



CUMBERLAND
CITY COUNCIL

Fraud and Corruption Control Policy

AUTHORISATION & VERSION CONTROL

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FOREWORD

The Executive and Senior Leadership Team of Council are strongly committed to driving a high performing organisation underpinned by robust governance practices and ethics principles. This Council has zero tolerance for any form of fraud or corruption. We are continually focused on proactively driving a fraud-free culture through the delivery of all our policies, processes, and projects throughout all levels of our organisation.

Peter J Fitzgerald
GENERAL MANAGER

PURPOSE

The purpose of this policy is to set out how Council will prevent, detect, and respond to fraudulent and corrupt conduct. Council will not tolerate fraudulent and corrupt conduct of any kind and will take any complaints of such conduct seriously. Any complaints received will be investigated in line with the Fraud and Corruption Control Plan and disciplinary and/or legal action may be taken against anyone who engages in fraudulent and corrupt conduct.

SCOPE

This Fraud and Corruption Control Policy applies to all Council Officials, (Council Officers, Councillors, Council committee members, delegates of Council), service providers/services partners and volunteers who perform functions on behalf of Council.

DEFINITIONS

Act	<i>Local Government Act 1993.</i>
Corruption or corrupt conduct	<p>Dishonest activity in which a Council Officer, Councillor, volunteer, or service provider/services partner acts contrary to the interests of Council and abuses their position of trust in order to achieve some personal advantage or advantage for another person or organisation.</p> <p>This can also involve corrupt conduct by Council, or a person purporting to act on behalf of and in the interests of Council, in order to secure some form of improper advantage for Council either directly or indirectly. Fraud is an example of corrupt conduct. Corrupt conduct is defined in the <i>Independent Commission Against Corruption Act 1998</i>.</p>

Council	Cumberland City Council.
Councillor	Cumberland City Council elected representative.
Council committee members	A person other than a Councillor or Council Officer who is a member of a Council committee other than a wholly advisory committee, and a person other than a Councillor who is a member of Council's Audit, Risk and Improvement Committee (ARIC).
Council Officer	Cumberland City Council members of staff (including full-time, part-time, casual, and contracted staff).
Council Official	Councillors, Council Officers, Council committee members and delegates of Council.
Delegate of Council	A person (other than a Councillor or Council Officer) or body, and the individual members of that body, to whom a function of Council is delegated.
Fraud or fraudulent conduct	<p>Dishonest activity causing actual or potential financial loss to Council including theft of monies or other property by Councillors, Council Officers, delegates of Council, Council committee members, volunteers, or service providers/services partners, and/or where deception is used at the time, immediately before or immediately following the activity.</p> <p>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. Fraud is further defined in the <i>Crimes Act 1900</i> (NSW).</p>
ICAC	Independent Commission Against Corruption.
Manager	Any Council Officer who manages, oversees, or is in any way responsible for any other Council Officer, Councillor, volunteer, or service provider/service partner.
OLG	NSW Office of Local Government.
Regulation	<i>Local Government Regulation (General) 2021</i> .
Service providers/partners	A person or company engaged to provide services to Council.
Volunteer	A formally recognised, unpaid member of the public who assists with the provision of Council services e.g., Visitor Information Centre/Library.

POLICY STATEMENT

Council does not tolerate any instances of Fraud or Corruption. This Policy outlines Cumberland City Council's commitment to the prevention, deterrence, detection and investigation of all forms of fraud and corrupt conduct.

Ultimately, the General Manager has responsibility for managing Fraud and Corruption risks at Council. The General Manager is obligated under **section 11** of the *Independent Commission Against Corruption Act* to report to ICAC any matter that the General Manager suspects on reasonable grounds may concern corrupt conduct.

All Council Officials must always conduct themselves with integrity, remain vigilant to instances of fraudulent and corrupt conduct, and report such conduct. Council's Fraud and Corruption Control Plan sets out a four-pronged approach to Fraud and Corruption management which is detailed below.

