URALLA SHIRE COUNCIL

Strategy:

Fraud and Corruption Control

2018

INFORMATION ABOUT THIS DOCUMENT

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Version 6	12 July 2018	Revised draft for consideration by Council at meeting 24 July 2018
Version 7	26 July 2018	Finals - revised to correct minor typographical errors

Further Document Information and Relationships

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: Fraud and Corruption Control 2018 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 Control 2018

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1. 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 allowed it to occur.

2. PURPOSE

The Strategy: Fraud and Corruption Control (Plan) demonstrates the commitment of the Mayor, Councillors, General Manager, Executive Team and Management to combat fraud and corruption.

The Plan links to Council's Policy: Fraud and Corruption Control 2018, and it details Council's approach to the deterrence and detection of fraudulent and corrupt behaviour, providing strategies to assist managers and officers to meet their fraud and corruption prevention responsibilities.

The Plan and the control framework are modelled on Standards Australia AS8001-2008 Fraud and Corruption Control and it follows the ten attributes of fraud control contained in the NSW Auditor General Better Practice Guide Fraud Control Improvement Kit.

3. SCOPE

The Strategy: Fraud and Corruption Control applies to:
- Council Officials;
- Contractors; and
- Volunteers.

4. DEFINITIONS

Contractors	Includes contractors, consultants and suppliers engaged by Council under contract to provide goods, services or specialist or professional advice to Council.
Corruption	Corruption and corrupt conduct are defined in the ICAC Act as: • 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.

	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 with involves conduct such as: • 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. 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 • 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	Fraud is defined in the Australian Standard 8001-2008 Fraud and Corruption Control, which defines it as: 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. 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.
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.

5. STRATEGIC CONTROL FRAMEWORK

This Plan follows the NSW Audit Office's ten-point strategic management model for fraud and corruption control. The model has ten attributes, as set out below.

POLICY AND PLANNING

5.1.   Integrated Macro Policy

This strategy aims at ensuring Council has in place the necessary policies, corporate practices, procedures and systems to minimise the risk of fraud and corruption in all areas.

These policies, corporate practices, procedures and systems must be proportionate and specific to the fraud and corruption risks faced by Council, and are considered together to form an integrated range of control measures.

5.2.   Responsibility Structures

It is important that all Council Officials are aware of their role in implementing and monitoring an effective fraud and corruption control system, and this strategy ensures there are clear lines of accountability and responsibility.

PREVENTION

5.3.   Fraud and Corruption Risk Assessment

This strategy ensures that Council undertakes regular fraud and corruption risk assessments. The assessments may include a combination of in-house solutions (self-assessment questionnaires) as well as targeted audits conducted as part of the internal auditor program or an external investigator. In accordance with the NSW Audit Office's Better Practice Guidance, these fraud and corruption risk assessments are to be undertaken at least once every two years.

5.4.   Councillor Awareness

It is paramount that Mayor and Councillors understand the ethical behaviour required of their position, and that training programs are in place on ethics and fraud and corruption risks.

5.5.   Employee Awareness

It is paramount that all employees understand the ethical behaviour required of them in the workplace, and that training programs are in place on ethics and fraud and corruption risks.

5.6.   Customer, Community and Supplier Awareness

This strategy ensures that customers, the community and suppliers understand that the Council will not accept fraudulent or corrupt behaviour in its dealings, and to ensure they are aware of the consequences of such fraudulent or corrupt behaviour.

DETECTION

5.7.   Reporting Systems (internal)

Under the Public Interest Disclosures Act 1994, Council must have a policy and procedures in place to encourage the reporting of wrongdoing, to endeavour to protect the identity of whistle-blowers and to prevent any reprisal against them.

5.8.   Reporting Systems (external)

In addition to Council's internal systems, reporting can also be made to a number of external investigative authorities, as follows:
- The NSW Independent Commission Against Corruption (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 Commissioner — for disclosures about a government information contravention
- The NSW Police Force – for criminal matters

Section 11 of the ICAC Act 1988 mandates that the General Manager is required to report actual or suspected corrupt conduct to the Independent Commission Against Corruption.

5.9.   Detection Systems

This strategy ensures that there are adequate detection systems to monitor data and identify irregularities and warning signals. In addition to management's own monitoring and review, Council has established a plan of risk based internal audits.

