	Fraud Control and Corruption Prevention Policy	**(Policy No. 1.11)**		
		LAST REVIEW	NEXT REVIEW	MINUTE REF
		March 2017	March 2019	C141/6-17

POLICY STATEMENT	1.1	Kingborough Council is responsible for providing leadership and good governance to the Kingborough community through strong financial management and human resource practices. The Council is committed to developing and maintaining an organisational culture which is supported by appropriate controls, procedures and strategies, which prevent fraud and corruption.
		Council will not tolerate fraudulent or corrupt conduct from its own staff, contractors, elected members or others working for Council. The risk of fraud or corruption can come from within the Council and from external parties.
		Elected members and staff will at all times act with integrity and must not engage or collude in any activities including fraudulent or corrupt conduct which damages the Council's good standing in the community This includes fraudulent or corrupt activities which may benefit the Council.
		Elected members and staff have a responsibility to report suspected fraud and/or corrupt conduct. Elected members and staff are encouraged to be constantly vigilant and report in confidence, without fear of reprisal, any matter that they regard as suspicious.
		All suspected instances of fraud or corrupt conduct will be reported and investigated. The Council does not condone fraudulent or corrupt conduct and will institute disciplinary procedures in respect of any employee involved in such activities. Prosecution in the civil court will be taken against any person found to be involved in fraud or corrupt conduct to recover losses incurred by the Council where this is appropriate.
		In the event that an investigation indicates that a criminal offence may have been committed, any information obtained by Council will be referred to the Police.
		False allegations of suspected fraud or corrupt conduct with the intent to disrupt or cause harm to another may be subject to disciplinary action in accordance with the provisions in Council's Code of Conduct.
OBJECTIVE:	2.1	The objective of the policy is to:
		• protect Council's assets and reputation;
		• promote a sound ethical culture within Council;
		• outline Council's commitment to identifying risk exposures to fraud and corruption;
		• establish procedures to prevent, detect and report fraud and corrupt conduct; and
		• ensure all staff and councillors are aware of their responsibilities in relation to ethical conduct and the prevention of fraud and corruption.
DEFINITION:	3.1	Fraud is defined as 'inducing a course of action by deceit or other dishonest conduct, involving acts or omissions or the making of false statements, orally or in writing, with the object of obtaining money or other benefits or evading a liability.. This includes any benefits, tangible or intangible, which are extended to close associates of the perpetrator such as family or 'friends'.
		It is widely accepted that fraud occurs where an opportunity exists (poor controls), there is a motivated offender and the offender rationalises their deceptive behaviour.

Some examples of fraud include:

- unauthorised use of Council's plant and equipment;

- misappropriation of funds;

- falsification of expense claims;

3.2 Corruption is defined as 'an activity in which a director, 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'.

Some examples of corruption include:

- payment of secret commissions (bribes);

- accepting gifts from contractors, consultants and customers inconsistent with the requirements of Council's Code of Conduct;

- inappropriate use of position to obtain goods and services;

- release of confidential information for other than a proper business purpose;

- collusive tendering;

- serious conflict of interest involving a councillor, manager or employee acting in their own self-interest, or in the interest of a related party;

- manipulation of procurement processes;

A number of these issues are specifically covered in Council's Code of Conduct for both councillors and employees.

POLICY:	4.1 **Applicability**
	This policy applies to all councillors, special committee members, employees, contractors and consultants of the Council.
	4.2 **Leadership**
	Strong leadership by councillors and senior management is critical to effective fraud control and corruption prevention. Councillors and management must contribute to the creation and maintenance of an ethical culture where employees feel prepared to report suspected fraud or corrupt conduct and are supported when they do so.
	4.3 **Education and Awareness**
	The likelihood and impact of fraudulent or corrupt behaviour will be minimised by promoting a sound ethical environment. This approach reduces the risk of fraud or corruption, and allows greater reliance on the integrity of individuals rather than on direct measures. It is the responsibility of all employees, councillors, contractors, consultants and others directly involved with Council to set an example through ethical and prudent use of Council assets and/or resources.
	Staff and councillors have a duty to advise management of any concerns they have about the conduct of Council affairs or the use of Council assets and/or resources which are likely to raise concerns surrounding fraud and corruption.
	This Fraud Control and Corruption Prevention Policy will be brought to the attention of all persons directly associated with Council and will be included in Council's induction program/s.
	Staff with particular responsibilities such as cash handling, purchasing authority and account payment, will be given specific training in approved cash handling, purchasing and accounts payment procedures.

4.4 Roles and Responsibilities

(a) Councillors

Councillors have a responsibility to abide by the adopted Code of Conduct. Councillors need to keep in mind the Code of Conduct when considering reports, making decisions and scrutinising Council's activities.

