

ITEM 6 POST EXHIBITION - FRAUD AND CORRUPTION PREVENTION POLICY

Council's rolling Policy Review Program requires policies to be reviewed every 3 years. The Governance Unit has reviewed and revised the Fraud and Corruption Prevention Policy. The draft revised Policy was presented to Council for endorsement for public exhibition on 31 July 2023 and following exhibition is now recommended to Council for adoption.

RECOMMENDATION

Council adopt the revised Fraud and Corruption Prevention Policy.

REPORT AUTHORISATIONS

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

ATTACHMENTS

1 Fraud and Corruption Prevention Policy

BACKGROUND

The Fraud and Corruption Prevention Policy demonstrates Council's zero-tolerance approach to fraud and corruption as they are incompatible with our values and present a risk to the achievement of our objectives and the provision of our services to the public, in a cost-efficient, effective and ethical manner.

The public, our employees and other parties we deal with are entitled to expect all Council officials to act with integrity and to protect resources, information, reputation and the public interest. Therefore, Council is committed to an honest and ethical environment that minimises fraud and corruption.

PROPOSAL

The draft revised policy was presented to Council for endorsement for public exhibition on 31 July 2023. The draft policy did not include any significant policy position changes that changed the intent of the policy. However, the updated policy features several enhancements to aid in the reading and application of the policy, these include -

- Provide updated and contemporary definitions of fraud and corruption,
- Requiring any Council Official who suspects fraudulent or corrupt behaviour to report it in accordance with Council's Code of Conduct,
- Requiring a regular fraud and corruption training and awareness program to be implemented to ensure that Council creates a culture of zero tolerance amongst staff,
- Expanded detail and clarity on the roles and responsibilities of all council officials in relation to identification, management, and reporting of potential fraudulent or corrupt incidents or behaviour.

CONSULTATION AND COMMUNICATION

Council at its meeting on 31 July 2023 resolved to place a draft amended Fraud and Corruption Prevention Policy on public exhibition, inviting submissions from the public. Public submissions were invited between 3 August 2023 and 31 August 2023 with no submissions being received during the exhibition period.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2032 Goal 4. It specifically delivers on the following:

Community Strategic Plan 2032	Delivery Program 2022-2026
Strategy	Service
4.7 Demonstrate responsible decision-making based on our values, collaboration, and transport and accountable leadership.	Governance and Administration

RISK MANAGEMENT

Council has a zero-tolerance approach to fraud and corruption. The risk of fraudulent and corrupt conduct occurring is greatly reduced by a well-defined fraud and corruption policy and reporting process that will give confidence to Council staff and officials to make reports of suspected fraudulent or corrupt conduct.

CONCLUSION

The updated Policy demonstrates to staff, councillors and the community our commitment to fraud and corruption prevention and Council's zero-tolerance approach to fraud and corruption.



FRAUD AND CORRUPTION PREVENTION COUNCIL POLICY

ADOPTED BY COUNCIL: [TO BE COMPLETED BY GOVERNANCE]

PURPOSE

This policy has been developed to demonstrate Council's zero-tolerance approach to fraud and corruption. Fraud and corruption are incompatible with our values and present a risk to the achievement of our objectives and the provision of our services to the public, in a cost-efficient, effective and ethical manner.

The public, our employees and other people we deal with are entitled to expect all Council officials to act with integrity and to protect resources, information, reputation and the public interest. Therefore, Council is committed to an honest and ethical environment that minimises fraud and corruption.

POLICY INTENT

The intent of this policy is to set out Council's objectives in relation to the prevention, detection and investigation of fraud and corruption in all Council activities. This policy 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.

What is Fraud?

Fraud refers to dishonestly obtaining a benefit, or causing a loss, by deception or other means. Fraud against Council may include (but is not limited to):

- theft
- accounting fraud (e.g. false invoices, misappropriation).
- misuse of Council credit cards.
- unlawful use of, or unlawful obtaining of, property, equipment, material or services.
- causing a loss or avoiding and/or creating a liability.
- providing false or misleading information to Council or failing to provide information when there is an obligation to do so.
- misuse of Council assets, equipment or facilities.
- making, or using, false, forged or falsified documents, and/or
- wrongfully using Council information or intellectual property.

What is Corruption?

Corrupt conduct by a Council official is deliberate, serious wrongdoing that 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.

