



FRAUD CONTROL POLICY

RESPONSIBLE OFFICER: GENERAL MANAGER

1. Principles

This policy is applicable to Councillors, staff and delegates. It is designed to protect public funds and assets, protect the integrity, security and reputation of the Council and its staff and maintain a high level of services to the community.

There are two (2) elements to Council's policy:

- (i) Prevent of losses through fraud by the implementation of fraud prevention procedures; and
- (ii) A commitment to a policy of detection, investigation and prosecution of individual cases of fraud.

Fraud control is the protection of Council's assets from fraudulent exploitation. The desired outcome of this fraud control policy is elimination of cases of fraud involving staff and elimination, by all possible efforts, of fraud against Council generally.

2. Definition of Fraud

Fraud is not restricted to monetary benefits. For the purpose of this policy, fraud against Council is described as:

The dishonest misuse of Council's resources or using one's position and power for personal gain.

A basic test of fraud could include the following questions.

- (i) Was deceit employed?
- (ii) Was the action unlawful?
- (iii) Did it result in money/benefits being received to which the person was not entitled?

Some examples of fraud include:

- Unauthorised use of Council plant and equipment;
- Private use of Council's inventory and stores;
- Claiming unworked overtime on time sheets;
- Providing confidential Council information to unauthorized people or bodies;
- Allowing contractors to not fully meet contract requirements.

3. Council Expectations

Councillors, the General Manager, Directors and Managers are responsible for fostering an environment of active fraud control within their areas, which makes it the responsibility of all staff to issue clear standards and procedures to encourage the minimization and deterrence of fraud.

It is the responsibility of Directors/Managers to ensure that the management decision making process is as open and public as possible. Fraudulent conduct breeds in an environment where systems, standards and procedures are not clear and are therefore open to exploitation. It is in the best interests of effective fraud control for decision making to be visible and unambiguous to staff, Councillors and the community as a whole.

Fraud control is concerned ultimately with the effective utilisation of resources and the minimization of waste, mismanagement and fraud. Measures to prevent fraud should be continually monitored, reviewed and developed particularly as new systems or arrangements are introduced or modified.

4. Fraud Prevention

Council is committed to preventing fraud at its origin. Fraud flourishes in an environment where there are insufficient controls to prevent waste, abuse and mismanagement. Council believes that an emphasis on fraud prevention, rather than fraud investigation, will lead to a reduction of these opportunities for waste, abuse and mismanagement.

The underlying thrust of Council's policy on fraud prevention is to encourage the public and staff to understand that fraudulent acts against Council are unacceptable, may constitute a criminal offence and will be prosecuted. Any effective fraud prevention strategy must recognize that prompt action needs to be taken when fraud is detected, both to bring the fraud to an end and to discourage others who may be inclined to commit similar conduct.

5. Ethics

Council's Code of Conduct provides guidance to Councillors and staff in what is accepted practice and behaviour and sets ethical standards at a level above the Law.

Council's values also reinforce ethical behaviour:

Employees will always:

- be fair and equitable*
- act with honesty and integrity*

Council recognizes that fraud prevention requires the maintenance of an ethical climate which encourages all staff to be active in protecting Council's funds and assets, and in reporting any breaches of accepted standards.

Directors/Managers must be mindful of their responsibility to foster and develop in their areas the highest standards of ethical behaviour and commitment to a highly ethical workforce culture.

6. Rights of Employee

In the case of any instance of alleged fraud, any such accusations shall be brought to the attention of the person against which such allegations are made at the earliest opportunity and any such person shall, in a case of an investigation into any such alleged conduct, be entitled to obtain independent Union and/or legal advice regarding such matters.

Council recognizes that in such circumstances where the allegation of fraud carries the imputation of criminal conduct, then such employee's right to silence shall be recognised.

7. Role of Management Auditing

Fraud control is **management responsibility**. Management shall develop a fraud prevention program by:

- (i) Arranging training awareness seminars for all staff;
- (ii) Ongoing review of Council's Code of Conduct;
- (iii) Pay inserts or relevant brochures/posters;
- (iv) Conduct fraud risk assessments and develop a contingency plan.

8. Report Corrupt Conduct

Council's Code of Conduct defines the internal reporting procedure within sections 11 and 12 of the Code.

Coonamble Shire Council - 2008