



Fraud and Corruption Control Procedure

Linked policy document	<i>This procedure details actions and processes pursuant to the Fraud and Corruption Control Policy.</i>
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1. Purpose

Describes how Melton City Council (Council) manages the threat of, and actual occurrences of, fraudulent and/or corrupt behaviour.

2. Scope

This procedure applies across all of Council.

Persons wishing to report fraudulent or corrupt behaviour, or suspected behaviour, should refer firstly to the Protected Disclosure Procedure, then to this procedure.

3. Definitions

Word/Term	Definition
Fraud	Dishonest activity causing actual or potential financial loss to Council including theft of moneys or property and where deception is used at the time, immediately before, or immediately following the activity. Includes deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business process, or the improper use of information or position for personal financial benefit. Includes the theft of property belonging to Council by a person/s internal to Council where deception is not used. Fraud is a crime at law.
Corruption	Dishonest activity in which a councillor, employee, volunteer or contractor of Council acts contrary to the interests of Council and abuses his or her position of trust, in order to achieve some personal gain or advantage for him or herself or for another person or entity.
ECM	Council's Enterprise Content Management system
Entrusted person	Any individual that is, or is targeted to be, employed within Council that is, or will be, entrusted with resources and/or assets
Fraud and Corruption Control Officer	Council's Risk & Performance Manager
IBAC	Independent Broad-based Anti-corruption Commission
Protected Disclosure Coordinator	Council's Legal & Governance Manager
Responsible Officer	(As per the Corporate Policy Management Policy) the manager with operational responsibility for the services area generating a policy or procedure.

4. Procedure

For information on reporting fraudulent or corrupt behaviour, or suspected behaviour, refer to the Protected Disclosure Procedure, and section 4.6.3 in this procedure.

Throughout this procedure, the Fraud and Corruption Control Officer may delegate tasks as appropriate in consultation with the General Manager Corporate Services.

4.1 Structure of this document

Examples of fraud and corruption are given first to provide context for the reader. The next section outlines how Council will plan and resource fraud and corruption control efforts. Broadly speaking these efforts are comprised of fraud and corruption prevention, detection and response. Internal audit contains of all those elements, and is described next. Then specific prevention, detection and response activities are outlined, with a section on each.

4.2 Examples of fraud and corruption

4.2.1 Fraud - general

- Theft of funds, assets, plant, equipment or information
- Unauthorised use of Council equipment or materials for personal benefit
- Causing a loss or avoiding creating a liability by deception
- False invoicing (involving a staff member creating a fictitious invoice claiming payment for goods or services not delivered or exaggerating the value of goods delivered or services provided)
- Accounts receivable fraud (misappropriation or misdirection of remittances received from a debtor)
- Credit card fraud involving the unauthorized use of a credit card or credit card number issued to another person, including use of purchasing card to buy goods or services for personal use
- Providing false or misleading information
- Making false or misleading financial reports
- Release or use of misleading or inaccurate information for the purposes of deceiving or misleading, or to hide wrongdoing
- Misuse of position in order to gain some form of financial advantage
- Theft of intellectual property or other confidential information
- Bribery or kick backs.

4.2.2 Payroll/timesheet fraud

- Time in lieu claimed but not worked
- Overtime claimed but not worked
- Not recording leave taken on timesheet
- Forgery of manager's signature
- Fraudulent medical certificates.

4.2.3 Unauthorised use of Council assets

- Unauthorised private use of vehicles
- Taking supplies for private use
- Taking equipment for private use.

4.2.4 False claims for reimbursement

- Claiming for non work related costs
- Claiming for costs not actually incurred.

4.2.5 Recruitment fraud

- Fake qualifications
- Fictitious former employers
- Fake references.

