

Fraud and Corruption Control Policy Protection Plan

RS02-CP

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1. Purpose

MacDonnell Regional Council is committed to acting in the best interests of the community and to upholding the principles of honesty, integrity, diligence, accountability and transparency.

This policy provides a framework to aid the protection of public money and property, and to facilitate the security and the reputation of Council to minimise the risk of fraud and corruption.

2. Scope

This policy applies to all council members, employees, contractors, subcontractors, suppliers, consultants, volunteers and any individual or groups undertaking activities or work for, or on behalf of, MRC.

3. Objectives

- 3.1. This policy is intended to complement and be implemented in conjunction with other relevant policies, procedures and guidelines.
- 3.2. To ensure that all parties covered by this policy are aware of their responsibilities.
- 3.3. To ensure that MRC meets its legislative obligations.

4. Definitions

Fraud	Includes dishonest activity involving deception that causes actual or potential financial loss.
Corruption	Includes dishonest activity in which employees act against the interests of their employer and abuse their position to achieve personal gain or advantage for themselves or others.

5. Statement

5.1. General

- 5.1.1. Council has a zero tolerance for fraudulent or corrupt conduct, activities or behaviours from any parties as identified in the scope of this policy.
- 5.1.2. Council's frameworks, systems, policies and procedures are in place to assist with the prevention and control of fraud and corruption and any other form of misconduct.
- 5.1.3. Appropriate internal controls and a mechanism for reinforcing a culture of acting lawfully, ethically and in a socially responsible manner is an effective way to prevent the occurrence of fraud and corruption.
- 5.1.4. The Director of Corporate Services will ensure that regular training is delivered to all parties covered in the scope of this policy which will fall in line with the review of this policy every two years.
- 5.1.5. Council members and employees will undertake regular training on fraud and corruption prevention, on their commencement with the Council and every two years after that. At the completion of such training, council members and employees will sign a declaration acknowledging that they are aware of this policy and how it applies to them with respect to their powers, functions and roles.
- 5.1.6. All council members and employees have obligations under the *Independent Commissioner Against Corruption Act 2017*. These obligations include reporting

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suspected improper conduct, which includes fraud and corruption as per HR05-CP Whistleblower policy.

- 5.1.7. Any fraudulent or corrupt conduct, activity or behaviour will be dealt with promptly and in line with the law as appropriate.
- 5.1.8. The outcome of an investigation on alleged fraudulent or corrupt conduct, activity or behaviour will be implemented in the Council's internal controls, as appropriate in the circumstances, and will be used to strengthen those internal controls for the future.

5.2. Understanding fraud

5.2.1. The following are ten key issues for fraud reduction:

- a. Tone at the top- leadership fosters culture that filters down through its workforce and is conducive to a transparent and open organisation.
- b. Clearly written policies and procedures- written in plain English in a way that maximises audience engagement and understanding.
- c. Allocate responsibility for fraud risk management- ensure responsibility of identifying risks is assigned.
- d. Training- delivering awareness training to relevant parties to heighten awareness.
- e. Whistleblowing- ensure staff are aware of processes to report.
- f. Implement strong anti-fraud controls- internal controls in place to ensure prevention of fraud.
- g. Fraud risk management- risks identified and mitigation strategies in place.
- h. Enforcement as deterrent- each report is investigated and measures taken to stop reoffending.
- i. Paying attention to small transgressions- ensure all discrepancies contrary to policies is investigated to strengthen internal controls.
- j. Prevention first- internal controls are effective in deterrence of incidents.

5.2.2. Further information on these key considerations and other matters, including identifying risk areas for fraud, are contained in the Office of the Independent Commissioner Against Corruption NT's Fraud Management Toolkit (November 2020).

5.3. Council responsibilities

5.3.1. Council has a legislated responsibility to provide an open, responsive and accountable government at the local level.

5.3.2. Individually, council members are bound by the Code of Conduct and are responsible for the following:

- a. acting in an open, transparent and ethical manner;
- b. making well-informed decisions and ensuring all conflicts of interest are declared;
- c. ensuring the CEO has implemented proper internal controls to minimise the risk of fraud or corrupt behaviour;
- d. promoting a culture and environment in which fraud and corruption is actively discouraged; and
- e. promoting community awareness of Council's commitment to the prevention, detection and resolution of fraud and corruption.

