POLICY NO LG46
FRAUD MANAGEMENT AND CONTROL POLICY

DEPARTMENT:	Governance
RESPONSIBLE OFFICER:	General Manager
LINK TO STRATEGIC PLAN:	Maintain financial viability and accountability in budgeting and administration
STATUTORY AUTHORITY:	Local Government Act 1993 AS8001-2008 Fraud and Corruption Control The *Public Interest Disclosures Act 2002 (Tas)*
OBJECTIVE:	The purpose of this policy is to protect public funds and other assets, protect the integrity, security and reputation of the Break O'Day Council and its employees and to assist in maintaining a high level of services to the community.
POLICY INFORMATION:	Adopted 15 September 2014 – Minute No. 09/14.11.6.265 Amended 16 October 2017 – Minute No 10/17.12.5.228 Amended 16 November 2020 – Minute No 11/20.12.6.209

POLICY

1. SCOPE

This Policy applies to:

- The Mayor, Councillors, Managers, Employees and Representatives of Break O'Day Council. They are responsible for the identification and management of all risks associated with the performance of Council functions and the delivery of Council Services

- Situations where fraudulent or suspicious behaviour is suspected and/or has been identified

2. BACKGROUND

Break O'Day Council is committed to fostering and maintaining the highest standards of ethical behaviour by establishing a policy where fraud and corruption is not tolerated.

Break O'Day Council is committed to protecting its revenue, expenditure and property from any attempt, either by members of the public, contractors, elected members or its own employees, to gain by deceit, financial or other benefits.

Council is committed to:

- Protecting community assets and resources;
- Adopting measures to minimise risk; and
- Serving, representing and promoting community needs, interests and aspirations

There are two core elements to this policy:

- Reducing losses through fraud by developing and implementing a Fraud Control Procedure within a working environment which promotes honesty and integrity; and
- Establishing and maintaining a commitment to detecting, investigating and prosecuting individual cases of criminal behaviour, including fraud

This policy has been developed with guidance from the following publication:

- Report of the Auditor-General, No 1 of 2013-14, *fraud control in local government, August 2013*

3. DEFINITIONS

Corruption

Corruption is defined by Australian Standard (AS8001-2008) as dishonest activity in which a director, executive, 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. Corruption is any conduct that is improper, immoral or fraudulent.

Fraud

Fraud is defined by AS8001-2008 as dishonest activity causing actual or potential financial loss to any person or entity including theft of monies or other property by Council officers or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.

The above definition does not have to be tangible and, includes, but is not limited to, the following types of offences:

- Theft/stealing;
- Abuse of position and power for personal gain;
- Unauthorised and/or illegal use of asset, information or services for private purposes;
- Manipulation of computer programs for improper purposes;
- Manipulation and misuse of account payments;
- Obtaining a financial advantage or any other benefit by deception;
- Conflicts of interest;
- Bribery (accepting personal gifts and benefits};
- Misuse of intellectual property;
- Misuse of corporate credit cards;
- Causing a loss, or avoiding or creating a liability, by deception;
- Making, using or possessing forged or falsified documents;
- Unlawful use of vehicles, telephones and other property or services;
- Perverting the course of justice;
- Elected members dishonestly using influence;
- Election bribery;
- Election funding offences;

4. POLICY GUIDELINES

4.1 Expectations

a) Councillors and council staff are expected to maintain a high standard of ethical conduct in all activities, in particular with respect to resources, information and authority.

b) All staff are expected to develop, encourage, insist upon and implement sound financial, legal and ethical decision making within their responsibility levels.

c) All Councillors and staff are expected to be familiar with and act in accordance with the Council's Code of Conduct and other relevant policies. Council expects similar standards from the people, agencies or organisations that do business with the Council.

d) All staff and Councillors must declare any interests in relation to matters they are currently considering, investigating or making a decision on.

e) Fraudulent acts against the Council are unacceptable and may constitute a criminal offence.

f) Any Councillor or staff member who suspects fraudulent behaviour must report it immediately to their Manager or the General Manager

4.2 Responsibilities for Managers

a) Managers are expected to lead by example and to demonstrate integrity and fairness in decision making and to be open and honest in their dealings with others.

b) Managers must ensure that the three elements required for effective management of fraud prevention are evident in the workplace:

   I. Positive attitude of management towards internal control, expressed through interest, involvement, policies and procedures.

   II. The selection and development of quality staff who demonstrate high ethical standards and the appropriate application of leadership and training to all staff to enhance the quality of performance and therefore control. Job & Person Specification are to include risk management control (including fraud) responsibilities unless generic to all employees

   III. The monitoring of systems, both active supervision of formal information systems and general oversight of informal systems.

c) Managers are expected to make themselves familiar with, and implement this Policy and associated procedures.

d) Managers and supervisors are required to promptly advise the General Manager or Departmental Managers of instances of suspected or actual fraud. All such matters must be dealt with in accordance with other relevant internal reporting procedures.

e) When fraud is detected, Managers must take prompt action both to stop fraudulent behaviour and to discourage others who may be inclined to commit similar conduct.

4.3 Fraud Detection

Council will employ appropriate internal fraud prevention mechanisms to ensure early detection of suspicious or fraudulent behaviours. Fraud detection may include monitoring staff and transactions and maintaining and developing internal security.

4.4 Fraud Investigation

If the General Manager has reason to suspect that fraud has occurred the Mayor must be immediately notified.

The circumstances must then be investigated and the General Manager will decide whether the organisation will conduct an administrative fact-finding investigation, or a criminal investigation in association with Tasmania Police.

4.5 Policy Delivery and Monitoring

The General Manager is responsible for ensuring the implementation of Council's *Fraud Prevention and Control Policy* and monitoring its effectiveness. Trends, activities, complaints *and* compliments are monitored for signs of irregularity. The General Manager reports to the Council on fraud risk issues ensuring that risks are identified and acted on.

Council staff will receive appropriate training to improve awareness of fraud risks and fraud management within the workplace.

5. MONITORING AND REVIEW

This Policy will be reviewed every three (3) years in line with the Council's Policy Framework or earlier in the event of major changes to legislation or related policies, procedures or if deemed necessary by the Mayor and the General Manager.