4.2.6 Examples of corruption

Corruption includes Councillors, employees, volunteers and contractors:

- Being targeted by external parties seeking to gain an improper benefit
- Targeting external parties or other internal parties in seeking to gain an improper benefit.
- Payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver (e.g. building projects completed at an employee's private residence)
- Release of confidential information for other than a proper business purpose in exchange for some form of non-financial benefit or advantage accruing to the employee releasing the information
- Solicitation of donations for an improper political purpose
- Senior personnel acting in their own self-interest rather than the interests of Council (e.g. failing to declare a conflict of interest in a decision)
- Serious nepotism and cronyism where the appointee is inadequately qualified to perform the role to which he or she has been appointed
- Manipulation of the procurement process by favouring one tenderer over others or selectively providing information to some tenderers. This may involve allowing tenderers to resubmit a 'non-complying' tender after being provided with the details of other bids
- Gifts or entertainment intended to achieve a specific or generic commercial outcome in the short or long-term – in breach of Council's Gifts and Benefits procedure.

4.3 Planning and Resourcing

4.3.1 Fraud and Corruption Control Plan

The Fraud and Corruption Control Policy and Procedure describe Council's intent and general methodology with regards to fraud and corruption control. They are made available to all councillors, employees, volunteers and contractors through the policy intranet. They contain general information on activities, responsibilities and timelines but do not relate to a specific period in time.

The Fraud and Corruption Control Plan relates to a specific period in time. It outlines Council's intended actions in implementing and monitoring its fraud and corruption prevention, detection and response initiatives. It describes Council's current fraud and corruption risk context, and its current fraud and corruption risks (as identified in a risk assessment). It contains detailed and specific information on fraud and corruption control activities, responsibilities and timelines in response to those risks. It is not available on the policy intranet due to its sensitive nature, but is held by Risk & Performance on behalf of the Audit Committee and the Executive.

The Fraud and Corruption Control Plan should include but not be limited to:

- A statement on Council's current fraud and corruption risk context
 - External factors such as the regulatory environment, the economic environment, relevant emerging technologies, and threats to the organisation
 - Internal factors such as the political environment, historical incidents and trends, key business drivers, and the organisation's people, systems and structures; this may include a list of risks that are considered politically sensitive and thus have a heightened potential to impact the organisation
 - The scope, boundaries and parameters of Council's fraud and corruption risk management activities, including how Council currently weighs up risk and reward in regards to those activities and determines what is practicable

- Relevant information on how Council conducted its most recent risk assessment(s), such as who conducted them, who participated, the method and the dates
- Relevant recent reports of fraudulent or corrupt behaviour and outcomes of investigations into those reports
- The outcomes of the most recent fraud and corruption risk assessment(s) (see 4.5.5)
 - A tabulation of all fraud and corruption risks identified, with risk ratings and control effectiveness ratings. The table should enable a clear overview of the highest risk service units, and the types of fraud or corruption that pose the greatest risks
 - More detailed information on the types of risk where Council's exposure is the highest and/or where controls are the weakest
 - Action items to address relevant exposures or weaknesses, with responsibilities and dates for completion assigned
- Other activities for the period covered by the Fraud and Corruption Control Plan that arise from the Fraud and Corruption Control Procedure, e.g. training calendar, risk assessment schedule, or monitoring activities such as surveys. These should have responsibilities and dates for completion assigned.

The Fraud and Corruption Control Officer should develop the Fraud and Corruption Control Plan (the plan), and review it every two years, with the Executive being responsible to provide the information contained in the context statement. The plan should be developed and reviewed in consultation with those who are to be responsible for action items and activities. The plan, at development and review, should be endorsed by the Executive and approved by the Audit Committee.

The Fraud and Corruption Control Officer should coordinate the implementation of the plan. Those who are identified as responsible in the plan should complete the action items and activities by the dates assigned. The General Manager Corporate Services, supported administratively by the Fraud and Corruption Control Officer, should ensure that this takes place. The Fraud and Corruption Control Officer is responsible to monitor the progress of the action items and activities and report six-monthly to the Audit Committee.

4.3.2 Resourcing

The Executive should appoint the Fraud and Corruption Control Officer (the officer) and ensure that the officer has the appropriate skills, experience and/or training to undertake the role. They should also ensure that the officer has the appropriate resources to develop, implement, monitor and review the fraud and corruption prevention, detection and response activities for which the officer is responsible.

The General Manager Corporate Services has overall responsibility for overseeing the fraud and corruption control program.

