



Fraud and Corruption Control Policy

Department/Unit	Community and Corporate Services - Governance and Risk	First Implemented	15 December 2015	Review Date	24 November 2021
Origin	Fraud Prevention and Control Policy	Reviewed	20 February 2018 31 December 2019	Version	5
Authorising Officer	Chief Executive Officer	Effective From	xxx	TRIM Reference	E698/E709

Purpose/Objective

This Policy is designed to demonstrate Council's commitment to the prevention, detection and investigation of any fraudulent or corrupt activity. Mansfield Shire Council is committed to protecting public money, assets, information and its reputation from any internal or external persons or legal entity, including contractors, agents, intermediaries or employees to gain financial or other benefits by deceit or dishonest conduct.

The Policy objectives are:

- ▶ To summarise the responsibilities and expected behaviours of Councillors, Council officers, contractors, volunteers and all other associated external parties of Mansfield Shire Council with regards to fraudulent and corrupt activities;
- ▶ Protect Council's assets and reputation, staff and rate-payers;
- ▶ Provide a transparent, consistent approach to managing suspected fraud and corrupt activities; and
- ▶ Encourage, support and protect persons who report suspected fraud and corruption.

Policy Statement

Council, in collecting and expending revenue, and managing assets, has a responsibility to the community, ratepayers, government departments and other stakeholders for ensuring these resources are protected against the risk of fraud and corruption.

Council has a zero -tolerance towards fraud and corruption., We promote an organisational culture that prevents, detects and deters fraud and corruption.

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Council will take action against any suspected acts of fraud or corruption, regardless of the position held by or relationship to any person who may become subject to investigation.

Council has controls to reduce the possibility of fraud or corruption occurring. These controls are in line with AS800:2021 which outline the minimum requirements for organisations who want to maintain an effective fraud and corruption Control system (FCCS). These policy and procedures require Councillors and officers to:

- ▶ Demonstrate transparency and build integrity into every decision and action;
- ▶ Be aware of and recognise Cyber threats and fraud events;
- ▶ Develop and maintain evidence based risk registers;
- ▶ Ensure impartiality of decision making, advice and review;
- ▶ Provide clarity around responsibility and accountability, including disclosures, conflicts of interest and reporting; and
- ▶ Support the approach through tailored education and training.

Council expects its Councillors, staff and volunteers to maintain a high standard of ethical conduct, particularly with respect to resources, information and authority. Council is expected to conduct its business in a fair and honest manner.

All allegations of suspected fraud will be immediately, and fully, investigated and appropriate action taken as per the relevant code of conduct. Council has zero -tolerance with regards to taking reprisals against those who come forward to disclose fraudulent or corrupt conduct.

Definitions

CEO:	Mansfield Shire Council Chief Executive Officer who is responsible for mandatory reporting to IBAC of suspected corrupt conduct.
Council:	Mansfield Shire Council
Corruption:	<p>Corruption is defined in s4 of the <i>Independent Broad Based Anti-Corruption Commission Act 2011</i>. It is dishonest activity in which employees act against the interests of their employer and abuse their position to achieve personal gain or advantage for themselves or for others. Examples of corruption include:</p> <ul style="list-style-type: none"> ▶ payment or receipt of bribes ▶ a serious conflict of interest that is not managed and may influence a decision ▶ nepotism, where a person is appointed to a role because of their existing relationships rather than merit ▶ manipulation of procurement processes to favour one tenderer over others ▶ gifts or entertainment intended to achieve a specific outcome in breach of an agency's policies.

