



## **9. GOVERNANCE**

Policy 9.2

FRAUD AND CORRUPTION CONTROL POLICY

**Version 1**

## **1. INTRODUCTION**

Fraud and corruption may impact Council in multiple ways:

1. Financial loss;
2. Waste or loss of resources (including staff time);
3. Loss of / damage to reputation;
4. Loss of / damage to community confidence on Council; and
5. Impact on employee morale and subsequent effects on productivity.

Lithgow City Council is committed to the prevention of fraud and corruption. This policy outlines the methodology for detecting, deterring and minimising the risk of fraudulent behaviour and corrupt conduct.

## **2. COMMUNITY STRATEGIC PLAN**

This policy supports the sentiments expressed by the community during the preparation of the Community Strategic Plan ~ Our Place, Our Future that “Council focuses on strong civic leadership, organisational development and effective governance with an engaged community actively participating in decision making processes affecting their future”.

- GL2 Moving towards a sustainable council.
  - GL2.2 Provide effective risk and safety practices..

## **3. POLICY OBJECTIVE**

This policy outlines Lithgow Council’s commitment to the prevention, deterrence, detection and investigation of all forms of fraud and corrupt conduct. It ensures the appropriate mechanisms are in place to protect the integrity, security and reputation of Council.

## **4. RELATED REFERENCES, POLICIES & PROCEDURES**

Lithgow City Council Code of Conduct

Australian Standard AS 8001-2008 Fraud and Corruption Control

NSW ICAC Act 1988

NSW Local Government Act 1993

NSW Audit Office of NSW’s Fraud Control Improvement Kit (February 2015)

NSW Auditor-General’s Report on Fraud Control in Local Councils (June 2018)

## **4. POLICY SCOPE**

This policy applies to all Council employees, Councillors, committee members, contractors, consultants, and other people who perform functions on behalf of Council such as volunteers and external parties.

## **5. DEFINITIONS**

Fraud – *“Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees 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 for personal financial benefit.*” As defined in Australian Standard AS 8001-2008.

Corruption – corruption and corrupt conduct are defined in the ICAC Act 1988 (Sect 7, 8, 9) as:

- conduct of a person (whether or not a public official) that adversely affects, or could affect the honest and impartial exercise of public official functions, or
- conduct of a public official that involves the dishonest or partial exercise of any of his or her public official functions, or
- a breach of public trust, or
- the misuse of information or material acquired in the course of a public official’s functions.

Additionally, corrupt conduct can also be the conduct of any person (whether or not a public official) that adversely affects or could affect the exercise of official functions and involves conduct such as bribery, blackmail, fraud, forgery and various other crimes.

For conduct to be corrupt it must be covered by one of the conditions above and also any one of the following:

- a criminal offence;
- a disciplinary offence; and/or
- a situation where there are reasonable grounds for dismissal or dispensing or terminating the Councillor or a public official.

## **6. POLICY STATEMENT**

Council is committed to:

- taking a risk management approach to the prevention, identification and management of fraud and corruption;
- reducing or removing the potential for fraudulent or corrupt conduct on the part of its employees, contractors, clients and suppliers;
- detecting fraudulent or corrupt conduct through the systematic processes articulated in the Fraud and Corruption Control Plan (the Plan);
- investigating or otherwise formally enquiring into all instances of suspected fraudulent or corrupt conduct exposed as a result of our detection processes, or as a result of receiving an allegation of fraudulent or corrupt activities;
- managing, disciplining or facilitating the prosecution of those responsible for incidents of fraud and corruption as appropriate;
- minimising the risk of fraud and corruption; and
- ensuring the continuing organisational integrity and transparency of its operations.

Council will act on any suspicion of illicit conduct on the part of its staff or any party with whom it conducts business.

Council officers have a responsibility and an obligation to report suspected or known incidents of fraud or corruption. Suspected fraud must be reported to a Director or the General Manager.

Business Unit Managers are accountable for fraud and corruption control in their areas of responsibility. Managers will adopt a risk management approach to fraud and corruption control, including pro-active assessment of corruption or fraud risk, active implementation of mitigating controls and regular reporting to the Executive Management Team.

Council will take action against anyone who takes reprisal action against a Council officer who reports suspected or known incidents.

### 6.1 Reporting Suspected Fraud

If a customer or a resident suspect fraud or corruption that involves Council, they should report their suspicions to any of the following:

- Council’s General Manager
- The Independent Commission Against Corruption (in the case of allegations of fraud and corruption)
- The NSW Office of Local Government (in the case of allegations relating to pecuniary interests)
- NSW Police Force (in the case of allegations relating to criminal activity)
- NSW Electoral Commission (in the case of allegations relating to election fraud)

## 7. LEGAL & POLICY FRAMEWORK

Includes all legislation applicable to Council, Council Codes and Policies and relevant standards.

## 8. REVIEW

The General Manager will review the policy every 2 years.

<b>Maintained by Department:</b>	Governance	<b>Approved by:</b>	Council		
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