4.4 Internal audit

Internal audit supports fraud prevention by ensuring employees conform to internal controls, and by deterring potential perpetrators with the increased prospect of being caught. It has a key role in detection of fraud, and provides necessary inputs into Council's responses to fraud.

The Legal & Governance Manager, in consultation with the General Manager Corporate Services, should ensure that internal audit schedules or plans adequately address Council's fraud risk exposures and adequately test Council's fraud risk controls. They may use the most recent fraud risk assessment(s) to support the development of those schedules or plans.

The Legal & Governance Manager should ensure that internal audit activity is planned and conducted in accordance with fraud detection, deterrence and response provisions of the International Professional Practices Framework of the Institute of Internal Auditors.

4.5 Prevention

4.5.1 An ethical culture

An organisational culture with a high ethical standard sets conformance with policies and procedures as the norm, encourages employee reporting of suspect behaviour, and by contrast makes fraudulent or corrupt behaviour more obvious.

4.5.1.1 Induction

Clear behavioural expectations, and clear consequences for fraudulent or corrupt behaviour, should be communicated at commencement with Council.

The People & Culture Coordinator should ensure that new employees receive information at induction on:

- Council's expectations about ethical behaviour
- How the organisation prevents, detects and responds to fraud and corruption
- Employee roles and responsibilities in identifying and reporting fraudulent or corrupt behaviour, or suspected behaviour.

The Governance Coordinator should do likewise for councillors, and coordinators responsible for the induction of volunteers or contractors should do likewise for those volunteers or contractors.

This is in addition to any role-specific information on fraud and corruption control measures e.g. policies, procedures or local work instructions on, for example, segregation of duties or online procurement processes.

4.5.1.2 Example setting

Role modelling and setting of behavioural expectations by leaders is critical in reinforcing a sound ethical culture where fraud and corruption are not accepted.

Accordingly, councillors, the Executive, managers, coordinators and other supervisory staff should:

- Conform to Council's policies and procedures as they relate to fraud and corruption, including but not limited to the relevant Code of Conduct, Gifts and Benefits Procedure, Purchasing Manual, Conflicts of Interest Guide, Confidentiality Policy and the Corporate Purchasing Card Procedure
 - The Executive, managers, coordinators and other supervisory staff should ensure that employees, volunteers and contractors who report to them do likewise
- Maintain an awareness regarding fraud and corruption risks (with a greater awareness required of councillors, the Executive and managers), by means including but not limited to attending training programs implemented by Council.

4.5.1.3 Monitoring and reporting

Regular monitoring and reporting of Council's ethical performance helps support and maintain a sound culture and reinforce appropriate behaviours.

To enable this, the Fraud and Corruption Control Officer should develop, implement and triennially review fraud and corruption control performance measures and targets. They may include: numbers of adverse internal audit findings; attendance at awareness training; or qualitative feedback from staff surveys or exit interviews. The organisation's performance against the targets

should be reported annually to the Audit Committee, and qualitative statements included in the annual Council Report.

4.5.1.4 Other actions to support an ethical culture

If and when Council's ethical performance does not meet its targets, whether evidenced through monitoring or otherwise, the Fraud and Corruption Control Officer should ensure the development and delivery of targeted awareness training. This is in addition to any scheduled fraud and corruption awareness training, unless the two may be practicably combined; in that case the training should highlight the areas of underperformance.

All councillors, employees, volunteers and contractors should annually confirm in writing (which may include an electronic sign-off in ECM) that they have, over the previous twelve months, conformed to the relevant Code of Conduct and fraud and corruption policies and procedures, and that they will so conform over the ensuing twelve months. The Fraud and Corruption Control Officer should ensure processes are in place to enable this.

4.5.2 Communication and awareness

Regular ongoing messaging about fraud and corruption helps keep councillors, employees, volunteers and contractors aware of the issues and updated on emerging risks.

The Executive, supported administratively by the Fraud and Corruption Control Officer, should regularly communicate to the organisation:

- Council's expectations about ethical behaviour
- How the organisation prevents, detects and responds to fraud and corruption
- Employee roles and responsibilities in identifying and reporting fraudulent or corrupt behaviour, or suspected behaviour.

