FRAUD CONTROL POLICY

VERSION: TBA; ADOPTED: 28 JULY 2023

1. INTRODUCTION

Brewarrina Shire Council is committed to the prevention, deterrence and investigation of all forms of fraud. Fraud can be damaging to the Council through financial loss, bad publicity and loss in public confidence.

2. OBJECTIVE

This policy covers guidelines and responsibilities regarding appropriate actions that must be followed to increase the awareness of, and, for the investigation of fraud. Management of the risk of exposure is an important area to monitor and the Council needs to be assured that appropriate and transparent procedures are in place. This document forms part of the 'Brewarrina Shire council - Code of Conduct' which Councillors and employees are required to abide by.

The objective of the policy is to:
- Protect Council's assets and reputation;
- Ensure a sound ethical culture of the Council;
- Ensure senior management commitment to identifying risk exposures to fraud and for establishing procedures for prevention and detection.
- Ensure Councillors and staff are aware of their responsibilities in relation to ethical conduct.

3. DEFINITION

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 benefit from, or evading a liability to, the Council'.
Some examples of fraud include:
- Unauthorised use of Council's plan, furniture and equipment;
- Any misappropriation of funds;
- Accepting gifts from contractors, consultants and customers;
- Falsification of expense claims;
- Inappropriate use of position to obtain goods or services.

A number of these issues are specifically covered in the 'Brewarrina Shire council - Code of Conduct', which has been issued to all Councillors, Committee members and Staff.

4. ELEMENTS OF THE POLICY

4.1 Applicability
4.2 Education and Awareness
4.3 Roles and Responsibilities
4.4 Procedures
4.5 Disciplinary Action
4.6 Risk Management
4.7 Fraud Control Plan
4.8 Linked Documentation

4.1 Applicability

This policy applies to all Councillors, committee members, employees, contractors and consultants of Brewarrina Shire Council.

4.2 Education and Awareness

The likelihood and impact of fraudulent behaviour will be minimised by promoting a sound ethical environment. This approach reduces the risk of fraud, and allows greater reliance of the integrity of employees rather than on direct measures.

It is the responsibility of all employees, Councillors, Committee members, contractors and consultants to set an example through ethical and prudent use of Council assets and 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 resources.

The Fraud Control Policy and the Fraud Control Plan will be brought to the attention of all current and new staff. Both document will be included in the "Induction Manuel for New Employees"

4.3 Roles and Responsibilities

a. Councillors / Committee Members

Councillors and Committee Members have a responsibility to abide by its Code of Conduct. Councillors and Committee Members 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.

b. Senior Management

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

- Compliance with Council policies, rules and regulations:
- Ensuring staff are aware of their obligations as included in the 'Brewarrina Shire Council - Code of Conduct';
- Ensuring staff are aware of their responsibilities through adequate induction, training and supervision;
- Responding to issues raised by both the internal and external auditors.

All suspected cases or incidents of fraud are to be reported to the General Manager. The General Manager will promptly investigate such cases or incidents in accordance with the Fraud Control Plan (attached).

c. 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 resources. Any issues raised by them should be promptly investigated. Confidentiality of issues raised must also be maintained.

4.4 Procedures

The Fraud Control Procedure (attached) must be followed for all investigations of fraud.

4.5 Disciplinary Action

If an investigation report concludes there has been a breach of the Brewarrina Shire Council's Code of Conduct, or any other applicable procedure, action taken will be in line with the disciplinary procedure as documented in Sections 22 (Breaches of Code of Conduct) and 23 (Councillor Misbehaviour) of the 'Brewarrina Shire Council - Code of Conduct'.

4.6 Risk Management

The measures required to satisfactorily address the risk of fraud depend on the nature and extent of risks faced. It is therefore necessary to undertake a risk assessment in a regular basis. Whenever necessary, a refreshing awareness briefing on the Fraud Policy and Fraud Control Plan will be conducted by the responsible officer or other senior managements.

The Fraud Control Check Survey is conducted annually as part of the ongoing awareness program on Fraud Control.

The outcome of these assessments will then be used to formulate appropriate controls to mitigate any identified risks.

4.7 Fraud Control Plan

A Fraud Control Plan will be developed and reviewed each year by the General Manager or nominated department managers in the council.

4.8 Linked Documentation

- Local Govt Act 1993
- Code of Conduct
- Risk Management Policy
- Fraud Control Plan (Attachment)
- Fraud Control Health Check Survey (Attachment)
- Internal Reporting Policy – Public Interest Disclosures

ATTACHMENT - FRAUD CONTROL PROCEDURE

OBJECTIVES

This procedure covers appropriate actions and responsibilities that must be followed for the investigation of fraud.

