

SUBJECT: <i>FRAUD PREVENTION AND CONTROL POLICY</i>	FILE NO:	PER/0500; COU/0603
ADOPTED BY COUNCIL ON: 21 August 2014	MINUTE NO:	875.07.2014
AMENDED BY COUNCIL ON:	MINUTE NO:	

Introduction

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

Objectives

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

Flinders 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; and
- 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 with guidance from the following publications:

- Report of the Auditor-General, No 1 of 2013-14, *fraud control in local government, August 2013*

Identification

This Policy applies to:

- The Mayor, Councillors, Managers, Workers and Representatives of Flinders Council. They are responsible for the identification and management of all risks associated with the performance of Council functions and the delivery of Council Services.
- Situations where fraudulent or suspicious behaviour is suspected and/or has been identified.

Definitions

Corruption

Corruption is defined by Australian Standard (AS8001-2008) as '*dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.*' Corruption is any conduct that is improper, immoral or fraudulent.

Fraud

Fraud is defined by AS8001-2008 as '*dishonest activity causing actual or potential financial loss to any person or entity including theft of monies or other property by Council officers or persons external to the entity and whether or not 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.*'

The above definition does not have to be tangible and, includes the following types of offences: (the following list is not intended to be exhaustive)

- Theft/stealing;
- Abuse of position and power for personal gain;
- Unauthorised and/or illegal use of asset, information or services for private purposes;
- Manipulation of computer programs for improper purposes;
- Manipulation and misuse of account payments;
- Obtaining a financial advantage or any other benefit by deception;
- Conflicts of interest;
- Bribery (accepting personal gifts and benefits);
- Use of intellectual property;
- Use of corporate credit cards;
- Causing a loss, or avoiding or creating a liability, by deception;
- Making, using or possessing forged or falsified documents;
- Unlawful use of vehicles, telephones and other property or services;
- Perverting the course of justice;
- Elected members dishonestly using influence;
- Election bribery;
- Election funding offences;
- Election fraud; or
- For any dishonest or improper purpose

Policy Guidelines

Expectations

- a) 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.

- b) All staff are expected to develop, encourage, insist upon and implement sound financial legal and ethical decision making within their responsibility levels.
- c) All 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.
- d) All staff and Councillors must declare any interests in relation to matters they are currently considering, investigating or making a decision on.
- e) Fraudulent acts against the Council are unacceptable and may constitute a criminal offence.
- f) Any Councillor or staff member who suspects fraudulent behaviour must report it immediately to their Manager or the General Manager

Responsibilities for Directors/Managers

- a) Managers/Coordinators are expected to lead by example and to demonstrate integrity and fairness in decision making and to be open and honest in their dealings with others.
- b) Managers/Coordinators must ensure that the three elements required for effective management of fraud prevention are evident in the workplace. The three elements are as follows:
 - I. Positive attitude of management towards internal control. Expressed through interest, involvement, policies and procedures.
 - II. The selection and development of quality staff who demonstrate high ethical standards. The appropriate application of leadership and training to all staff will enhance the quality of performance and therefore control. Ensuring Position Descriptions include risk management control (including fraud) responsibilities.
 - III. The monitoring of systems, whether informal information gathering, active supervision of formal information systems.
- c) Managers/Coordinators are expected to make themselves familiar with, and implement Council's Fraud Prevention and Control Policy.
- d) Managers/Coordinators are required to promptly advise the General Manager or Departmental Manager of instances of suspect or actual fraud. All such matters must be dealt with in accordance with other relevant internal reporting procedures.
- e) When fraud is detected, Managers/Coordinators must take prompt action both to stop fraudulent behaviour and to discourage others who may be inclined to commit similar conduct.

Fraud Detection

- Council will employ a number of internal fraud prevention mechanisms to ensure early detection of suspicious or fraudulent behaviours.

- Fraud detection may include monitoring staff and transactions and maintaining and developing internal security.

Fraud Investigation

- If the General Manager has reason to suspect that fraud has occurred the Mayor must be immediately notified.
- 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 Tasmanian Police.

Policy Delivery and Monitoring

- 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.
- Council staff will receive appropriate training to improve awareness of fraud risks and fraud Management within the workplace.

Related Legislation, Regulations and Policies

- *Local Government Act 1993*
- AS8001-2008 Fraud and Corruption Control
- *The Public Interest Disclosures Act 2002 (Tas)*
- AS/NZS ISO 31000 Risk Management
- Staff Code of Conduct Policy (HR11)
- Risk Management Policy (W4)
- Elected Members' Allowances & Reimbursements Policy (G6)
- Quasi-Judicial Policy (G10)
- Flinders Council Code of Conduct for Elected Members
- Council Gift Register

Responsibilities

Responsibility for the operation of this policy rests with the General Manager.