This may be through regular channels such as weekly or quarterly staff updates, or one-off messages such as All Staff emails.

The Fraud and Corruption Control Officer should ensure that regular awareness training is delivered to all employees, tailored to suit the audience, regarding the following:

- Council's expectations about ethical behaviour
- How the organisation prevents, detects and responds to fraud and corruption
- Examples of fraudulent or corrupt behaviour
- Employee roles and responsibilities in identifying and reporting fraudulent or corrupt behaviour, or suspected behaviour
- Encouragement about the important role of peer awareness and vigilance in detecting fraud
- Specific instructions on how to report
- (For more senior audiences) new types of technology that may be used to commit fraud, or to minimise fraud.

4.5.3 Line management accountability

Council's performance management system and processes are powerful behavioural drivers, and help focus employees' attention on issues of critical concern to Council.

The People & Culture Coordinator should ensure that fraud and corruption performance measures are included in the relevant performance plans as per the Performance Development Procedure.

4.5.4 Internal controls

Council develops, implements, maintains and reviews electronic systems, and policies, procedures and local work instructions, to minimise fraud and corruption, including but not limited to the list below.

The Responsible Officers identified in those policies, procedures and local work instructions should ensure that internal controls identified are proportional to the risks of fraud and corruption, and that internal controls are well documented, regularly reviewed and updated, and understood by those who have roles and responsibilities in them.

These documents are located on the policy intranet:

Acting in Higher Positions Procedures	Internally Managed Events Policy
Advocacy Policy	Investment of Council Funds Policy
Asset Disposal Policy	Liquor Licence Policy
Cash Handling Policy	Mayor and Councillors Purchase Card Procedure
Code of Conduct (Councillors and employees)	Mobile Food Van Policy
Community Engagement Policy and Guidelines	Motor Vehicle Policy
Community Facilities Access Policy	Naming of Council Community Facilities and Open Space Policy
Community Grants Program Policy	Negotiating with Developers in Growth Areas Policy
Community Service Organisation Support Funding Policy and Guidelines	Online Engagement Policy
Confidentiality Policy	Photography and Images Policy
Conflict of Interest Guides	Privacy Policy
Corporate Purchasing Card Procedure	Procurement Policy
Development Contributions Policy	Project Approval Policy
Election Period Policy	Project Management Policy
Environmental Enhancement Policy	Protected Disclosure Procedure
Externally Managed Events Policy	Provision of Loans and or Guarantees to Community Groups Policy
Financial Assistance (Rates Charges) Policy	Public Internet Policy
Gift and Merchandise Policy and Procedure	Purchase of Outgoing Mayoral Gifts Policy
Grant Seeking Procedure	Purchasing Procedure Manual
Highway Advertising Signage Policy for Residential Subdivisions	Resource Support and Expenses of Councillors and Special Committee Members Policy
Hospitality and Entertainment Policy	Responsible Gambling Policy
Illness and Injury Management Policy	Secondment Policy and Procedure

These documents are located in individual service units:

Business Processes Manual (under development) (Planning Services)	Internal Review Process [Infringements] (under development) (Compliance)
Finance Procedures Manual (Finance)	Payroll Procedures Manual (People and Culture)
Fleet Management and Fleet Replacement Procedures (Legal Services)	Superannuation Procedures Manual (People and Culture)

4.5.4.1 Identifying gaps

Opportunities for fraud and corruption may arise from time to time where internal controls are not present, appropriate or adequate. These may be identified through a fraud and corruption risk assessment (see 4.5.5), or by a councillor, employee, volunteer or contractor in the course of their day to day work.

Councillors, employees, volunteers and contractors that identify gaps in internal controls should ensure that the Fraud and Corruption Control Officer is notified either directly, or through a supervisor, as soon as practicable. The Fraud and Corruption Control Officer should raise the issue with the relevant Responsible Officer as soon as practicable. Where there is disagreement or lack of clarity about who is the relevant Responsible Officer, the General Manager Corporate Services should allocate one.

The relevant Responsible Officer should ensure that internal controls are developed and implemented, proportional to the risks of fraud and corruption, and that internal controls are well documented, regularly reviewed and updated, and understood by those who have roles and responsibilities in them.