PROCEDURE

1. Any employee, contractor or consultant who has reason to suspect that a fraud has occurred shall immediately notify his / her manager / supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee is to immediately notify the General Manager. The employee, contractor or consultant shall keep this information confidential. (Note: Should the incident relate to the General Manager, the matter should be reported to the Mayor).

2. Any Councillor or committee member who has reason to suspect that a fraud has occurred shall immediately notify the General Manager. The Councillor / committee member shall keep this information confidential.

3. The manager / supervisor, when receiving notification of suspected fraud, will immediately contact the General Manager. The manager / supervisor will not attempt to investigate the suspected fraud and will keep the information confidential.

4. The General Manager will promptly investigate the fraud upon notification of the details.

5. At the conclusion of the initial investigation of a Councillor, the General Manager will determine whether the matter should be referred to the Conduct Committee. If the matter is referred to the Conduct Committee, clause 22(b) of the Brewarrina Shire Council – Code of Conduct will apply.

At the conclusion of an investigation of a committee member, employee, contractor or consultant the General Manager will prepare a report. The report will contain:

1. The allegation/s
2. An account of all relevant information received, and, if the General Manager has rejected the evidence as being unreliable, the reasons for this opinion being formed
3. The conclusions reached and the basis for them, and
4. Any recommendation arising from the conclusions

Reference should be made to Clause 31 of the Local Government State Award where disciplinary action of a staff member is warranted.

Related Documents
Fraud Control Policy
Code of Conduct
Local Government State Award

Review of Procedure
The Fraud Control Policy will be reviewed annually.

1. INTENT

Brewarrina Shire Council ("Council") is committed to the Prevention, deterrence, detection and response to all forms of Fraud and corruption. **Council has a zero tolerance of fraud and corruption.**

Fraud can be defined a "dishonestly obtaining a benefit by deception or other means ". Council is responsible for administering significant levels of revenue, expenditure and property. These activities involve contact with a broad range of commercial partners, suppliers and the community.

Fraud and corruption can have a significant impact on Council's service delivery, reputation, finances and programs.

In response to Council's commitment to preventing fraud and corruption across the organisation, an effective **Fraud Control Plan** is formulated. Accordingly, a Fraud Risk Committee led by the General Manager is appointed to oversight an Internal Audit to ensure appropriate and transparent measures to prevent fraud and corruption are implemented across the organisation.

2. SCOPE

This Plan applies to all Council employees, Councillors and external parties including commercial partners, suppliers, and community representative involved in the provision of goods and services to Council.

3. FRAMEWORK

The Plan is based on the 10-element model detailed in the Crime and Corruption Commission publication Fraud and Corruption Control: Guidelines for Best Practice (2005). The ten elements are distributed along the three phases of prevention, detection and response, as shown below:

Elements	Spread across the 3 Phases as below		
	Prevention	Detection	Response
Integrated Council Policy	*		
Risk Assessment	*		*
Internal Controls	*	*	*
Staff education and awareness	*		*
Public Interest Disclosures		*	
Investigations		*	
Code of Conduct	*		
Internal Reporting		*	*
External Reporting			*
Client and Community Awareness	*		

4. ACCOUNTABILITIES

The individual accountabilities have been examined in-depth in the below tables under General Principles.

5. GENERAL PRINCIPLES

FRAUD CONTROL POLICY

5.1 Prevention of Fraud and Corruption

This stage outlines the frameworks, systems and processes in place across the local government to promote and support the prevention of fraud and corruption.

Element	Action Plan	Responsible Person	Time Frame
Integrated Policy	Council to endorse and promote the Risk Management policy, SMT to endorse Fraud Control policy and procedures as well as Control Plan. Council to ensure staff awareness of the plan on an ongoing basis.	General Manager & Senior Management Team	In every three years
Risk Assessment	Evaluate and assess fraud and corruption risk and include in Council Risk Register	General Manager	In every tree years
Internal Controls	Develop, approve, review and update various governance documents. e.g. Code of Conduct, Statement of Business Ethics, Conflict of Interest, Public Interest Disclosure, Fraud Prevention Procedure, Procurement Policy, Entertainment & Hospitality Policy, Gift Policy	General Manager	Ongoing Task
	Outline clear accountability and reporting responsibilities in staff position descriptions	HRM	
	Where fraud risks are known to exist (e.g. procurement, capital expenditure management, payroll, travel, entertainment recruitment etc), clearly document work processes are make available to council officers.	SMT	
	Conduct screening of potential new employees. Referee checks will be undertaken according to job position requirement and job nature.	HRM	On-going
	Monitor recordkeeping for adherence to record keeping and document management policies	FAM	As required
	Supervisors to monitor compliance with work procedures	SMT	On-going