While it can take many forms, corrupt conduct occurs when:

- a Council official improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others

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- a member of the public influences, or tries to influence, a public official to use their position in a way that affects the probity of the public official's exercise of functions.
- a member of the public engages in conduct that could involve one of the matters set out in section 8(2A) of the ICAC Act where such conduct impairs, or could impair, public confidence in public administration.
- The community expects Council officials to perform their duties with honesty and in the best interests of the public. Corrupt conduct by a Council official involves a breach of public trust that can lead to inequity, wasted resources or public money and reputational damage.

Some examples of corrupt conduct are:

- a Council official participating in a decision-making process in which they have a financial or other type of conflict of interest
- a member of the public bribing a Council official to influence a decision of that official
- a Council official (including a former Council official) selling or distributing confidential information gained while working in an official capacity.

WOLLONGONG 2032 OBJECTIVES

This policy contributes to the Wollongong 2032 Objective 'our local Council has the trust of the community' under the Community Goal 'we are a connected and engaged community'.

COUNCILS' COMMITMENT TO THE PREVENTION OF FRAUD AND CORRUPTION

Council has a zero-tolerance stance towards fraud and corruption. This means it is committed to taking all reasonable steps to control fraud and corruption risks and to properly manage public resources in a way that assures the integrity of the activities of Council while maximising benefits for our community.

Council's and the Executive Management Team recognise that fraud and corruption occur in an environment where opportunities exist for serious and substantial waste, government information contravention, and maladministration. Therefore, creating a strong ethical culture and environment based on integrity with a strong internal control environment is a top priority. Council also recognises the significant value and importance of the contributions of all our people in enhancing administrative and management practices, including identifying risks, such as fraud and corruption risks.

POLICY

Council is committed to protecting its revenue, expenditure, information and assets from any attempt either by the public, contractors, or its own employees and officials to gain financial or other benefits by deceit.

Council's approach to fraud and corruption control will be underpinned by the following:

General Principles

- 1 Council will not tolerate corrupt or fraudulent conduct by employees or by any Councillor, stakeholder, client, consultant or volunteer.
- 2 Council is committed to:
 - Minimising the opportunities for corrupt or fraudulent conduct by employees, Councillors, members of the public, contractors and clients by maintaining an effective system of internal controls for the prevention and detection of fraudulent or corrupt conduct.

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- 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.
- 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.
 - 5 Any Council Official who suspects fraudulent or corrupt behaviour must report it in accordance with Council's Code of Conduct.

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.
- Where the ICAC or NSW Police declines a referral, or returns a matter to Council, Council shall review the matter in accordance with relevant internal investigation procedure .
- Fraud investigations must be carried out by appropriately qualified personnel or duly engaged external investigators.
- The objectives of investigations are to:
 - identify fraud and corruption vulnerabilities in Council business processes and instigate remedial action;
 - determine, and if appropriate, instigate any applicable insurance coverage aspects; and
 - identify offenders and refer them for prosecution
- Council shall take all reasonable measures to recover financial losses caused by illegal activity through civil recovery processes or administrative remedies.
- Where an investigation discloses potential criminal activity involving another organisation's activities or programs, Council shall report the matter to that organisation to the extent possible subject to relevant requirements of any applicable laws.

Fraud and Corruption Control Plan

The General Manager will ensure that an appropriate council-wide Fraud and Corruption Control Plan is developed, implemented and subject to regular review.

The Fraud and Corruption Control Plan will outline Council's approach to the control and detection of fraud and corruption at a strategic, tactical and operational level. The Plan will outline an integrated approach around the themes of prevention, detection and response, and will include Council's intended actions in relation to:

- Leadership Principles
- Accountability and ownership of fraud and corruption prevention activities
- Risk based internal control environment

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- Internal and external reporting of fraud and corruption
- Public Interest Disclosure (PID) awareness, management and compliance
- How investigations will occur
- Ethical Conduct Framework
- Education, awareness and understanding for staff
- External party awareness and management (Customers, Clients and the Community).

Prevention and Training

To ensure that Council creates a culture of zero tolerance amongst staff in relation to fraud and corruption a regular fraud and corruption training and awareness program will be implemented.

General awareness training

Council will ensure that all Council officials and the public are made aware of the following:

- a) What constitutes fraud and corrupt conduct, and
- b) the details of, and how to access, Council's Fraud and Corruption Prevention policy, and
- c) how to report suspected fraud or corruption.

Responsible officers training

Council will ensure that officials primarily engaged in fraud control activities possess or attain relevant training to effectively carry out their duties.