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Fraud:	<p>Fraud is dishonest activity involving deception that causes actual or potential financial loss. Examples of fraud include:</p> <ul style="list-style-type: none"> ▶ Theft, embezzlement or other misappropriation of funds or assets. ▶ Bribery or kick-backs. ▶ Unlawful and/or unauthorised use of facilities such as telephones, mobile phones, information technology. ▶ Misuse of Council credit cards and petty cash. ▶ Misuse or unauthorised selling of Council's intellectual property or data. ▶ False claims for reimbursement. ▶ Misappropriation of cash or credit cards. ▶ Forgery or alteration of documents. ▶ Destruction or concealment of records or assets. ▶ Collusive tendering. ▶ Receipt of tendering inducements. ▶ Unauthorised use of assets, equipment or material. ▶ Electronic fraud. ▶ Payroll fraud. ▶ Human relationships that could bypass internal controls.
Fraud and Corruption Control System	<p>The plans and policies that make up a system to detect and deter Fraud and Corruption from occurring, e.g. Public Interest Disclosures, Fraud and Corruption Control, Gift Policy.</p>
Fraud and Corruption Control Plan:	<p>A document summarising Council's fraud and corruption risks and associated action strategies, either in place or in development, to minimise or combat those risks. The control plan is intended to prevent and limit the effects of fraud. It can be found attached to this Policy.</p>
Management:	<p>Staff in supervisory positions</p>

Scope

This policy applies to all Council employees, Councillors, contractors, consultants, volunteers and other authorised personnel of Mansfield Shire Council.

Responsibilities

Overall responsibility for the application of this Policy is held by the Chief Executive Officer.

For the fraud prevention controls to be effective, the responsibility for the policy must not be one staff member or a group of staff members, but must include Council, management, employees and auditors' functions.

The Corporate and Community Services Directorate is the owner of this policy. Any reviews of this Policy must be made in consultation with the Manager Business and Performance.

Council

Council is a key driver of good governance of the municipality and should be exemplary in relevant operations. It is responsible for setting the highest standards of honesty, accountability and integrity in the provision of services to the community and the management of the organisation. Council will ensure that the CEO has appropriate measures in place to detect and prevent fraud.

CEO

The CEO has principal responsibility for fraud control to ensure compliance with Standards and Guidelines and appropriate governance structures are in place. The CEO or delegate will immediately investigate any allegations of fraud (reported or otherwise), take legal action and/or report to Council when necessary.

If there is suspicion that alleged fraud arises from corrupt conduct, the CEO must report the matter to the Independent Broad-based Anti-corruption Commission (IBAC) pursuant to the mandatory reporting requirements legislated under s57A of the IBAC Act.

Executive Management Team (EMT)

It is EMT's responsibility to:

- ▶ Support the CEO and Management in their responsibilities; and
- ▶ To report to the CEO any suspicions of fraud or corruption.

Management

It is management's responsibility to:

- ▶ identify risk exposures to corrupt and fraudulent activities;
- ▶ establish controls and procedures for prevention and detection of such activities;
- ▶ arrange guidance and instruction to all staff relative on induction, of responsibilities and fraud reporting requirements to be overseen by Human Resources;
- ▶ maintain effective auditing and reporting on key financial systems;

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- ▶ immediately implement action plans identified in any risk assessments to eliminate or reduce the fraud risk and report on the outcome of these plans with 12 months of implementation; and
- ▶ monitor and actively manage excessive outstanding leave of staff.

Employee/Contractor/Volunteer

Employees, Contractors and Volunteers are responsible for:

- ▶ acting with propriety and the highest standards of ethical behaviour in all Council activities;
- ▶ not using their position with the Council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity;
- ▶ safeguarding Council funds, assets and intellectual property against theft, misuse or improper use; and
- ▶ reporting any suspected fraud.

Finance Manager

The Finance Manager will prepare, implement and monitor the Fraud Prevention and Control Plan in consultation with the Executive Management Team and the Audit and Risk Advisory Committee. A copy of the Plan is appended to this Policy.

Coordinator Information Technology

Information Coordinator will prepare, implement and monitor information security management systems consistent with ISO/IEC 27001 *Information technology – Security techniques – information security Management Systems – Requirements*.

Advisor People and Culture

The advisor is responsible for a robust workforce screening process covering before appointment, upon promotion and prior to the probationary period, and include system can regular reviews of those positions with particular risk exposures; and any changes in an employees personal circumstances.