1. **Prevention:** Council implements appropriate prevention strategies to minimise the risk of Fraud and Corruption.
2. **Detection:** Council establishes systems of internal control, commissions internal and external audits, implements continuous monitoring, and encourages reporting of any suspected or actual Fraud or Corruption by internal and external personnel, to identify and detect any fraudulent or corrupt conduct.
3. **Response:** Council implements the plan below to respond to any allegations of Fraud or Corruption:
 - a. Immediate response procedures are implemented to mitigate any loss to Council.
 - b. Internal and external assessment and investigation procedures are followed.
 - c. Disciplinary measures are taken as necessary.
 - d. Referrals to appropriate bodies.
4. **Record keeping:** Council complies with clear record keeping procedures.

Prevention

Council implements a variety of prevention measures, as set out below.

- Council promotes an ethical culture through the Code of Conduct, regular updates on Fraud and Corruption control measures and a top-down approach to awareness and education.
- Council provides training to Managers on the processes within the Fraud and Corruption Control Plan and onboarding training to new staff and volunteers.
- Council requires Council Officials to identify risks (including risks of Fraud or Corruption) and apply risk management in line with the Risk Management Framework.
- Council carries out applicable pre-employment screening and service provider/service partner due diligence to reduce the risk of Fraud or Corruption.
- Council ensures that Council Officials comply with obligations in Council's policies, procedures and guidelines.

- Council implements internal and external recommendations to improve the Fraud and Corruption Control Plan.
- Council undertakes continuous improvement initiatives in accordance with the Fraud and Corruption Control Plan.

Detection

Council Officials, service providers/service partners and volunteers are obligated to report any instances of Fraud or Corruption in writing or orally in accordance with Council's **Public Interest Disclosure Policy**. Council Officials, service providers/service partners and volunteers who make a complaint as a public interest disclosure of possible fraudulent or corrupt conduct will be protected from reprisal in line with Council's **Public Interest Disclosures Policy** and Procedure.

Council implements a variety of detection measures, as set out below.

- Council sets out clear procedures for internal reporting of suspected instances of Fraud or Corruption.
- Council establishes systems of internal control.
- Council encourages external monitoring and reporting by the public of any Fraud or Corruption.
- Council engages suitably qualified persons to assist with identifying and detecting Fraud and Corruption.
- Council carries out internal audits and has external audits to assess the effectiveness of current systems.
- Council uses ongoing internal monitoring and reporting to specifically examine transactions, processes and practices with material Fraud or Corruption risks and ensures Council Officials report any Fraud or Corruption that they identify.

Response

Council takes all allegations of fraudulent and corrupt conduct (whether from internal or external stakeholders) seriously and is dedicated to thoroughly assessing and investigating (as necessary) all reports in agreement with any relevant industrial instruments or contracts, the Fraud and Corruption Control Plan, Code of Conduct, the Procedures for the Administration of the Model Code of Conduct, and applicable legislation.

Council does not tolerate allegations of fraudulent or corrupt conduct that are found to be vexatious, frivolous, or misleading and will take appropriate corrective action as appropriate.

If necessary, Council will apply measures immediately to mitigate any future loss caused by Fraud or Corruption and preserve evidence for an investigation. Investigations will either be conducted internally in line with Council's procedures, or externally.

Council will take corrective and/or other legal measures in relation to allegations in line with the Fraud and Corruption Control Plan, including referrals to regulatory bodies, where appropriate.

Complaints about Councillors will be managed in accordance with the *Procedures for the Administration of the Model Code of Conduct*.

Any matter that could involve criminal conduct should be reported to the NSW Police Force. Council must participate with the NSW Police Force and do all that is reasonable to assist with a proper investigation. Council also encourages members of the public to report any suspicious behaviour, including instances of actual or suspected fraud to the General Manager, ICAC, or NSW Police, as appropriate.

Record keeping

Council's Governance Unit maintains a confidential register of both internal and external complaints of possible fraudulent or corrupt conduct, including the details of the complaints, status of the response and implementation record of any recommendations. Council's Governance Unit will also maintain a register of Fraud or Corruption events in accordance with the Fraud and Corruption Control Plan.