	Supervisors to ensure proper and adequate advice and support is provided to staff on procedures where needed	SMT	On-going
	Senior Managers and officers to demonstrate adherence to work procedures	SMT	On-going
	Organisation chart to be kept, updated and available to all officers	HRM	On-going
	Include prevention of fraud and corruption as part of job description documentation for all staff	HRM	On-going
Internal Audit	Internal Audit to regularly review, risk management and internal control processes, and issue and provide recommendations for improved system.	Internal Audit FAM	On-going
Conflicts of Interest and Personal Disclosures	Regularly review Conflict of Interest Policy and Procedures and keep up-to-date	General Manager	In every 3 years
	Register of Interests for Councillors, General Manager and SMT must be kept up to date and disclosed where appropriate	General Manager	Annually
Committees	Form Fraud Risk Committee to specifically address fraud and corruption risk	General Manager	On-going
Staff Education and awareness	Policies and procedures and other related processes and information must be made available on Council Website	Public Officer	On-going
	Provide appropriate training to all staff on the contents and purposes of the Fraud Prevention Procedure and Fraud Control Plan	HRM	In every 2 years
Code of Conduct	Provide each new employee information on fraud and corruption control	HRM	Within one month of arrival
Staff Training	Promote ethical culture and awareness of fraud and corruption prevention and controls through the code of conduct training.	HRM	When the code is revised
Staff performance and development	Include culture, values and an organisational understanding in the performance appraisal and performance development processes of each council employee	HRM	Annually

Suppliers – Policies and Procedures	Include Fraud Prevention Procedure and Fraud Control Plan on the Council Website.	FAM and departments or officers making procurements	On-going
Supplier and Community Awareness	Make external parties dealing with the local government aware of the Fraud Prevention procedures Publish guidance on Council website on how to make a complaint or report suspicions of fraud	All Council staff	On-going
GIPA, Privacy requests and GIPA Disclosure Log	Promptly action requests for information on the plan and publish required information on website	Public Officer	On-going

5.2 Phase 2: Detection of Fraud and Corruption

This stage outlines the systems and processes in place to detect and expose fraud and corruption,

Element	Action Plan	Responsible Personnel	Time Frame
Internal Control	Each functional area should develop clearly documented work procedures which are communicated to staff Awareness and training of workflows and work processes must be provided	SMT	On-going
Public Interest Disclosures	Public Interest Disclosure Policies will be reviewed and kept update Management to take all reasonable steps to protect disclosers and ensure all victimisation is dealt with swiftly and appropriately All staff must comply with policy and procedures	General Manager	On-going
Internal Reporting	Make Fraud Allegation Reporting form readily available to all staff to allow reporting of suspicions of fraud Maintain appropriate register and records of all allegations received	General Manager	On-going but minimum as per internal Audit Plan
Investigation Process and Procedures	Staff must report all suspected instances of misconduct to General Manager	General Manger	As required

5.3 Response to Fraud and Corruption

This stage outlines the systems and process in place across the local government to respond to fraud and corruption. Various channels will be reported to ensure improvements or remedies for fraud and corruption.

Element	Action Plan	Responsible Personnel	Time Frame
Risk assessment; Internal Register and Fraud Incident Register	Report all alleged or proven fraud and/or corruption instances as a risk incident and record in the Fraud Incident Register	General Manager	Update the register when incident happened
Fraud incident Investigation	Conduct investigation according to Disciplinary Policy and Procedures, Public interest Disclosures Policy & Procedures The General Manager and designated Senior Manager(s) will decide whether the allegation constitutes improper conduct	General Manager and SMT	On-going
Report investigation	Investigation outcomes are to be supported and implemented by such means as are determined by the SMT	SMT	On-going
Internal Controls – policies and Procedures	Review policies and procedures made by investigators, internal or external audit.	General Manager	On-going
Staff education; awareness and training	Reinforce awareness of intern controls / prevention mechanism through training on any new processes or procedures State and reinforce Council's stance on fraud and corruption through relevant corporate communication	General Manager and SMT	On-going or required
External and mandatory reporting	Report fraud and corruption to following agencies in line with legislation: • Reporting suspected corrupt conduct, which includes fraud, to ICAC • Notify reportable losses to Office of Local Government, Minister and NSW Police Force if relevant	General Manager	On-going or required

	Implement all ICAC recommendations		
	Report fraud prevention and control matters in Annual Report, Operational Plan and Delivery Program		Annually
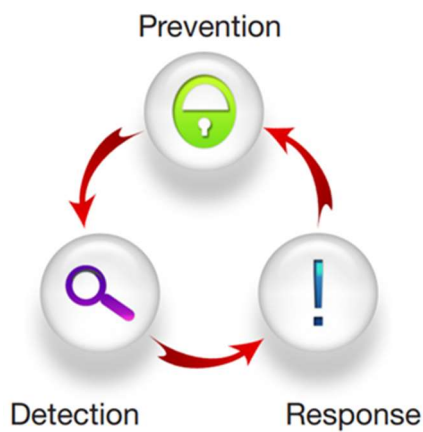
6. DEFINITIONS

