



Policy:

**Fraud and Corruption
Prevention**

2018

INFORMATION ABOUT THIS DOCUMENT

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Version 1	3 April 2018	New draft Policy for consideration by the Audit, Risk and Improvement Committee at meeting 10 April 2018
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Related Legislation*	Independent Commission Against Corruption Act 1988 Local Government Act 1993 and General Regulation 2005 Public Interest Disclosures Act 1994
Related Policies	Policy: Internal Reporting 2017 Policy: Code of Conduct 2018 Policy: Complaints Management 2018 Policy: Gifts and Benefits 2018
Related Procedures/ Protocols, Statements, documents	Statement: Business Ethics 2018 Guidelines: Fraud and Corruption Prevention 2018 Strategy: Fraud and Corruption Prevention Plan 2018

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1. OBJECTIVES

The Policy: Fraud and Corruption Prevention 2018 aims to:

- Educate and inform staff about their responsibilities and obligations in preventing and reporting instances of fraud and corruption within Uralla Shire Council;
- Create awareness about what constitutes unethical conduct; and
- Reduce and prevent the risk of internal and external fraud and corruption.

2. SCOPE

The Policy: Fraud and Corruption Prevention 2018 applies to:

- Council Officials;
- Contractors; and
- Volunteers.

3. DEFINITIONS

Contractors	Includes contractors, consultants and suppliers engaged by Council under contract to provide goods, services or specialist or professional advice to Council.
Corruption	<p>Corruption and corrupt conduct are defined in the ICAC Act as:</p> <ul style="list-style-type: none"> • 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 • Misuse of information or material acquired in the course of a public official's functions. <p>Corrupt conduct is also any conduct of any person (whether or not a public official) that adversely affects or could affect the exercise of official functions by any public official, any group or body of public officials or any public authority which involves conduct such as:</p> <ul style="list-style-type: none"> • Official misconduct (including breach of trust, fraud, oppression, extortion, or imposition) • Bribery, • Blackmail, • Obtaining secret commissions • Fraud, • Election bribery, election funding offices and election fraud • Forgery

	<p>For conduct to be corrupt it must be covered by one of the conditions above and also any one of the following:</p> <ul style="list-style-type: none"> • A criminal offence, or • A disciplinary offence, or • A situation where there are reasonable grounds for dismissal or dispensing or terminating the Councillor or a public official.
Council Officials	Includes Councillors, members of staff of Council, administrators, Council committee members and delegates of Council.
Fraud	<p>Fraud is defined in the Australian Standard 8001-2008 Fraud and Corruption Control, which defines it as:</p> <p>Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity.</p> <p>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 financial benefit.</p>
Volunteers	Individuals who voluntarily assist in the provision of Uralla Shire Council services or in the delivery of its projects, programmes and events without financial payment.

4. STATEMENT

Uralla Shire Council (Council) is committed to a work environment that is resistant to fraud and corruption and is dedicated to implementing effective measures to minimise fraud and corruption risks. Fraud and corruption can cause significant financial and reputational damage to Council and undermine public confidence in Council's ability to provide strong, effective and accountable local government.

Council has a zero tolerance approach to fraud and corruption and does not tolerate fraudulent or corrupt behaviour. In accordance with its legal and statutory obligations, Council will take appropriate action against Council Officials, contractors and volunteers who have participated in fraudulent or corrupt conduct, and those who have allowed it to occur.

4.1. Principles

Council is committed to building a corruption resistant culture through:

- The prevention and deterrence of an opportunity for fraudulent or corrupt conduct by Council Officials, contractors and volunteers;
- The detection, investigation and disciplining and/or prosecution of fraudulent or corrupt conduct; and
- The reporting of any fraudulent or corrupt conduct to the Independent Commission Against Corruption (ICAC) or relevant external agency, where appropriate.

Council's commitment to preventing fraudulent or corrupt conduct, and avoiding or managing conflicts of interests, will be addressed through implementing appropriate auditing systems to deter and identify corrupt activities.

4.2. Reporting Requirements

All Council Officials, contractors and volunteers are obligated to report suspected fraudulent or corrupt conduct, either through Council's internal reporting procedure in accordance with Council's Internal Reporting Policy, or directly to the ICAC or relevant external agency. The Code of Conduct also establishes responsibility for Council Officials to report breaches of the Code of Conduct.

The General Manager has ultimate responsibility for managing fraud and corruption risks within Council. In accordance with the Independent Commission Against Corruption Act 1988 (ICAC Act) and Council's Code of Conduct, the General Manager is required to report any matter to the ICAC or relevant external agency, such as the Office of the Local Government and NSW Ombudsman, that they suspect on reasonable grounds concerns or may concern corrupt conduct, whether on the part of Council Officials or any party with whom Council conducts business. In cases of complaints against the General Manager, the Mayor assumes the aforementioned responsibilities.

Council will develop and maintain a robust internal and external reporting framework. In accordance with the Public Interest Disclosure Act 1994 (PID Act), Council has in place an Internal Reporting Policy, which details Council's internal reporting mechanisms and provides guidance to Council Officials in reporting wrongdoing as a Public Interest Disclosure. In addition to Council's internal reporting mechanisms, reports can be made to a number of external agencies, including:

- NSW ICAC – for corrupt conduct;
- The NSW Ombudsman – for maladministration;
- The NSW Office of Local Government – for serious and substantial waste in local government;
- The NSW Information and Privacy Commission – for disclosures about a government information contravention; and
- The NSW Police Force – for criminal matters.

5. LEGISLATIVE AND STRATEGIC CONTEXT

5.1. Integrated Planning and Reporting Framework

Uralla Shire Council's Community Strategic Plan 2017-27 commits Council to the following:

- Theme: Our Leadership
- Goal: 4.1 A strong, accountable and representative Council
- Strategy: 4.1.5 Undertake the civic duties of Council with the highest degree of professionalism and ethics

Council's Delivery Program 2017-21 commits Council to the following:

- Principal Activity: 4.1.5.1 Implement and manage Council's integrity system

5.2. ICAC Act

The ICAC Act defines corruption, sets out the functions of the ICAC, describes the referral responsibilities, constitutes and sets out the functions of the Committee of the ICAC and Inspector of the ICAC, and makes provisions for referrals from and reports to Parliament. The ICAC Act requires the General Manager, as the principal officer of a public authority, to report to the ICAC any matter that they reasonably suspect concerns or may concern corrupt conduct.

5.3. Local Government Act 1993

The Local Government Act 1993 (Local Government Act) provides the legal framework for the system of local government for New South Wales and sets out the responsibilities and powers of Council Officials. The Local Government Act:

- Requires all Council Officials to act honestly and exercise a reasonable degree of care and diligence in carrying out their functions under the Local Government;
- Outlines the penalties for Council Officials who engage in serious corrupt conduct or misconduct; and
- Details Council Officials' duties of disclosure, including disclosure of pecuniary interests, and outlines the disclosure complaints process.

5.4. PID Act

The objectives of the PID Act are to encourage and facilitate the disclosure, in the public interest, of corrupt conduct, maladministration, and serious and substantial waste in the public sector. The PID Act:

- Provides avenues by which public officials, including Council Officials, can make disclosures about corrupt conduct, maladministration or other serious wrongdoing;
- Clarifies that for a public official, including a Council Official, to be protected under the PID Act, the disclosure must be properly made through a defined appropriate channel; and
- Provides protection by imposing penalties on a person who takes detrimental action against another person in reprisal for a protected disclosure.