption to be maintained through a combination of communication and training programs	General Manager (or FCCO, if delegated) Annually	
Detection and Reporting	Disclosure		Discloser Protection Program to be implemented and maintained	Public Interest Disclosure Officer Ongoing	
What Stage	Component	How: Action Plan	Who: Oversight	When: Time Frames	Implementation Date
Response	Investigation and reporting		When fraud or corruption allegations are	General Manager When required	

		not externally reported, reasons are to be provided to Council			
Response	Investigation	Investigators to be appointed with letter of authorization and terms of reference	General Manager	When required	
Response	Disciplinary process	Disciplinary process to be conducted in accordance with Disciplinary Policy	General Manager	When required	
Response	Civil proceedings	Recovery strategies must be considered and implemented where appropriate	General Manager	When required	

What Stage	Component	How: Action Plan	Who: Oversight	When: Time Frames	Implementation Date
Response	Internal control review	Review internal controls where instances of fraud or corruption have been identified	General Manager	To commence within one month of identifying an instance of Fraud or Corruption	
Response	Maintaining Insurance	Appropriate insurance policies are maintained and reviewed	Manager Finance	Annually or earlier when required	
Review	Fraud and Corruption Control System	System reviewed on a regular basis	General Manager	Every 3 years or earlier when required due to change	

APPENDIX B: EXAMPLES OF ACTIVITIES CONSIDERED FRAUDULENT OR CORRUPT

The following list is provided for illustrative purposes and contains examples of activities or actions that would be considered as Fraudulent or Corrupt in terms of this System. This list is intended to be consulted during the performance of risk assessment activities to assist with the identification of pertinent fraud and corruption risks.

This list is not exhaustive, and any activity identified which seem to represent items on this list will have to be investigated and considered in terms of this System.

1. Faking timesheets by taking personal time or performing personal activities during work time and not taking leave (i.e. charging the time to a service or job).
2. Using Council equipment for personal activities without authorisation. This may include the use of administrative equipment such as stationery and office machines or operational equipment such as tools or vehicles.
3. Creating false suppliers, with payment being made to the fraudster's nominated bank account.
4. Obtaining kickbacks or bribes from suppliers or contractors.
5. Associates of employees providing services to Council at inflated prices.
6. Inflated or false reimbursement claims.
7. Manipulation of financial data to receive performance-based bonuses.
8. Private purchases through business accounts or business cards without approval.
9. Not returning unused material and inventory to the stores after the completion of a job and using it for personal benefit.
10. Providing information to suppliers who are in the process of supplying a tender to Council without providing the same information at the same time to all suppliers who are tendering to deliver the same product or service whilst receiving a personal benefit in return, including hospitality.
11. Preferring and promoting the use of specific suppliers in return for any personal benefit that has not been disclosed to Council.
12. Taking or removing any property of Council without proper authorisation for personal use, including cash, vouchers, tools, equipment, stationary, inventory or any other goods, even if the person intend to return the items after use.
13. Forging or falsifying any document (including purchase orders, receipts, payment advice, timesheet, Council letter etc.) to gain a benefit.
14. Not reporting the misappropriation of Council assets in return for any benefit.

15. Altering customer pricing arrangements or payment terms in the rating system in return for a benefit.
16. Issuing customers with rebates, discounts, or reimbursements in return for a benefit.
17. Changing payment details of suppliers or intercepting payments that are made to suppliers to enable someone other than the intended supplier to gain a benefit.
18. Approving receipt of goods or services ordered without receiving the physical goods or services in return for a benefit.
19. Misleading Council by approving reimbursement of expenses that were not incurred on behalf of Council.
20. Using Council's equipment, inventory, and employees to perform private works for members of the public, any employee or for any Councillor in return for a personal benefit.
21. Using Council's telephone or mobile phone for personal use without appropriate authorisation.
22. Disclosing customer information including credit card information to any third party without appropriate authorisation or legal requirement to do so in return for a benefit.
23. Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
24. Payment or solicitation of donations for an improper political purpose.
25. Serious nepotism and cronyism where the appointee is inadequately qualified to perform the role to which they have been appointed.

APPENDIX C: FRAUD OR CORRUPTION RISK INDICATORS

The following list contains examples of activities or outcomes that may indicate an increased risk of fraud or corruption.

These indicators do not constitute evidence of fraud or corruption but should be considered as part of the risk management process and may assist with the identification of suspicious behaviour. If any of these indicators are identified, then they must be reported in accordance with this System.

