



FRAUD AND CORRUPTION PREVENTION POLICY

Policy No:
Adopted by Council:
Minute No:
Responsible Senior Staff Member:
Next Review:

ERM-EXE-004
16 August 2022
07.07.22
Chief Financial Officer
March 2025

OVERVIEW

Council is committed to good governance which is underpinned by effective control of fraud.

Most of Council's systems are based on trust. When this trust is broken the whole system breaks down.

It is also realised the negative impact fraud and corruption can have on staff morale and how it can inhibit Council achieving the objectives in its Delivery Program.

As such Council has no tolerance for fraud or corruption.

This policy, along with the new Fraud Control Framework replaces the previous Fraud Control Policy and Plan adopted in September 2017 and the previous Corruption Prevention Policy adopted in January 1998.

PURPOSE

This policy is part of the Fraud Control Framework. The purpose of this policy is to give guidance to staff as to what Fraud and Corruption is and to make sure that staff know that these actions are unacceptable and to make sure that staff know the consequences of such actions.

SCOPE

This policy applies to all Junee shire employees, Councillors, contractors, delegates and volunteers.

POLICY OBJECTIVES

The primary objective of this policy is to promote an organisational culture that does not tolerate any action of fraud or corruption. This policy will ensure high standards of ethical and accountable conduct. It will also protect council funds and assets and protect the integrity and reputation of Council.

POLICY STATEMENT

1. Fraudulent and corrupt acts against Council are unacceptable. If proven the staff member involved will face dismissal. The action may constitute a criminal offence and the person who committed the alleged act may be prosecuted.
2. Council is committed to preventing fraud at its origin. Council believes that an emphasis on fraud and corruption prevention rather than investigation will lead to a reduction of opportunities for waste, abuse and mismanagement.
3. All Councillors and Council managers are responsible for fostering an environment that makes active fraud control a responsibility of all staff and for issuing clear standards and procedures to encourage the minimisation and deterrence of fraud.

4. Council recognises that fraud and corruption prevention requires the maintenance of an ethical climate that encourages all staff to be active in protecting Council's funds and assets, and in reporting any breaches of accepted standards.
5. Measures to prevent and detect fraud and corruption shall be continually monitored, reviewed, developed and reported.
6. Council will investigate reported instances of fraud or corrupt conduct as thoroughly as possible, with a commitment to following procedural fairness. Where Council is required to report corrupt conduct under section 11 of the ICAC Act it will do so.
7. Depending upon the circumstances of the fraud or corrupt conduct, an internal investigation may be undertaken or the matter may be referred to an external body such as the NSW Police, the ICAC or the Ombudsman.
8. Any action taken against staff depends on the severity, scale and significance of the fraudulent or corrupt behaviour and must be determined in accordance with any relevant industrial instruments or contracts
9. Action taken against delegates and/or members of Council committees or volunteers depends on the severity, scale and significance of the fraudulent or corrupt activity and may include censure, counselling, prosecution for any breach of the law, removing or restricting the person's delegation and/or removing the person from membership of the relevant Council committee.
10. A breach of this Policy amounts to a breach of Council's Code of Conduct. Criminal action may be taken against any person found to be in breach of any relevant legislation.
11. Council is committed to the recovery of financial losses caused by fraudulent and corrupt activity, balancing the value of reducing the potential benefits to fraudsters and any deterrent effect against the cost of recovering losses where they exceed the value of that loss.

POLICY IMPLEMENTATION

The principles set out in this policy will be implemented and assessed through the provisions of Council's Fraud and Corruption Prevention Framework.

Effectiveness of this policy shall be based on the number of fraudulent incidents and results of investigations which have been undertaken.

All incidents will be reported to the next Audit Risk and Improvement Committee (ARIC) meeting. The committee generally meets three times per year.

If the fraud or corruption is serious or systemic a special meeting of the ARIC will be convened.

This policy will be implemented with the Codes of Conduct for Staff, Councillors and others in mind, so that behaviour which breaches relevant sections of those codes may be considered fraudulent.

REPORTING WRONGDOING

Junee Shire Council maintains a strong commitment to ensuring an ethical workplace. Reporting of suspicions of fraud, corrupt conduct, maladministration and pecuniary interest contraventions can be made under the protection of the Public Interest Disclosures Act (PID)2022. It sets out:

- Procedures for making disclosures to Council
- Procedures for making disclosures to appropriate external agencies
- Procedures for dealing with anonymous reports
- Protection for people making protected disclosures from reprisals that might otherwise occur because of their disclosures
- Provisions for disclosures to be properly investigated and dealt with.

A link to the PID Act is [here](#)

Where there is a reasonable suspicion that fraud or corrupt conduct may have occurred, Council will notify the Independent Commission Against Corruption (ICAC) of the alleged occurrence pursuant to the ICAC Act 1988.

DEFINITION AND EXAMPLES OF FRAUD AND CORRUPTION

Fraud

Council has adopted the Australian Standard AS8001-2008 definition of fraud which is as follows:

Dishonest activity causing actual or potential loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity.

Examples of fraudulent activity include:

- Theft of money or goods from council or its customers.
- Claiming unworked time on timesheets.
- Unauthorised use of Council equipment.
- Obtaining benefits by use of false identity of qualifications
- Providing confidential information to unauthorised people of organisations.
- Falsifying documents.
- Concealment of information.

Corruption

Corrupt conduct is defined in Sections 8 and 9 of the Independent Commission Against Corruption Act 1988 and is broadly:

- a) Any conduct of any person, including a Councillor official that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority.

- b) Any dishonest or partial exercise of any official functions by a Council official.
- c) Any conduct by a Council official that constitutes or involves a breach of public trust, or
- d) Any conduct of a Council official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.

Some examples of corrupt conduct include, but are not limited to:

- Bribery.
- Obtaining or offering secret commission.
- Collusive tendering.
- Voting on a development matter in which the Councillor has an undisclosed financial interest.
- Selling confidential information.
- Favouring particular contractors for Council works.

Relevant Legislation

- Local Government Act 1993
- Local Government (General) Regulation 2005
- ICAC Act 1988
- Public Interest Disclosures Act 1994

Related Documents

- Fraud and Corruption Prevention Framework
- Code of Conduct – Councillors
- Code of Conduct - Staff
- Code of Conduct for Committee Members, Delegates and Advisors.
- Privacy Management Plan
- Councillor and Staff Interaction Policy