

## ITEM 11 POLICY REVIEW: FRAUD AND CORRUPTION PREVENTION POLICY

Council's rolling Policy Review Program requires policies to be reviewed every three years. The Office of the Professional Conduct Coordinator has reviewed the Fraud and Corruption Prevention Policy and the revised Policy is attached for the consideration of Council.

### RECOMMENDATION

- 1 The revised Fraud and Corruption Prevention Policy be endorsed for public exhibition for a minimum period of 28 days.
- 2 The revised Fraud and Corruption Prevention Policy be reported to Council for finalisation following the exhibition period.

### REPORT AUTHORISATIONS

Report of: Todd Hopwood, Manager Governance and Customer Service  
Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

### ATTACHMENTS

- 1 Draft Fraud and Corruption Prevention Council Policy

### BACKGROUND

The Fraud and Corruption Prevention Policy was developed to control the risk of fraud and corruption at Wollongong City Council. This Policy is now due for review.

### PROPOSAL

This Policy went before Council's Audit Risk and Insurance Committee (ARIC) in November 2018 for consultation and comment. The ARIC made several recommendations which have been incorporated, including a statement that Council will take decisive disciplinary action in instances where fraud or corruption are found to have occurred. The Policy Statement section has been expanded to include a commitment to ensuring staff awareness through regular training, and maintaining an effective system of internal controls for the prevention and detection of fraudulent or corrupt conduct. A signed commitment statement has also been inserted into the Policy, to demonstrate clear executive commitment to the prevention and detection of fraudulent and corrupt conduct.

As a number of changes have been made to the Policy, it is recommended Council endorse the revised Policy for exhibition. Any submissions received during the exhibition period will be reported to Council for consideration when adopting the Policy.

### PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2028 goal "We are a connected and engaged community" – "Our council is accountable, financially sustainable and has the trust of the community."

It specifically delivers on core business activities as detailed in the Governance and Administration Service Plan 2018-19.

### CONCLUSION

A robust Fraud and Corruption Prevention Policy allows Council to facilitate the development of controls that will aid in the detection and prevention of fraud against Council. The draft policy is considered to meet these aims and is submitted to Council for endorsement for exhibition.



ADOPTED BY COUNCIL: [TO BE COMPLETED BY CORP SUPPORT]

## BACKGROUND

This policy has been developed in order to control the risk of fraud and corruption. This is a governance issue which must be given due attention by Council management. Fraud and corruption **undermines the ability of Council to achieve its objectives, and** is costly in five ways:

- 1 Financial loss;
- 2 Waste of resources, including management time;
- 3 Loss of corporate reputation;
- 4 Loss of community confidence; and
- 5 Impact on employee morale and subsequent effects on productivity.

The minimisation of fraud and corruption is therefore essential to ensure that Council achieves its overall business goals and objectives in a cost effective and ethical manner, whilst meeting community expectations to protect public money and property.

## OBJECTIVE

The main objective of this policy is to set out Wollongong City Council's policy in relation to the prevention, detection and investigation of fraud and corruption in the Council work environment. This policy complies with NSW Government legislation and guidelines for Public Interest Disclosures (PIDs) and applies to:

- Councillors;
- All Council staff;
- Individuals who are engaged as contractors working for Council; and
- Other people who perform public official functions on behalf of the Council, such as volunteers.

Failure to comply with the provisions set out in the policy will constitute a breach of Council's Code of Conduct and may be considered misconduct and result in disciplinary action including termination of employment or legal actions.

## POLICY STATEMENT

Council is committed to protecting its revenue, expenditure and assets from any attempt either by the public, contractors, or its own employees to gain financial or other benefits by deceit. The policy principles underpinning the Council's approach to fraud and corruption control are as follows:

- 1 Wollongong City Council will not tolerate corrupt or fraudulent conduct by employees or by any Councillor, stakeholder, client, consultant or volunteer.
- 2 **Wollongong City** Council is committed to:
  - Minimising the opportunities for corrupt or fraudulent conduct by employees, Councillors, members of the public, contractors and clients.
  - **Maintaining an effective system of internal controls for the prevention and detection of fraudulent or corrupt conduct.**
  - **Ensuring staff are aware of their obligations to report suspected fraud or corrupt conduct through regular training.**
  - **Conducting periodic fraud risk assessments to identify emerging opportunities for fraud.**
  - Detecting, investigating and disciplining/prosecuting corrupt or fraudulent conduct.
  - **When corrupt conduct is detected, Council is committed to taking strong and decisive action to deal with such conduct, including making such findings known across the organisation as a deterrent.**

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- Reporting corrupt or fraudulent conduct to the Independent Commission against Corruption (ICAC) and the NSW Police where appropriate.
- 3 Managers are accountable for fraud and corruption control in their areas of responsibility.
- 4 Managers will adopt a risk management approach to fraud and corruption control, including proactive assessment of corruption or fraud risk, active implementation of mitigating controls and regular reporting to senior management.