4.5.5 Fraud and corruption risk assessment

The Fraud and Corruption Control Officer, in conjunction with the relevant manager of the service unit or team, should ensure that fraud and corruption risk assessments (risk assessments) are conducted regularly and to a satisfactory standard.

The service units and/or teams that usually have higher risks of fraud and/or corruption (not just at Council but in all organisations) should have a risk assessment conducted more frequently. This includes but is not limited to Finance, Payroll, Procurement, Information Services, Planning and Compliance. A service unit or team should not have a risk assessment conducted more frequently than annually or less frequently than triennially. The Fraud and Corruption Control Officer is responsible to develop and communicate the risk assessment schedule and include it in the Fraud and Corruption Control Plan.

The employees participating in a risk assessment should include a selection of line management and operational staff for the area, but at least the manager and two other people. This is to prevent individuals, or pairs in collusion, from adversely influencing the risk assessment to avoid detection.

Where employees are not experienced in risk assessments, a suitably experienced and qualified external consultant should be appointed by the Fraud and Corruption Control Officer to support the employees in conducting the risk assessment.

Where the employees are experienced, the Fraud and Corruption Control Officer may develop a template or questionnaire to support the comprehensive identification of risks, instead of using a consultant. A service unit or team should only conduct two risk assessments in a row without an external consultant present; the third should include a consultant, to ensure all risks are identified.

The Fraud and Corruption Control Officer may provide relevant information to participants regarding previous fraud and corruption investigations, case studies from other organisation, or emerging threats.

4.5.4.2 Risk assessment process

The risk assessment process should include but not be limited to the following actions, and should be conducted in as much detail as practicable:

- Inform the participants about the context in which the risk assessment is to be conducted, by reviewing the current risk context statement as developed by the Executive and documented in the Fraud and Corruption Control Plan
- Review current business processes, ideally with the owners and operators of those processes present
- Identify and record fraud and corruption risks and their sources
- Identify and record existing controls, and rate them for their effectiveness (effective, partially effective or ineffective)
- Rate the risks for consequence and likelihood, as per the descriptors and risk matrix in the Enterprise Risk Management Framework, and record those ratings
- Identify and record risk treatments, depending on the risk rating, and in accordance with the Enterprise Risk Management Framework
- Identify and record the persons responsible to implement the risk treatments and the dates for the completion of the treatments
- Register the risk assessment in ECM and ensure that the Fraud and Corruption Control Officer is advised as soon as practicable.

The Fraud and Corruption Control Officer, in consultation with the General Manager Corporate Services, should review the information in risk assessments. In consultation with the relevant manager, they should decide what should happen with the identified risk treatments: inclusion in the Fraud and Corruption Control Plan; allocation as Tasks in ECM; or that no action need be taken. If no action need be taken then a Note should be added to the risk assessment in ECM as to why.

The Fraud and Corruption Control Officer is responsible to monitor the risk treatments included in the Fraud and Corruption Control Plan (see 4.3.1). The relevant immediate supervisor is responsible to monitor the risk treatments allocated as Tasks in ECM.

4.5.6 Employment screening

The objective of employment screening is to reduce the risk of a potential security breach and to obtain a higher level of assurance as to the integrity, identity and credentials of Council staff, and in particular, entrusted persons. Attention should be paid to not only new employees, but also to employees being promoted to, or acting in, more senior positions or to positions considered by Council to be higher risk in terms of potential exposure to fraud and corruption.

To achieve these aims, the People & Culture Manager should ensure that relevant procedures (including but not limited to the Recruitment and Selection Procedure, the Acting in a Higher Position Procedure, and the Secondment Policy and Procedure) stipulate that Council should verify, with the consent of the individual, the identity, integrity and credentials of entrusted persons, when it should do so, and who is responsible.

4.5.7 Supplier Vetting

External parties can be sources of fraud and corruption; for instance a contracted party may seek to manipulate the procurement process or pay secret commissions.

The Procurement Coordinator should ensure that procurement procedures include enquiries as to the bona fides of new suppliers.