This list is not exhaustive and serves for illustrative purposes only.

1. Consistent procurement of goods or services that does not provide the best value for money for Council.
2. Unexpected or inexplicable overspend on service orders or projects. This would include delivery of projects at greater cost and timeframe than to the norm.
3. Several suppliers complaining of unfair tender processes for a specific tender, without appropriate evidence of due process taken.
4. Lower than expected employees productivity in a division, team or a project, after taking available workload and leave taken into consideration, which may create unexpected delays in the completion of work or higher than expected use of resources (including employees and materials) to complete a service or project in relation to the complexity of the project without adequate explanation.
5. Suppliers' complaints received of late or non-payment even though payments have been processed.
6. Employees accruing large annual leave balances or refusing to take annual leave without an adequate explanation. Reluctance to take regular leave may increase the risk of occupational injury or disease due to exhaustion or fatigue. It could also suggest that someone might be hiding evidence of fraud or corruption. Where possible, Council may address this by limiting the amount of leave an individual can accrue at any one time in accordance with the Enterprise Agreement.
7. An unexpected or inexplicable number or value of contract variation requests received from a contractor or subcontractor for a single or several projects without an adequate explanation.
8. Complaints received from the public relating to suspicious activities of Council's employees, contractors, or Councillors.
9. Financial accounts, costs centres or service orders not reconciling to actual expenses, or reconciling items that does not clear from the reconciliation over a prolonged amount of time, without adequate explanation.
10. Inability to achieve budgeted revenue without appropriate explanation over a prolonged period.

11. Unexpected cash flow problems or inability to pay suppliers within terms without adequate explanation.
12. A greater than expected number of complaints received relating to quality of work performed, without adequate explanation.
13. Sharp increase in the use or ordering frequency of specific stores items without an appropriate explanation.
14. Lack of segregation of duties between performing an activity, accounting for that activity, and processing payment or making a receipt for that activity, including when management insist on overriding controls establishing segregated functions.
15. Unexplained discrepancies in inventory, and stock on hand.

APPENDIX D: INTERNAL REPORTING FLOWCHART

Fraud or Corruption Reporting Procedure for Local Government

(AS8001:2021)

Step 1: Incident Identification

- Fraud or corruption incident detected by:
 - Employee
 - Councillor
 - Contractor
 - Consultant
 - Committee Member
 - Member of the public



Step 2: Report Submission

- Report made to one of the following:
 - Fraud and Corruption Control Officer (FCCO)
 - General Manager of the Council
 - PID Officer



Step 3: Acknowledgment of Report

- FCCO acknowledges receipt of the report (where identity is known).
 - **Anonymous reports:** Investigated without acknowledgment if possible.



Step 4: Preliminary Assessment

- FCCO or designated council officer conducts a preliminary risk assessment:
 - Validity of the report.
 - Potential legal or financial risks.
 - Need for immediate actions (e.g., halting further payments, suspending contracts).



Step 5: Escalation to Senior Management

- Preliminary assessment results shared with the General Manager.
 - If no evidence of fraud or corruption: Case closed and documented.
 - If potential fraud/corruption exists: Proceed to formal investigation.



Step 6: Full Investigation

- Appoint an internal or external investigator (e.g., internal audit, external forensic accountant, or external legal counsel).
- Develop a full investigation plan, including:
 - Gathering documentation, reviewing contracts or transactions.
 - Interviewing involved personnel (employees, contractors, vendors).



Step 7: Legal and Regulatory Obligations

If investigation identifies fraud/corruption involving public funds or misconduct, mandatory reporting may be made to:

- Tasmanian Integrity Commission
- Tasmania Police (for criminal matters)
- Auditor-General (for financial mismanagement)
- Any other relevant regulatory body



Step 8: Investigation Outcome

Fraud/Corruption Confirmed:

- Take disciplinary action (termination, fines, etc.).
- Initiate legal proceedings (criminal charges or civil claims).
- Notify stakeholders (e.g., Councillors, community if necessary).

No Fraud/Corruption Found:

- Close case and document findings.



Step 9: Implement Remediation

Take corrective actions:

- Process improvements.
- Training for staff.
- Policy amendments (e.g., strengthening procurement or payment processes).



Step 10: Close the Case

Submit the final investigation report to the General Manager and Audit Panel.

Store securely in accordance with council's records management policies.

APPENDIX E: FRAUD OR CORRUPTION REPORTING FLOWCHART