### Definition of Corruption

~~Corrupt conduct by a public official commonly involves the dishonest or preferential use of power or position, a breach of public trust or the misuse of information or material acquired in the course of official functions.~~

### POLICY REVIEW AND VARIATION

- 1 Council is to have opportunity to review and adopt, at least once during its Term, each Council policy.
- 2 A resolution of Council is required to adopt any variations to this policy, with the exception of minor administrative changes, such as updates to legislative references, which may be endorsed by the Executive Management Committee (EMC). Endorsement of administrative changes made to this policy by EMC does not alter the requirement for it to be reviewed and adopted by each Term of Council.

## STATEMENT OF PROCEDURES

### Definition of Corruption

Corrupt conduct by a public official commonly involves the dishonest or preferential use of power or position, a breach of public trust or the misuse of information or material acquired in the course of official functions.

### Responsibilities

- The General Manager has ultimate responsibility for managing fraud and corruption risks in the Council.
- The executive and senior management is responsible for ensuring that the Council's Fraud and Corruption Control Plan is fully and effectively implemented.
- Line management is responsible for:
  - understanding and implementing the Code of Conduct and relevant Council policies
  - undertaking risk assessment of corruption or fraud risk, active implementation of mitigating controls and regular reporting to senior management.
- Staff are responsible for reporting corrupt and fraudulent conduct through the Council's internal reporting framework or directly to ICAC.
- The General Manager is obliged, under section 11 of the *Independent Commission Against Corruption Act 1988* (ICAC Act) to report any matter that he or she reasonably suspects involves or may involve corrupt or fraudulent conduct to the ICAC.
- Staff are responsible for behaving according to the Code of Conduct and relevant Council policies.

### Fraud and Corruption Control Plan

To assist managers to meet their fraud and corruption control responsibilities, specific strategies will be set out in the Council's Fraud and Corruption Control Plan, which will be developed and implemented by the Council's Professional Conduct Coordinator (PCC)..

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### Reporting

Staff have an obligation to report suspected fraud or corrupt conduct. Guidelines for reporting fraud and corruption are set out in Council's Internal Reporting Policy. All actual or suspected instances of fraud or corruption should be reported to Council's Professional Conduct Coordinator (PCC) as soon as possible, through the Council's internal reporting mechanisms.

### Investigation

All cases of alleged fraud and/or corruption will be investigated and where appropriate, reported to ICAC and may be referred to the NSW Police for prosecution. Guidelines for the investigation of alleged fraud and corruption are set out in Council's Fraud and Corruption Investigation Policy.

The objectives of any investigation will be to:

- identify fraud and corruption vulnerabilities in Council business processes and instigate remedial action;
- determine, and if appropriate, instigate any applicable insurance coverage aspects;
- identify offenders and refer them for prosecution; and
- where practical, instigate recovery action through insurances or through the criminal courts on behalf of Council.

Alternatively, the *Public Interest Disclosures Act 1994* lists a number of investigating authorities in NSW that staff can report wrongdoing to and the categories of wrongdoing each authority can deal with. In relation to Council, these authorities are:

- The Independent Commission Against Corruption (ICAC) – for corrupt conduct;
- The NSW Ombudsman – for maladministration;
- The Information Commissioner – for disclosures about a government information contravention; and
- The Office of Local Government – for disclosures on any of the above categories.

### COMMITMENT STATEMENT

The General Manager and Lord Mayor undertake to adhere to this policy, and actively demonstrate fraud prevention and control as outlined in the policy.

Signed:

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<b>COUNCIL FRAUD AND CORRUPTION RESPONSIBILITY STRUCTURE</b>			
<b>GENERAL MANAGER</b>	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Policy and Strategy</li> <li>• Business Risk</li> <li>• Corporate Governance</li> <li>• Compliance (legislative, regulatory, community)</li> <li>• Stakeholder value</li> <li>• Image</li> </ul>		
	<b>DIRECTORS and MANAGERS</b>	<ul style="list-style-type: none"> <li>• Lead by example</li> <li>• Develop and implement fraud and corruption prevention strategies for Department</li> <li>• Identify and mitigate actual and potential corruption risks in the workplace</li> <li>• Monitor and review the effectiveness of mechanisms implemented to minimise and detect corruption</li> <li>• Demonstrate ethical conduct in all business dealings</li> <li>• Promote awareness of fraud and corruption prevention and ethical conduct in the workplace</li> </ul>	
		<b>SUPERVISORS and LEADERS</b>	<ul style="list-style-type: none"> <li>• Promote awareness of ethical conduct and mechanisms to prevent corruption</li> <li>• Provide input to policies, procedures and instructions that relate to areas of risk</li> <li>• Drive the Fraud and Corruption Prevention Strategy</li> <li>• Provide ethical advice and support to staff</li> <li>• Monitor integrity of Fraud and Corruption Prevention Strategy</li> </ul>
	<b>EMPLOYEES</b>		<ul style="list-style-type: none"> <li>• Ethical behaviour</li> <li>• Report suspected incidents of fraud and corruption</li> <li>• Compliance with fraud and corruption prevention controls including the Fraud and Corruption Prevention Policy</li> </ul>

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SUMMARY SHEET	
Responsible Division	Office of the General Manager
Date adopted by Council	[To be inserted by Corporate Governance]
Date of previous adoptions	19 October 2015, 11 June 2013, 24 November 2009 Management Policy 24 November 1995
Date of next review	[List date - Not more than 4 years from adoption]
Prepared by	Professional Conduct Coordinator
Authorised by	General Manager

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