The Accounting Services Coordinator should ensure that finance procedures include the periodic confirmation of the bona fides of existing suppliers. This should include the requirement to advise the General Manager Corporate Services as soon as practicable of any irregularities. This is so that he/she may make recommendations regarding continuing to deal with that party.

4.6 Detection

4.6.1. Detection systems

Fraud and corruption can occur despite Council having numerous controls in place. The internal auditors and the Audit Committee are engaged to systematically detect fraudulent or corrupt behaviour.

To that end, the Legal & Governance Manager should ensure that the internal auditors undertake detection activities, including but not limited to:

- Diagnostic analyses of transactions
- Analytical [Computer Assisted Audit Techniques – (CAATs)] and other procedures to find unusual items and perform detailed analyses of high-risk accounts and transactions to identify potential fraud and corruption. For example, testing payroll for phantom employees where an employee adds ghost employees to the payroll and receives the payment
- The use of CAATs, including data mining, to review the entire data population to detect particular types of fraud.

The General Manager Corporate Services should ensure that the Executive and the Audit Committee conduct regular analyses of management accounting reports, and report accordingly to Council.

4.6.2. External audit

External audit can detect material misstatements in Council's financial statements due to fraud or error.

Council's external auditors meet with the Audit Committee:

- Prior to conducting audits, where they present the audit methodology
- After conducting the audit, where they present a closing report.

The Accounting Services Coordinator is responsible to ensure their attendance at the Audit Committee.

The General Manager Corporate Services should ensure that the external auditors are briefed about Council's expectations on external audit to detect fraud, and appropriately supported by Council personnel to enable this.

4.6.3. Reporting by Council personnel

Council takes fraud and corruption very seriously and does not accept fraudulent or corrupt behaviour. It encourages all personnel to maintain awareness and vigilance in regards to fraud and corruption. It views peer reporting as a valuable source of identifying fraudulent and/or corrupt behaviour. It responds to allegations of fraud and corruption in a confidential manner and on a 'need to know' basis. It investigates in a timely and thorough manner. It responds to proven misconduct in a proportionate way, following Council's disciplinary processes. It reports alleged criminal conduct to Victoria Police as appropriate, and serious improper conduct to the IBAC as required by law. Where appropriate it seeks to recover money or goods of which it has been defrauded by taking legal action.

Peer reporting of suspicious behaviour can be difficult. Colleagues may be troubled by what they suspect, and just want it to stop, without others losing their jobs. Council's responses aim to support the person(s) who report(s) and deal justly and proportionately with the person(s) committing the behaviour.

4.6.3.1 How to report fraudulent or corrupt behaviour, or suspected behaviour

Councillors, employees, volunteers and contractors who become aware of fraudulent or corrupt behaviour, or suspected behaviour, should ensure that a report (a disclosure) is made as per the Protected Disclosure Procedure. Persons wishing to make a disclosure are encouraged to make their disclosure to the Protected Disclosure Coordinator (the Legal & Governance Manager) or the Chief Executive Officer; see the Protected Disclosure Procedure for details. Persons wishing to make a disclosure about a councillor must make it directly to the IBAC.

The CEO in consultation with the Protected Disclosure Coordinator will assess if the disclosure should be referred to the IBAC. This will be in serious cases of improper conduct; see the Protected Disclosure Procedure for details.

Where Council considers that the disclosure does not need to be referred to the IBAC, refer 4.7.

4.6.4. Reporting by external parties

From time to time employees of external parties such as suppliers may become aware, or suspicious, that Council personnel are engaging in fraudulent or corrupt behaviour. Encouraging and enabling reporting of this behaviour is an important part of a fraud and corruption control program.

The Procurement Coordinator should ensure that procurement procedures include: making new suppliers aware of Council's fraud and corruption control program; encouraging them to report fraudulent or corrupt behaviour, or suspected behaviour; and providing them with the contact details of Council's Protected Disclosure Coordinator.

The Accounting Services Coordinator should ensure that finance procedures include doing likewise with existing suppliers and other relevant external parties on a regular basis.

4.7 Response

Council responds to detected or suspected fraud or corruption by investigating first, and determining a course of action second, depending on the outcomes of the investigation.