Term	Definition
None	

7. LINKAGES

7.1. Applicable Legislative

This Policy Is To Be Read In Conjunction With The Following:

- All Legislation applicable to Brewarrina Shire Council
- Local Government Act 1993
- Local Government (General) Regulations 2005
- Local Government (NSW) Award 2023
- Audit Office NSW

7.2. Related Policies and Procedures

Please refer to the following Policies/Procedures:

- Fraud Control Plan
- Fraud Control Check
- Fraud Control Program
- Code of Conduct

- Risk Management Policy

8. REVIEW

This Policy will be reviewed every 3 years or as required in the event of legislative changes. Any amendment to the Policy must be by way of a Council Resolution or the approval of the General Manager.

9. POLICY AMENDMENTS

VERSION	DATE APPROVED	RESOLUTION NO	DESCRIPTION OF CHANGES
1			
2	28 JULY 23		Formatting update of legislation

1. FRAUD CONTROL HEALTH CHECK SURVEY

DEPARTMENT	
STAFF NAME AND TITLE	
DATE TO COMPLETE THE SURVEY	

2. CULTURE OF HONESTY AND ETHICS

Is there a written Code of Conduct?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is the Code of Conduct disseminated to all employees at the time of hire?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is there at least annual refresher training on the code of conduct for every employee?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is there a method of determining that employees understand the contents of the code of conduct?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Do employees have a communication avenue for asking questions when ethical situations arise?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is there a Confidential Reporting Mechanism for employees to use to report suspected or possible fraud without fear of reprisal?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is the Confidential Reporting Mechanism contact widely advertised so that all employees are aware of it?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is there a protocol for handling all Confidential Reporting Mechanism activity?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is activity of the Confidential Reporting Mechanism reported to executive management and the board?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Creating a Positive Workplace Environment:

Is there an employee recognition and reward system or compensation program?

☐ Yes   ☐ No   ☐ N/A

Comment_____

3. HIRING AND PROMOTING APPROPRIATE EMPLOYEES:

Are background checks, both criminal and work, performed on employees, especially those in positions of trust?

☐ Yes   ☐ No   ☐ N/A

Comment_____

4. TRAINING:

Is there a mechanism for tracking employee training and understanding of the code of conduct?

☐ Yes   ☐ No   ☐ N/A

Comment_____

5. NOTIFICATION AND CONFIRMATION

Are employees held accountable for proactively addressing the potential of fraud in the discharge of their assigned duties?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Are awareness of fraud and the management of fraud risks included in every managers, (perhaps employees) personnel evaluation?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Discipline:

Are there consequences for employees who commit fraud and are those consequences consistent and fair?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Are consequences pre-determined, that is defined in a fraud policy?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is there a formal procedure for documenting the consequences of each proven fraud?

☐ Yes   ☐ No   ☐ N/A

Comment_____

6. ANTI-FRAUD PROCESSES AND CONTROLS

Implementing and Monitoring Appropriate Internal Controls:

Is risk assessment performed by each division, location, or segment separately?

☐ Yes ☐ No ☐ N/A

Comment_____

Are possible misconduct schemes, fraud scenarios, fraud categories, and applicable business activity or process identified?

☐ Yes ☐ No ☐ N/A

Comment_____

Were consequences posed by each scheme and were management's tolerance for risks considered? (e.g. Reputation damage, Financial damage – Monetary loss; legal damage – Criminal or civil sanctions)

☐ Yes ☐ No ☐ N/A

Comment_____

Were they documented?

☐ Yes ☐ No ☐ N/A

Comment_____

7. APPROPRIATE OVERSIGHT PROCESS

Is there a communication mechanism by which executive management and the board is made aware of antifraud programs, controls, and results?

☐ Yes ☐ No ☐ N/A

Comment_____

Are staff advised of the potential fraud risks in the Council?

☐ Yes ☐ No ☐ N/A

Comment_____

Are staff made be aware of the elements of the Council's antifraud programs and controls?

☐ Yes ☐ No ☐ N/A

Comment_____

Are staff advised of all actual frauds and the actions taken to mitigate future similar frauds?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Are staff advised of activity to the Confidential Reporting Mechanism?

Comment_____

8. MANAGEMENT:

Is there a member of Senior Management Team designated as the responsible party or point of contact for the fraud prevention?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is the designated person the liaison with the office of the Inspector General?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Does the designated person provide continuous reinforcement of the antifraud programs to all employees?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Is the designated person responsible directly to executive management and the board for the antifraud programs of the Council?

☐ Yes   ☐ No   ☐ N/A

Comment_____

Manager to review the survey (Full Name and Signature)

_____