



FRAUD PREVENTION AND CONTROL POLICY

PURPOSE

The purpose of this policy is to protect public funds and other assets, protect the integrity, security and reputation of the Council and its employees and assist in maintaining high level of services to the community.

SCOPE

This policy applies to:

- The conduct of councillors and council staff members when conducting council business and in other situations not related to official council business.
- Situations where fraudulent or suspicious behaviour is suspected and/or has been identified.

Hunter's Hill Council is committed to fostering and maintaining the highest standards of ethical behaviour by establishing a policy where fraud and corruption is not tolerated.

Hunter's Hill Council is committed to protecting its revenue, expenditure and property from any attempt, either by members of the public, contractors, elected members or its own employees, to gain by deceit, financial or other benefits.

Council is committed to:

- Protecting community assets and resources;
- Adopting measures to minimise risk;
- Serving, representing and promoting community needs, interests and aspirations.

There are two core elements to this policy:

- i. Reducing losses through fraud by developing and implementing a Fraud Control Plan within a working environment which promotes honesty and integrity; and
- ii. Establishing and maintaining a commitment to detecting, investigating and prosecuting individual cases of criminal behaviour, including fraud.

This policy has been developed in consultation with the following publications:

- NSW Audit Office 'Fraud Control Current Progress and Future Directions: Guidance on better practice' February 2005.
- ICAC Fighting Fraud: Guidelines for State and Local Government, November 2002.

This policy applies to all Councillors and Council staff members.



DEFINITIONS

<p>Fraud</p>	<p>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 NSW)</p>
<p>Corruption</p>	<p>Corruption is defined in Section 8 and 9 of the Independent Commission Against Corruption Act 1988. This definition describes corrupt conduct as:</p> <ul style="list-style-type: none"> • behaviour of any person, including a Council official, that affects or may affect the honest or impartial exercise of official functions by any public official; • dishonest or partial exercise of official functions by a Council official; • any conduct by a Council official that breaches public trust;

POLICY STATEMENT

PART 1 POLICY GUIDELINES

1. EXPECTATIONS

- 1.1 Councillors and council staff are expected to maintain a high standard of ethical conduct in all activities, in particular with respect to resources, information and authority.
- 1.2 All staff are expected to develop, encourage, insist upon and implement sound financial legal and ethical decision making within their responsibility levels.
- 1.3 All staff and Councillors are expected to be familiar with and act in accordance with the Council's Code of Conduct. The Council expects similar standards from the people, agencies or organisations that do business with the Council.
- 1.4 All staff and councillors must declare any interests in relation to matters they are currently considering, investigating or making a decision on.
- 1.5 Fraudulent acts against the Council are unacceptable and may constitute a criminal offence.
- 1.6 Any Councillor or staff member who suspects fraudulent behaviour must report it in accordance with Council's Internal Reporting Policy.



2. RESPONSIBILITIES FOR MANAGERS

- 2.1 Managers are expected to lead by example and to demonstrate integrity and fairness in decision making and be open and honest in their dealings with others.
- 2.2 Managers must ensure that the three elements required for effective management of fraud prevention are evident in the workplace. The three elements are as follows:
 - a) Positive attitude of management towards internal control. Expressed through interest, involvement, policies and procedures.
 - b) The selection and development of quality staff whose practices demonstrate high ethical standards. The appropriate application of leadership and training to all staff will enhance the quality of performance and therefore control.
 - c) The monitoring of systems, whether informal information gathering, active supervision or formal information systems.
- 2.3 Managers are expected to implement Council's Fraud Prevention and Control Plan.
- 2.4 Managers or team leaders are required to promptly advise the General Manager or Department Manager of instances of suspected or actual fraud. All such matters must be dealt with in accordance with Council's Internal Reporting Policy and Fraud Prevention and Control Plan.
- 2.5 When fraud is detected, managers must take prompt action both to stop fraudulent behaviour and to discourage others who may be inclined to commit similar conduct.

3. FRAUD PREVENTION

- 3.1 Measures to prevent fraud will be continually monitored, reviewed and developed.
- 3.2 An element of fraud risk prevention will include a Fraud Risk Assessment. Council will conduct Fraud Risk Assessments every two years to inform fraud reduction and control policies and strategies. Fraud risk assessments must examine internal and external operating environments and must involve identifying areas of council business that have high fraud risks.

Areas of risk could include:

- regulatory and enforcement activities;
- issue of penalty and other notices;
- engagements of contractors and consultants;



- finance receipt and expenditure;
- personnel recruitment, deployment and records;
- computer data security;
- purchase and control of stores and equipment;
- use of stores and equipment;
- use of motor vehicles;
- lease/loan of equipment;
- administrative activities;
- remote telecommunication access e.g. internet.

4. FRAUD DETECTION

- 4.1 Council will employ a number of fraud detection mechanisms to ensure early detection of suspicious or fraudulent behaviours.
- 4.2 Fraud detection may include monitoring staff and transactions and maintaining and developing internal security.

5. FRAUD INVESTIGATION

- 5.1 If the General Manager has reason to suspect that fraud has occurred, the ICAC must be immediately notified.
- 5.2 The circumstances must then be investigated and the General Manager will decide whether the organisation will conduct an administrative fact-finding investigation, or a criminal investigation in association with the Police and ICAC.
- 5.3 For all investigations Council staff must consult the Fraud Prevention and Control Plan.

6. FRAUD INVESTIGATION

- 6.1 The General Manager is responsible for developing and implementing Council's Fraud Prevention and Control Policy and monitoring its effectiveness. Trends, activities, complaints and compliments are monitored for signs of irregularity. The General Manager reports to the Council on fraud risk issues ensuring that risks are identified and acted on.
- 6.2 Council staff will receive appropriate training to improve awareness of fraud risks and fraud management within the workplace.
- 6.3 Council will use the Fraud Control Improvement Kit by the NSW Auditor-General to conduct regular Fraud Control Health Checks and evaluate the effectiveness of Council's Fraud Prevention and Control Policy.



RELATED RESOURCES

Hunter's Hill Council Internal Reporting Policy

Hunter's Hill Council Gifts and Benefits Policy

Hunter's Hill Council Conflict of Interests Policy

Hunter's Hill Council Code of Conduct

Hunter's Hill Council Good Governance Framework

Hunter's Hill Council Code of Administrative Good Conduct

Hunter's Hill Council Statement of Business Ethics

POLICY OWNER

The policy authority is the General Manager.

AUTHORISATION AND REVIEW

Next Review Date

This policy is to be reviewed in 2020 or with any changes to relevant legislation or best practice standards.

Version Control Table

Date	Version	Res. No.	Key Changes	Author
12.02.07	1.0	31/07	Policy adoption	B. Smith
14.05.18	1.1	123/18	Policy Update	R. Guerra