4.7.1. Investigation

All reported fraudulent or corrupt behaviour, or suspected behaviour, should be investigated appropriately either by Council, an external investigator or Victoria Police.

Upon receipt of a report of fraudulent or corrupt behaviour, or suspected behaviour, the Fraud and Corruption Control Officer, in consultation with the General Manager Corporate Services and the People & Culture Manager, should as soon as practicable ensure that an investigation is conducted into the alleged misconduct. (If any of those people are the subject of the allegation(s) then the Legal & Governance Manager should take their place.)

4.7.1.1 External investigation

The General Manager Corporate Services, in consultation with the Legal & Governance Manager, may decide that the investigation should be conducted by an external legal firm or the matter referred directly to Victoria Police.

Investigations conducted by external legal firms should be coordinated by the Legal & Governance Manager as per the Legal Services Procedure.

The Legal & Governance Manager, in consultation with the General Manager Corporate Services, should consider the report from the external investigation and make recommendations to the Chief Executive as to the most appropriate course of action as soon as practicable.

Referral direct to Victoria Police should be coordinated by the General Manager Corporate Services.

Where neither of those things applies, the investigation may be conducted internally.

4.7.1.2 Internal investigation

The investigation should be conducted as quickly as practicable, including but not limited to the following steps:

- Develop the terms of reference, identifying:
 - Who should conduct the investigation (the Fraud and Corruption Control Officer, another Council officer, or an external consultant)
 - Who should be interviewed
 - What records should be examined
 - Who should be kept informed, on a ‘need to know’ basis
- Conduct the investigation
 - Collect witness statements
 - Examine records
 - Conduct the interviews, on an innocent until proven guilty basis; persons against whom allegations are made should be made aware of the nature of the allegations and given an opportunity to respond within a reasonable timeframe; they should be allowed a support person in the interviews, but that person may not represent them or provide comment
 - All parties to maintain confidentiality and propriety at all times
- Compile a report
 - Conclusions as to the likely truth or otherwise of the allegations
 - Comment on the breadth and seriousness of the misconduct
- Register the report in ECM using a highly restricted security classification.

The General Manager Corporate Services and the People & Culture Manager should consider the report and make recommendations to the Chief Executive as to the most appropriate course of action as soon as practicable.

4.7.2. Responses to investigation outcomes

The Chief Executive, upon receipt of recommendations from the external or internal investigation, should decide on the most appropriate course of action, and act or delegate actions accordingly, as soon as practicable.

Council’s responses to investigations may include disciplinary action, reporting to Victoria Police, and/or civil action to recover losses.

4.7.2.1 Disciplinary action

The People & Culture Manager should coordinate disciplinary action in accordance with Council’s Disciplinary Policy and Procedure.

4.7.2.2 Reporting to Victoria Police

The General Manager Corporate Services, in consultation with the Legal & Governance Manager, should coordinate the reporting of the investigation outcome to Victoria Police.

4.7.2.3 Civil action to recover losses

The Legal & Governance Manager should coordinate any civil action taken by Council to recover losses incurred as a result of the fraud or corruption.

4.7.2.4 Review of insurance cover

The Legal & Governance Manager should ensure that Council has appropriate insurance cover with regards to loss arising from internal fraudulent conduct, and externally instigated fraud and corruption. This cover may be reviewed after investigations.

4.7.2.5 Review of internal controls

Upon conclusion of investigations, the Fraud and Corruption Control Officer should ensure that a review is conducted of the internal controls related to the fraudulent or corrupt behaviour, with the relevant Responsible Officer, as soon as practicable. Where there is disagreement or lack of clarity about who is the relevant Responsible Officer, the General Manager Corporate Services should allocate one.

Where internal controls may be practicably improved, the relevant Responsible Officer should ensure as soon as practicable that those improvements are developed, documented and implemented, and understood by those who have roles and responsibilities in them.

4.7.2.6 Fraud and corruption register

The Fraud and Corruption Control Officer should maintain a record of reports of fraudulent and corrupt behaviour, or suspected behaviour, and investigation outcomes. This is to inform future Fraud and Corruption Control Plans.

