



54 FRAUD CONTROL POLICY

PURPOSE

Berrigan Shire Council is entrusted by the community with the responsibility of managing assets and funds on behalf of the Berrigan Shire community. The Council has an obligation to establish and maintain systems that identify and deal effectively with risks relating to the fraudulent use of assets and funds controlled by the Council.

The Council will address fraud as both an ethical issue and as an organisational problem which impedes performance. Fraud wastes scarce funds and resources. It causes embarrassment to the Council and can damage its reputation and competitiveness.

Fraud prevention and control is the responsibility of the entire Council and not just selected people or units within the Council. The Council will ensure that Councillors, Council staff, delegates, volunteers, contractors and customers are aware that fraudulent acts are unacceptable, may constitute a criminal offence and will be prosecuted.

The Council believes that an emphasis on prevention is the best method of dealing with fraud. This will be achieved through an ethical culture, credible threats of detection and internal control systems that use a risk management approach.

This policy is designed to meet Delivery Plan Objective 2.2.2 as identified in *Berrigan Shire 2022*.

Council operations support ethical, transparent and accountable corporate governance.

SCOPE

This policy is applicable to all Councillors, Council staff, delegates, volunteers, contractors and customers. The intent of the policy is to protect the Council's assets and funds, maintain the integrity of the Council and its staff and prevent fraud.

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Definition

The NSW Independent Commission against Corruption defines fraud as:

“Any practice which involves the use of deceit to confer some form of financial benefit upon the perpetrator (either directly or indirectly) AND which results in some form of material loss to the entity defrauded”.

Basic tests for establishing if fraudulent activity has occurred include:

1. Was deceit employed?
2. Was the action unlawful?
3. Did it result in benefits being received to which a person is not entitled?

Examples

Fraudulent acts may involve theft, the making of false statements, evasions, the manufacturing of information or acts of omission. This may include but is not limited to:

- Misstating Council transactions for personal benefit
- Claiming non-worked payroll or non-applicable leave entitlements
- Collusive bidding and other corrupt tendering practice
- Theft and/or unauthorised use of money, goods, property or information
- Transacting on behalf of the Council in order to obtain a personal benefit
- Obtaining benefits by use of false identity or qualifications
- Not enforcing the Council’s agreements, contracts and regulations in return for a personal benefit.

Risks

Key risk areas identified by the Council include

1. Procurement, tendering and contracting
2. Planning and regulatory functions
3. Misuse and theft of Council resources
4. Cash handling and payment systems

The Council will take a risk management approach to control its exposure to risk relating to fraudulent activity – in line with its corporate risk management policies and procedures.



This will include undertaking a fraud risk assessment.

Controls

Following the risk assessment, the Council will develop and implement a Fraud Control Plan.

The Fraud Control Plan will identify suitable control measures around three major elements

1. Structural elements

- A sound ethical culture
- Senior management commitment
- Periodic assessment of fraud and corruption risk
- Management and staff awareness
- Stakeholder awareness

2. Operational elements

- Internal controls
- Fraud detection program
- Reporting mechanism
- Investigation process
- Accountability
- Audit
- Pre-employment screening

3. Maintenance elements

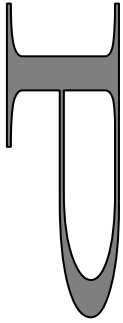
- Effectiveness reviews
- Monitoring of culture
- Review and update of Fraud Control Plan

Reporting

The Council will ensure that adequate means for reporting suspicious or known, illegal or unethical conduct are available to all Councillors, delegates, staff, volunteers, contractors or customers.

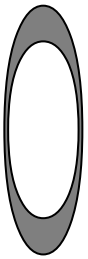
Internal reporting

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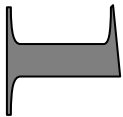
Berrigan Shire Council has an Internal Reporting Policy that complies with the Council's obligations under the *Public Interest Disclosures Act (1994)*.

Under this policy, staff members and volunteers are encouraged to report wrongdoing to their supervisor. If this is not possible or desirable, then a protected disclosure under the provisions of the *Public Interest Disclosures Act (1994)* may be made.



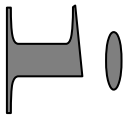
The positions to which protected disclosures can be made are:

- The Disclosure Coordinator – (Director Corporate Services)
- The General Manager
- The Mayor (if the disclosure concerns or involves the General Manager or a Councillor)

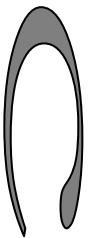


External reporting

Reports regarding suspected or known fraud can also be made to external agencies including



- NSW Police Force
- The Chief Executive, Division of Local Government
- The NSW Independent Commission against Corruption
- The NSW Ombudsman



Related material

- NSW *Public Interest Disclosures Act 1994*
- NSW *Local Government Act 1993*
- NSW *Local Government – Amendment (Discipline) Act 2004*
- NSW *Crimes Act 1900*
- Australian Standard AS 8001-2003 – *Fraud and Corruption Control*
- Berrigan Shire Council – *Code of Conduct*
- Berrigan Shire Council – *Internal Reporting Policy*
- Berrigan Shire Council – *Risk Management Framework*
- Berrigan Shire Council – *Integrated Management Plan*



REVIEW

This policy is to be reviewed no later than 2 years after adoption.



Strategic Outcome	Responsible Officer	Time Limited/ Ongoing	Adopted	Expiry / Review Date
Good government	Director Corporate Services	Time Limited	17/10/2012	17/10/2014

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