These internal audits provide assurance on the effectiveness of internal controls established by management including those to prevent and detect fraud and corruption.

RESPONSE

5.10.   Investigation Systems

This strategy ensures that policies, corporate practices and procedures are in place to ensure that investigations, whether conducted internally or outsourced, should be consistent with commonly used investigation standards.

5.11   Conduct and Disciplinary Systems

It is important that all Council employees understand that fraud and corruption will not be tolerated by the Council, and those found to have engaged in such conduct will face disciplinary action.   The Council expects that all Council employees will act in an ethical manner and in accordance with the standards of behaviour set out in the Code of Conduct.

6.   STRATEGIC ACTION PLAN

POLICY AND PLANNING

6.1.   Integrated Macro Policy

The objectives of this strategy are to ensure that Council has in place the necessary policies, corporate practices, systems and procedures to minimise fraud in all places, and at all levels, and that those policies systems and procedures respond, and are proportionate, to the fraud risks faced by the Council.

a) Policies, corporate practices, systems and procedures are established and reviewed, based on assessed fraud and corruption risks, every 2-4 years.	
Action Timeframe	2-4 years
Human Resources Required	Managers, Executive Team, Coordinator Governance and Risk, Audit, Risk and Improvement Committee
Relevant Areas	Ethics Code of Conduct Confidential Information Fraud and Corruption control Internal Reporting Statement of Business Ethics Responsible Council Officer: Coordinator Governance and Risk Governance Delegations of Authority Conflicts of Interest Gifts and Benefits Councillors' Expenses and Facilities Risk Management Responsible Council Officer: Coordinator Governance and Risk Finance Corporate Credit Card Out of Pocket Expenses Cash Handling Petty Cash Purchasing and Tendering Disposal of Assets Timesheets Responsible Council Officer: Chief Financial Officer Human Resources Recruitment and Selection Secondary Employment Discipline and Formal Warning Discrimination, Harassment and Bullying and Grievance Mobile Digital Devices Email and Internet Usage Leave and Overtime Performance Review Workers Compensation Motor Vehicles Responsible Council Officer: Manager Human Resources Others Complaints Management Sponsorship Records Management Responsible Officer: Coordinator Governance and Risk

6.2.   Responsibility Structures

The objectives of this strategy are to ensure that there is clear accountability and responsibility for the implementation and monitoring of the Strategy: Fraud and Corruption Control. Most importantly, this strategy aims at formalising the common understanding that everyone in the Council has a key role to play in effective fraud and corruption control management.

a) Incorporate fraud and corruption control elements in position descriptions	
Action Timeframe	30 June 2019
Human Resources Required	Manager Human Resources, Human Resource Support Officer, Coordinator Governance and Risk
Relevant Areas	New and Current Position Descriptions Responsible Council Officer: Manager Human Resources

b) Include accountability and responsibility structures in Council's Fraud and Corruption Prevention Guidelines	
Action Timeframe	30 June 2018
Human Resources Required	Coordinator Governance and Risk, Executive Team, Audit and Risk Committee
Relevant Areas	Fraud and Corruption Prevention Guidelines Responsible Council Officer: Coordinator Governance and Risk

PREVENTION

6.3. Fraud and Corruption Risk Assessment

The objectives of this strategy are to ensure:
- Regular fraud and corruption risk assessments are undertaken by the Council.
- The fraud risk assessments quantify the level, nature and form of the risks to be managed.
- Actions will be taken by the Council to mitigate the risks identified in the fraud risk assessments.

a) Establish and conduct fraud and corruption risk self-assessments separately from general risk management exercises.	
Action Timeframe	2 years
Human Resources Required	Managers, Executive Team, Coordinator Governance and Risk, Audit, Risk and Improvement Committee
Relevant Areas	Council Wide Self-Assessment Tool - Fraud and Corruption Risk Council Wide Risk Assessment Workshops – Fraud and Corruption Risk Risk mitigation actions assignment to individual Council Officers Responsible Council Officer: Coordinator Governance and Risk

b) Ensure that Council maintains a Fidelity Guarantee Policy that provides for loss or damage in the case of fraud being committed on the organisation.	
Action Timeframe	Ongoing

b)	Ensure that Council maintains a Fidelity Guarantee Policy that provides for loss or damage in the case of fraud being committed on the organisation.	
Action Timeframe	Ongoing	
Human Resources Required	Managers, Executive Team, Risk Management and Safety Officer	
Relevant Areas	Risk and incident reporting to insurers Annual insurance renewal process Responsible Council Officer: Risk Management and Safety Officer	