Council will support all policies and measures taken to prevent, deter, detect and resolve suspected instances of fraud or corruption.

(b) Audit Panel

The role of the Audit Panel is to assist Council in providing a transparent and independent process in its financial and risk management practices to ensure accountability to the community in the governance, management and allocation of resources.

The Audit Panel will review the risk management framework and ensure that procedures exist for the effective identification and management of Council's financial, governance, business and environmental risks, including fraud and corruption.

(c) Senior Management

Senior Management are responsible for ensuring that there are adequate internal controls to provide reasonable assurance for the prevention and detection of fraud and/or corruption. Achievement of this is assisted by:

- compliance with Council policies, rules and regulations;

- ensuring Councillors are aware of their obligations as included in the Council's Code of Conduct for Councillors;

- ensuring staff are aware of their responsibilities as outlined in the Council's Code of Conduct for Employees and through adequate induction, training, supervision and written procedures;

- responding to issues raised by both the internal and external auditors.

All suspected cases or incidents of fraud or corrupt conduct are to be reported immediately to the General Manager. The General Manager will promptly investigate such cases or incidents in accordance with the directions of the Council's solicitors and / or the Fraud Control and Corruption Prevention Procedure (to be developed).

Any allegations of fraud or corrupt conduct relating to the General Manager are to be reported to the Mayor.

(d) Employees / Contractors /Consultants

Employees, contractors and consultants have a duty to make management aware of any concerns they have about the conduct of Council affairs or the use of Council assets and/or resources. Any issues raised by them should be promptly investigated. Confidentiality of issues raised must also be maintained.

4.5 Procedures

The Fraud Control and Corruption Prevention Procedure (to be developed) must be followed for all investigations of fraud or corruption.

4.6 Disciplinary Action

If an investigation report concludes there has been a breach of the Council's Code of Conduct, or any other applicable procedure, action will be taken in line with the Code.

Any situation where it has been established that an employee has committed a fraudulent or corrupt act will result in the immediate termination of employment.

Where it is established that it is likely that a fraudulent or corrupt act has been committed the matter is to be referred to the Tasmanian Police for investigation and/or prosecution.

Council will take appropriate action to recover any losses as a result of such activities.

4.7 Evaluation

Any incidences of proven fraud or corrupt conduct will be evaluated with the purpose of quantifying the loss; determining whether or not any controls or measures have failed; developing a communication strategy and assessing the responsiveness of the Council to mitigate the loss.

A report on this evaluation will be provided to the Audit Panel.

4.8 Risk Management

The measures required to satisfactorily address the risk of fraud and corruption depend on the nature and extent of risks faced. It is therefore necessary to undertake a risk assessment on an annual basis of Council's activities. The outcome of these assessments will then be used to formulate appropriate controls to mitigate any identified risks.

The following fraud and corruption minimisation procedures are to be followed:

- accountability of senior managers for the results and deviations from budget in the monthly management reporting for departments. Further independent detailed reviews of significant variances that may arise will be arranged by the General Manager.

- periodic review of Council operations and an assessment of the Council's exposure to the risk of fraud and corruption.

- an ongoing internal audit process. Internal controls supported by internal audit reviews on a regular basis will minimise the exposure to fraud and corruption risk and minimise the occurrence of fraudulent or corrupt acts.

- external audit review with the focus on accountability of financial systems and reporting processes.

- the maintenance of strict recruitment practices, including the confirmation of all relevant employees' details and thorough checking of references, including police checks on applicants successfully applying for senior positions, and the promotion of this policy to all new Council employees.

- all assets are to be properly recorded and regular checks are performed to ensure that significant items are present.

- setting a standard of conduct for suppliers and contractors.

- a regular review of work practices that may be open to collusion or manipulation.

- ensuring that penalties are in place should a staff member be found guilty of fraud or corruption.

- ensuring that Council management have been trained in identifying indicators of fraud and corruption.

4.9 Early Warning Signs

The following are some behavioural warning signs that all staff and managers should be aware of in relation to potential fraudulent or corrupt behaviour:

- refusing to take leave.

- regularly working back without supervision

- resigning suddenly or failing to attend work for no apparent reason.

	• drugs or alcohol abuse.
	• a senior manager or staff member who over-rides internal controls.
	• persistent anomalies in work practices.
	• bullying or harassment
	• obvious lifestyle changes that are in conflict with an employee's normal financial position.
	4.10 Linked Documentation
	• Code of Conduct
	• Customer Service Charter
	• Public Interest Disclosures Policy
	• Code for Tenders and Contracts
	• Purchasing Policy
	• Risk Management Policy
	4.11 Review of procedure
	The Fraud Control and Corruption Prevention Policy will be reviewed annually.
ATTACHMENTS:	• Nil