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) or directly to ICAC as soon as possible.

ROLES AND RESPONSIBILITIES

General Manager The General Manager has ultimate responsibility for managing fraud and corruption risks within Council. The General Manager is obliged, under section 11 of the Independent Commission Against Corruption Act 1988 (ICAC Act) to report any matter that they reasonably suspects involves or may involve corrupt or fraudulent conduct to the ICAC.

In cases of complaints against the General Manager, the Mayor or Administrator assumes the aforementioned responsibilities.

Directors and Senior Managers

The Executive and Senior Management are responsible for ensuring that the Council's Fraud and Corruption Control Plan is fully and effectively implemented. The responsibilities of senior management include creating an environment where fraud and corruption is not tolerated, identifying risks of fraud and

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corruption, supporting organise wide initiatives and taking appropriate action to ensure that controls are in place to prevent and detect fraud.

Middle Managers

Middle Managers are 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.

Council Staff/Officials

Staff are responsible for reporting corrupt and fraudulent conduct through the Council's internal reporting framework or directly to ICAC. Staff are responsible for behaving according to the Code of Conduct and relevant Council policies.

Internal Audit

Whilst the primary responsibility for the identification of fraud and corruption rests within the organisation, the internal audit function examines the adequacy of internal controls over high-risk processes and evaluates the potential for fraud to occur.

Manager Governance & Customer Service

The Manager Governance and Customer Service is responsible for the provision of fraud and corruption control initiatives and the overall implementation of the Fraud and Corruption Prevention Policy and the Fraud and Corruption Control Plan.

Chief Information Officer (CIO)

Council recognises the CIO as the information security management system officer. The CIO is responsible for maintaining a sound understanding of how an information security management system can effectively mitigate the risks of fraud and corruption and maintaining a sound understanding of cybercrime and methods for managing the risk of cybercrime in accordance with relevant standards and contemporary and emerging practice in the field. They are also responsible for informing the Governance and Risk Manager of any suspected weakness in controls and/or security breaches that occur relating to fraud and corruption events.

Lord Mayor and Councillors

The Lord Mayor and Councillors are responsible for ensuring that management is carrying out the tasks assigned to them in relation to fraud risk and corruption prevention, as well as understanding the environment to determine if management can override or influence the controls in place.

In cases of complaints against the General Manager, the Lord Mayor is obliged, under section 11 of the Independent Commission Against Corruption Act 1988 (ICAC Act) to report any matter that they reasonably suspects involves or may involve corrupt or fraudulent conduct to the ICAC.

Professional Conduct Coordinator (PCC)

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The PCC is Council's nominated Public Interest Disclosures Coordinator. The General Manager may refer serious complaints to the PCC for appropriate investigation and action in accordance with the PCC Investigation Policy.

Audit, Risk and Improvement Committee (ARIC)

The ARIC meets regularly throughout the year and plays a pivotal role in the oversight of Council's Governance, Risk and Audit functions. The Committee is responsible for the regular review and oversight of Council's operations to ensure robust and effective risk management practices within Council.

Contractors/Consultants/Volunteers

Contractors, consultants, volunteers and any other persons who perform public official functions on behalf of Council, are encouraged to support Council's commitment to preventing fraud and corruption through reporting suspicious behaviour in accordance with the Code of Conduct. All external parties who engage in business with Council are expected to observe Council's Code of Business Ethics, comply with Council policies and refrain from engaging in fraudulent and corrupt conduct.

RELATED STRATEGIES, POLICIES AND PROCEDURES

- Code of Conduct
- Code of Business Ethics
- Public Interest Disclosures Policy
- Fraud and Corruption Control Plan

LEGISLATIVE REQUIREMENTS

- Independent Commission Against Corruption Act 1988
- Local Government Act 1993 and General Regulation 2021
- Public Interest Disclosures Act 2022

REVIEW

This Policy will be reviewed every three years from the date of each adoption of the policy, or more frequently as required. This policy will be reviewed within one year of any significant restructure or change to Council's operating environment.

BREACHES

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.

APPROVAL AND REVIEW

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Responsible Division	Governance and Customer Service
Date adopted by Council	XX July 2023
Date/s of previous adoptions	02/09/2019; 19/11/2015; 11/06/2013; 24/11/2009; 24/11/1995
Date of next review	XX July 2026
Responsible Manager	Governance and Risk Manager