5.4. Employee responsibilities

5.4.1. Council employees, volunteers, contractors and other external parties involved in council business have a responsibility to practice sound professional judgement, work in an honest and ethical manner at all times and are responsible for the following:

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- a. complying with council employee Code of Conduct and related policies and procedures at all times;
- b. promoting an ethical culture and work environment and following established internal controls;
- c. being vigilant in their work to prevent and detect fraud or corruption;
- d. performing their role and functions with due care, diligence, honesty and integrity;
- e. taking care for the management and use of council property which includes avoiding the misuse of council assets and other resources;
- f. promoting the importance of ethical conduct and compliance with internal controls;
- g. report any suspected fraud or corruption of which they become aware or suspect on reasonable grounds; and
- h. assist in any investigations of fraud and corruption as required.

5.5. Fraud and corruption risk prevention and reduction strategies

- 5.5.1. To minimise the risk of fraud and corruption, Council has implemented the following strategies:
 - a. training will be available which covers fraud and corruption awareness as well as conflict of interest;
 - b. establishment of internal controls including separation of duties, regular account reconciliations, expenditure verification and monthly reporting;
 - c. regular communication of approved delegations;
 - d. ensuring all employees are adhering to, and working within their delegated responsibilities;
 - e. ensuring council members and employees understand the responsibilities of their position;
 - f. communicating Council's policies and procedures;
 - g. ensuring council members and employees understand what behaviour constitutes fraudulent conduct and corrupt conduct and how and where suspected incidences are to be recorded and reported.

5.6. Reporting suspected fraud and corruption

- 5.6.1. Reports of suspected fraud and corruption should be made in line with HR05-CP Whistleblower policy.
- 5.6.2. If the suspected fraudulent activity involves the CEO, then matter should be reported directly to the President and to the officer as delegated by the CEO. The person must not attempt to investigate the suspected fraud or discuss the matter with anyone other than as stated in this policy.

5.7. Investigation

- 5.7.1. In accordance with HR05-CP Whistleblower policy, investigations will be undertaken promptly.
- 5.7.2. The CEO or a nominated delegate is responsible for the investigation of fraud and corruption.
- 5.7.3. The purpose of the investigation will be to do the following:
 - a. establish the circumstances of the suspected fraud or corrupt behaviour to determine if fraudulent or corrupt behaviour has actually been committed;
 - b. identify the person(s) responsible for the fraudulent or corrupt behaviour;
 - c. discover the extent of the fraudulent or corrupt behaviour and determine the action to be taken;
 - d. identify how long the fraudulent or corrupt behaviour has been occurring and thereby the extent of the breakdown of internal controls;

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- e. identify any gaps or weaknesses in the controls and systems associated with the activity that is subject to the investigation; and
- f. recommend improvements in operations to alleviate any future risk of the fraudulent or corrupt incident from reoccurring.

5.8. Outcome of investigation

5.8.1. The outcome of an investigation may provide guidance on actions to be taken by the Council or the CEO against a person(s), if they are found to have engaged in fraudulent or corrupt conduct, activity or behaviour.

5.8.2. These may include any or a combination of the below actions, as appropriate in the circumstances:

- a. reporting the matter to the Independent Commissioner Against Corruption (ICAC);
- b. disciplinary procedures including dismissal, demotion or reprimand;
- c. referring the matter to the Police; and
- d. any other action deemed necessary and appropriate.

5.9. Review of internal controls

5.9.1. The Director of Corporate Services will be responsible for the review of internal controls, these include:

- a. On conclusion of an investigation, where fraud or corruption is detected, the adequacy of the relevant internal control environment will be reviewed and processes or procedures strengthened to mitigate the risk of any future occurrence of fraud or corruption.
- b. All changes to internal controls will be developed, documented and implemented as soon as practical, and communicated to employees who have roles and responsibilities in the changed procedures.

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6. Policy Details

Replaces Policy No: (if applicable)	N/A
Responsible Directorate/Department:	Corporate Services – Risk and Safety
Approval Date:	25 June 2021
Minutes Reference and Resolution number:	OCM Item #15.2 – Resolution OCM2021-098
Review Cycle:	June 2023 - Review every two (2) years or after changes to relevant legislation.

7. Legislation and References

Related Legislation:	<i>Independent Commissioner Against Corruption Act 2017</i>
	<i>Local Government (General) Regulations 2021</i>
Related Policies:	HR05-CP Whistleblower Policy
Associated Documents:	N/A

8. Version Control

Version No.	Approval Date	Policy No.	Minutes reference and Resolution number
1	25 June 2021	RS02-CP	OCM Item #15.2 - OCM2021-098