6.4.   Councillor Awareness

The objectives of this strategy are to ensure:

- All Councillors understand the ethical behaviours required of their position.
- Training programs on ethical behaviour are in place for Councillors.
- Training deals with the fraud and corruption risks faced by Councillors in the exercise of their elected member duties

a)	Establish and deliver Code of Conduct, Conflict of Interest, Gifts and Benefits, Public Interest Disclosure (PID) and delegations training for newly elected Councillors as part of the Councillor induction program
Action Timeframe	31 December 2020
Human Resources Required	Director Community and Governance, Coordinator Governance and Risk, Executive Team
Budget	$10,000
Relevant Areas	New Councillor Induction Program Responsible Council Officer: Coordinator Governance and Risk

6.5.   Employee Awareness

The objectives of this strategy are to ensure:
- All employees understand the ethical behaviours required of them in the workplace.
- Training programs on ethical behaviour are in place across the Council.
- Training deals with the fraud and corruption risks faced by individuals in their workplace

a)	Include performance criteria for ethical behaviour into the General Manager's annual performance agreement
Action Timeframe	30 June 2019
Human Resources Required	Manager Human Resources
Relevant Areas	Responsible Council Officer: General Manager

b)	Establish and maintain Code of Conduct, Conflict of Interest, Gifts and Benefits, Public Interest Disclosure (PID), and delegations training or briefing for Council's newly appointed employees' induction programs	
Action Timeframe	30 June 2018	
Human Resources Required	Manager Human Resources, Human Resource Support Officer, Coordinator Governance and Risk	
Relevant Areas	Council Employee Induction Program Responsible Council Officer: Coordinator Governance and Risk	

c)	Deliver Code of Conduct, Conflict of Interest, Gifts and Benefits, Public Interest Disclosure (PID), fraud and corruption prevention and delegation training for all employees.	
Action Timeframe	31 December 2020	
Human Resources Required	Coordinator Governance and Risk, Training Provider	
Budget	$5,000	
Relevant Areas	Biennial training program Responsible Council Officer: Coordinator Governance and Risk	

d)	Introduce and maintain a new "Line in the Sand" section in the staff newsletter to highlight fraud and corruption risk issues for all employees	
Action Timeframe	30 June 2019	
Human Resources Required	Human Resource Support Officer, Coordinator Governance and Risk	
Relevant Areas	Raising staff awareness of fraud and corruption risk using the staff newsletter Responsible Council Officer: Coordinator Governance and Risk	

e)	Implement and maintain a system for regular circulars from the General Manager highlighting policy changes and updates, providing links to key fraud and corruption prevention documentation	
Action Timeframe	30 June 2018	
Human Resources Required	Coordinator Governance and Risk, General Manager	
Relevant Areas	Raising staff awareness of fraud and corruption risk using update circulars (e.g. email, memo) bulletins from the General Manager Responsible Council Officer: Coordinator Governance and Risk	

f)	Establish and periodically survey Council Employees to provide an organisational health check.	
Action Timeframe	Biennial	
Human Resources Required	Human Resource Support Officer, Manager Human Resources, Coordinator Governance and Risk	
Relevant Areas	Administer staff survey and develop appropriate responses to the findings. Responsible Council Officer: Manager Human Resources	

6.6. Customer, Community and Supplier Awareness

The objectives of this strategy are to ensure:

- Customers, the community and suppliers understand that the Council will not accept fraudulent dealings/transactions.
- Customers, the community and suppliers are aware of the consequences of fraudulent dealings/transactions.