5. Responsibility /Accountability

5.1	Councillors <ul style="list-style-type: none">Conform to Council's policies and procedures regarding fraud and corruption control, including but not limited to the Councillor Code of Conduct
5.2	Audit Committee <ul style="list-style-type: none">Provide governance oversight of Council's Fraud and Corruption Control programReview management accounting reports as part of Council's fraud and corruption detection system
5.3	Chief Executive <ul style="list-style-type: none">Decide on appropriate course(s) of action arising from investigations and act where required
5.4	Executive <ul style="list-style-type: none">Appoint Fraud and Corruption Control OfficerConform to fraud and corruption control policies and proceduresEnsure others that report to them do likewiseMaintain awareness of fraud and corruption risksProvide regular communication to the organisation about fraud and corruptionProvide information for the risk context statement in the Fraud and Corruption Control Plan
5.5	General Manager Corporate Services <ul style="list-style-type: none">Oversee Council's fraud and corruption control programAllocate risk control responsibilities to Responsible Officers where requiredConsider investigation reports and make recommendations for the Chief Executive

	<ul style="list-style-type: none"> Report serious fraud and corruption to Victoria Police
5.6	<p>Legal & Governance Manager</p> <ul style="list-style-type: none"> Ensure internal audit programs adequately address fraud and corruption risk Ensure procurement procedures adequately address fraud and corruption risk Coordinate external investigations and make recommendations for the Chief Executive Coordinate civil action to recover losses Ensure Council maintains appropriate insurance cover
5.7	<p>People & Culture Manager</p> <ul style="list-style-type: none"> Ensure employment procedures adequately address fraud and corruption risk Consider investigation reports and make recommendations for the Chief Executive Coordinate disciplinary action for misconduct where required
5.8	<p>Fraud and Corruption Control Officer (Risk & Performance Manager)</p> <ul style="list-style-type: none"> Develop, coordinate implementation of, and review the Fraud and Corruption Control Policy, Procedure and Plan Report to the Audit Committee Support the Executive administratively Coordinate fraud and corruption risk assessments Ensure investigations are undertaken
5.9	<p>Managers (Responsible Officers)</p> <ul style="list-style-type: none"> Ensure procedures and local work instructions regarding activities for which they have operational responsibility adequately address fraud and corruption risk
5.10	<p>Accounting Services Coordinator</p> <ul style="list-style-type: none"> Ensure finance procedures adequately address fraud and corruption risk
5.11	<p>People & Culture Coordinator</p> <ul style="list-style-type: none"> Ensure induction and performance management procedures adequately address fraud and corruption risk
5.12	<p>Procurement Coordinator</p> <ul style="list-style-type: none"> Ensure procurement procedures adequately address fraud and corruption risk
5.13	<p>All councillors, employees, volunteers and contractors</p> <ul style="list-style-type: none"> Participate in and conform to fraud and corruption risk actions and activities as per the Fraud and Corruption Control Procedure and Plan Ensure the Fraud and Corruption Control Officer is notified of fraudulent or corrupt behaviour, or suspected behaviour, as soon as practicable Conform to Council's policies and procedures regarding fraud and corruption control, including but not limited to the Employee Code of Conduct.

6. References and links to legislation and other documents

Name	Location
AS8001 – 2008	https://infostore.saiglobal.com/store/
Audit Committee Terms of Reference	Legal Services
<i>Crimes Act</i> 1958 (Vic)	www.legislation.vic.gov.au
Corporate Policy Management Policy	Policy intranet
Disciplinary Policy and Procedure	Policy intranet
Enterprise Risk Management Framework	Policy intranet
Induction Framework	Policy intranet
Legal Services Procedure	Policy intranet
Performance Development Procedure	Policy intranet
International Professional Practices Framework of the Institute of Internal Auditors	https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx
Protected Disclosure Procedure	Policy intranet
Recruitment and Selection Procedure	Policy intranet
Fleet Management and Fleet Replacement Procedures	Legal Services
Payroll Procedures Manual	People and Culture
Superannuation Procedures Manual	People and Culture
Finance Procedures Manual	Finance