Breaches of this policy may result in an investigation of the alleged breach in line with relevant Council policies including the Code of Conduct.

Any alleged criminal offence or allegation of corrupt conduct will be referred to the relevant external agency.

ROLES AND RESPONSIBILITIES

Role	Responsibilities
Mayor and Councillors	The 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.
General Manager	<p>The General Manager is responsible for receiving complaints of Fraud and Corruption from the Director Governance and Risk. The General Manager may delegate their duty to deal with the complaint.</p> <p>The General Manager is responsible for reporting:</p> <ul style="list-style-type: none"> • Suspected corrupt conduct to the ICAC. • Complaints about Councillors to the OLG. • Complaints about a Council Official breaching their conflict of interest obligations to the OLG. • Suspected criminal conduct to the NSW Police Force.
Internal Ombudsman	The Internal Ombudsman is Council's nominated Public Interest Disclosures Coordinator and Code of Conduct Complaints Coordinator. The General Manager may also refer a serious complaint to the Internal Ombudsman Shared Service for appropriate investigation and action in accordance with the Internal Ombudsman Shared Service Governance Charter and the Public Interest Disclosures Act 2022.
Director Governance & Risk	The Fraud and Corruption Control Policy sits within the responsibility of the Governance & Risk Directorate of Council. The Director Governance & Risk is the Chief Risk Officer of the organisation, and is responsible for the provision of fraud and corruption control initiatives and the overall implementation of the Fraud and Corruption Control Plan.
Manager Governance	<p>The Manager Governance is responsible for escalating complaints of Fraud and Corruption from Council Officials (unless a complaint is about them) and reporting those complaints to the Director Governance and Risk and General Manager. The Manager Governance is responsible for:</p> <ul style="list-style-type: none"> • Escalating and/or handling complaints and assisting with the investigation of such complaints as required. • Distributing the Fraud and Corruption Control Policy and Plan. • Providing training and awareness to Council Officials.

Role	Responsibilities
Internal Audit	Whilst the primary responsibility for the identification of fraud and corruption rests with the leadership group and managers, the internal audit function examines the adequacy of internal controls over high-risk processes and evaluates the potential for fraud to occur. The Internal Audit Coordinator investigates low to medium-risk processes not subject to the Internal Audit Program, evaluates the potential for fraud to occur and recommends improvements to Council's processes, ensuring relevant controls are in place.
Audit, Risk and Improvement Committee	An established Audit, Risk and Improvement Committee 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.
Leadership Group and Managers	Managers are responsible for receiving complaints about volunteers and service providers/service partners from other Council Officials. The Manager must report such complaints to the Manager Governance.
Council Staff/ Officials	<p>Council Officials are required to report all suspected instances of Fraud or Corruption to:</p> <ul style="list-style-type: none"> • A Manager, if the complaint concerns conduct by a volunteer or service provider/service partner that the Manager is responsible for. • Manager Governance if the complaint is about another Council Official. • The General Manager, if the complaint is about the Manager Governance. <p>Council Officials will be responsible for receiving complaints from volunteers and service providers/service partners.</p>
Volunteers and service providers/service partners	Volunteers, Contractors, Consultants, service providers/service partners 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 Statement of Business Ethics, comply with Council policies and refrain from engaging in fraudulent and corrupt conduct.

RELATED LEGISLATION

- Independent Commission Against Corruption Act 1988
- Local Government Act 1993 and General Regulation 2005
- Public Interest Disclosures Act 2022

RELATED DOCUMENTS AND COUNCIL POLICY

- Code of Conduct
- Procedures for the Administration of the Model Code of Conduct
- Fraud and Corruption Control Plan
- Compliments and Complaints Management Policy
- Public Interest Disclosures Policy
- Risk Management Policy
- Statement of Business Ethics
- Internal Ombudsman Shared Service Governance Charter

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