Audit and Risk Advisory Committee

This Committee plays a key role in fraud control through providing an independent review of Council's audit and controls, annual financial statement and review of key policies (as per the Charter). This includes revenue and expenditure, assets and liabilities.

External Audit

External audit is conducted by the Victoria Auditor General's Office (VAGO) in accordance with the Audit Act 1994 which incorporates the requirements of the Australian Auditing Standards. The external auditor's objective is to obtain reasonable assurance about whether the financial statements and performance statement, as a whole are free from material misstatement, whether due to fraud or error.

The external auditor will identify and assess the risks of material misstatement of the financial statements and performance statement, whether due to fraud or error, design and perform audit

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procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion.

If during the audit the external auditor identifies any material weaknesses in the design or implementation of the Council's internal controls over financial reporting or the performance reporting, they will communicate them to management via their management letters.

Internal Audit

Internal Audits assist management and, in turn, Council to achieve sound managerial review and control over all Council assets and activities. Internal audits provide an independent and objective assurance and consulting activity, enabling Council to accomplish its objectives by bringing a systematic, disciplined approach to:

- ▶ evaluating checking and control systems; and
- ▶ improving the effectiveness of management and corporate governance:
- ▶ Ensuring there are appropriate mitigation strategies that align with Councils' risk appetite, and
- ▶ Changes the level of fraud and corruption risk and communicates that to Council.

The main objectives of Internal Audit are to assess and report on whether:

- ▶ there are sufficient internal controls in place to safeguard the Council's finances, assets and integrity of information;
- ▶ there is adequate compliance with relevant laws/statutes and with Council's policies and procedures; and
- ▶ functional areas are being operated efficiently and effectively.

References / Related Policies

- ▶ Child Safe Policy
- ▶ Governance Rules as per section 9 of the Local Government Act 2020
- ▶ Audit Committees: A Guide to Good Practice for Local Government, January 2011
- ▶ Australian Standard AS8001–2021, Fraud and Corruption Control
- ▶ Conflict of Interest: A Guide for Council Staff, October 2011
- ▶ Local Government Act 2020
- ▶ Independent Broad-based Anti-corruption Commission Act 2011 (IBAC Act)
- ▶ Integrity and Accountability Legislation Amendment Bill 2015
- ▶ Mansfield Shire Council Employee Code of Conduct
- ▶ Mansfield Shire Fraud Prevention and Control Plan 2019
- ▶ Mansfield Shire Council Procurement Policy and associated Procedures
- ▶ Mansfield Shire Council Protected Disclosure Policy 2020
- ▶ Mansfield Shire Councillors' Code of Conduct
- ▶ Mansfield Shire Council Contract Management Policy and Procedures 2019
- ▶ Mansfield Shire Council Asset Accounting Policy 2020

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- ▶ Mansfield Shire Council Accounts Payable Policy 2019
- ▶ Mansfield Shire Council Application and Administration of Grants Policy 2021
- ▶ Mansfield Shire Council Borrowing Policy 2021
- ▶ Mansfield Shire Council Investment Policy 2021
- ▶ Mansfield Shire Council Expenses Policy 2020
- ▶ Mansfield Shire Council Audit and Risk Advisory Committee Charter
- ▶ Mansfield Shire Council Risk Management Strategy
- ▶ Mansfield Shire Council Public Interest Disclosures Policy 2020
- ▶ Mansfield Shire Council Sale of Council Assets Policy
- ▶ Protected Disclosure Act 2012

Human Rights Review and Statement

This Public Interest Disclosure Policy has been assessed against the Charter of Human Rights and Responsibilities Act 2006 and practical steps have been taken to ensure the Policy does not unreasonably limit or restrict any human rights.

The Public Interest Disclosure Policy will be reviewed at least every four years, or more frequently if there are changes to legislation or internal processes that impact the policy.

Implementation

This Policy is effective from 16 December 2021.

Review Date

This Policy is to be reviewed by 31 December 2025.

Authorisation to Implement Policy

Signed: 
Mayor

Approval dated: 21 December 2021

Mansfield Shire Council reserves the right to review, vary or revoke this Policy at any time.