a) Establish and maintain inclusion of fraud and corruption prevention initiatives in Council's Annual Report.	
Action Timeframe	Annual
Human Resources Required	Coordinator Governance and Risk
Relevant Areas	Integrated Planning and Reporting – Annual Report Responsible Council Officer: Coordinator Governance and Risk

b) Establish and maintain Council's Tenders and Quotations page with appropriate fraud and corruption prevention information	
Action Timeframe	30 June 2018, Ongoing
Human Resources Required	Coordinator Governance and Risk
Relevant Areas	Doing Business with Council: • The canvassing of Councillors or Council staff in relation to requests for tender or quotations will result in automatic disqualification. • Statement of Business Ethics • Fraud and Corruption Prevention Policy • Code of Conduct Responsible Council Officer: Coordinator Governance and Risk

DETECTION

6.7. Reporting Systems (internal)

The objectives of this strategy are to ensure:
- Policies, systems and procedures are in place to encourage the reporting of wrongdoing and suspect behaviour.
- Fraud notification systems give the complainant the opportunity to report wrongdoing or suspect behaviours anonymously.
- Whistle-blowers are protected by the organisation.
- Policies, corporate practices, systems and procedures allow Council officers, managers as well as contractors, consultants, customers, to notify the organisation of wrongdoing and suspect behaviours.

a) Review and update Council's Internal Reporting Policy to ensure guidance to Council employees is current on how to make a protected disclosure and to whom it can be made.	
Action Timeframe	30 June 2018, Reviewed every four years
Human Resources Required	Coordinator Governance and Risk, Executive Team, Audit, Risk and Improvement Committee
Relevant Areas	Public Interest Disclosures Act – Internal Reporting Policy Responsible Council Officer: Coordinator Governance and Risk

b) Establish and maintain a Public Interest Disclosure register and report biannually on activity to the NSW Ombudsman	
Action Timeframe	30 June 2018, Six monthly
Human Resources Required	Coordinator Governance and Risk
Relevant Areas	Public Interest Disclosures Act – Internal Reporting Policy register and reporting Responsible Council Officer: Coordinator Governance and Risk

6.8.   Reporting Systems (external)

The objectives of this strategy are to ensure:
- Council's policies clearly outline the possibility for reports to be made to an external investigative agency
- External notifications take place as required in light of legal and policy requirements.

a) Ensure Council's Internal Reporting systems and procedures include provisions explaining that reports can also be made to an external investigating agency.	
Action Timeframe	30 June 2018
Human Resources Required	Coordinator Governance and Risk, Executive Team, Audit, Risk and Improvement Committee
Relevant Areas	Public Interest Disclosures Act – Internal Reporting Policy Fraud and Corruption Control Policy Fraud and Corruption Control Guidelines Responsible Council Officer: Coordinator Governance and Risk

b) Ensure Council's Internal Reporting systems and procedures include provisions for the mandatory reporting by General Managers to ICAC of any actual or suspected corrupt conduct, as per Section 11 of the ICAC Act 1988.	
Action Timeframe	30 June 2018
Human Resources Required	Coordinator Governance and Risk, Executive Team, Audit, Risk and Improvement Committee
Relevant Areas	Public Interest Disclosures Act – Internal Reporting Policy Fraud and Corruption Control Policy Responsible Council Officer: Coordinator Governance and Risk

6.9   Detection Systems

The objectives of this strategy are to ensure:
- Internal audits regularly examine samples of high risk financial decision making and controls across the organisation.
- Outcomes of internal audits are reported to the Executive Team and to the Audit, Risk and Improvement Committee on a regular basis.

a) Implement an internal audit program.	
Action Timeframe	30 June 2018, Ongoing
Human Resources Required	Coordinator Governance and Risk, Risk Management and Safety Officer, Chief Financial Officer, Director Community and Governance, and Audit, Risk and Improvement Committee

a) Implement an internal audit program.	
Action Timeframe	30 June 2018, Ongoing
Budget	$15,000 for 2018-19 and $30,000 per annum from 2019-20 onwards
Relevant Areas	Contracted internal audit program Responsible Officer: Coordinator Governance and Risk

b) Internal audit findings and status of implementing recommendations are reported to Council and the Executive Team regularly	
Action Timeframe	Quarterly
Human Resources Required	Risk Management and Safety Officer, Consultant
Relevant Areas	Reporting to Council and the Executive Team on internal audit findings and status of implementing recommendations Responsible Officer: Coordinator Governance and Risk

RESPONSE

6.10   Investigation Systems

The objectives of this strategy are to ensure:
- Procedures and other appropriate support (including training, where required) are provided to Council employees undertaking investigation activity on behalf of Council.
- Investigation actions undertaken are consistent with commonly used investigation standards
- Where appropriate expertise is not available internally, then external assistance should be sought in line with Council's Code of Conduct Administration Procedures.
- All investigations consider what improvements can be made to policies, corporate practices, systems and procedures within the organisation.
- All investigation reports are referred to the General Manager, unless they relate to the General Manager.
- All investigation reports affecting the General Manager are referred to the Mayor.
- Actions from recommendations identified in the investigation reports are referred to the relevant Executive member for implementation, when necessary and appropriate.
- A summary of improvement actions originated from investigations is presented to the Audit, Risk and Improvement Committee for information.

a)	Responsibility for co-ordination of investigations within the Council to lie with the Director Community and Governance, who will report to the General Manager, unless the investigation related to the General Manager (consistent with the Procedure for the Administration of the Code of Conduct or the Public Interest Act 1994 – Procedure for Assessing Disclosures and Investigations).
Action Timeframe	Ongoing
Human Resources Required	Director Community and Governance, Consultants
Relevant Areas	Authorising investigations and notifying external agencies when required Responsible Officer: General Manager Authorising investigations where the General Manager is the subject of the investigation Responsible: The Mayor

b)	Ensure investigators use appropriate and legal data gathering and analyses mechanisms to come to valid conclusions (consistent with Public Interest Disclosures Act 1994 – Procedure for Assessing Disclosures and Investigations)
Action Timeframe	Investigation Panel – Ongoing Staff training – June 2020
Human Resources Required	Director Community and Governance, Coordinator Governance and Risk, Consultant
Budget	$10,000 per annum external investigations $10,000 in 2019-20 for staff training in investigation techniques and standards
Relevant Areas	Ensure any staff undertaking an internal investigation have appropriate training and education in investigation techniques and standards Responsible Officer: General Manager Establish a suitably qualified external investigation panel. Responsible Officer: Coordinator Governance and Risk

c)	Actions from recommendations identified in the investigation reports are referred to the Executive Team, and assigned to relevant Executive member for implementation, when necessary and appropriate
Action Timeframe	As required
Human Resources Required	Director Community and Governance
Relevant Areas	Investigation recommendations assigned to relevant Executive for implementations Responsible Officer: General Manager

d)	A summary of improvement actions originated from investigations is presented to the Audit, Risk and Improvement Committee for information, where appropriate
Action Timeframe	As required
Human Resources Required	Director Community and Governance
Relevant Areas	Investigation recommendations reporting to Audit, Risk & Improvement committee, where appropriate Responsible Officer: General Manager

6.11   Conduct and Disciplinary Systems

The objectives of this strategy are to ensure that:
- all Council employees understand that fraud and corruption will not be tolerated and that perpetrators will face disciplinary action.
- all Council employees have access to written information to assist them understand their ethical obligations.
- all Council employees understand that a complaint must not be made for an improper purpose.

a) Review Council's human resources policies to ensure appropriate provisions apply to staff who make a complaint for an improper purpose.	
Action Timeframe	31 December 2018
Human Resources Required	Manager Human Resources, The Mayor
Relevant Areas	Imposition of disciplinary action against staff Responsible Council Officer: General Manager Imposition of disciplinary action against the General Manager Responsible: The Mayor

b) When disciplinary action is required, a decision will be made as per Council's relevant human resources policies, relevant employment agreement and legislation	
Action Timeframe	As required
Human Resources Required	Manager Human Resources, The Mayor
Relevant Areas	Imposition of disciplinary action against staff Responsible Council Officer: General Manager Imposition of disciplinary action against the General Manager Responsible: The Mayor

7.   FINANCIAL AND RESOURCE IMPACTS

The accumulated financial impact of implementing the strategy is $65,000 for the period 2018-2020, of which $25,000 is included in the 2018/19 adopted Budget. An additional $40,000 per annum (indexed) should be included in the Long Term Financial Plan commencing from 2019/20 to complete the implementation of the actions contained within this strategy document.