



Fraud and Corruption Control Plan

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1. Fraud and Corruption Control Overview

1.1. Introduction

Melton City Council (Council) is committed to providing an organisational culture supported by appropriate policies and procedures to prevent fraud and corruption. The desired outcome of this commitment is the minimisation and elimination of actual or perceived fraudulent and corrupt behaviours and acts throughout Council's operations.

This Plan sets out the framework and approach to the implementation and review of fraud and corruption prevention, detection, monitoring and reporting. All employees are required to implement and adhere to fraud and corruption control procedures and the reporting of all instances of suspected fraud and corruption.

1.2. Purpose

Council recognises it has a responsibility to develop and implement sound financial, legal and ethical decision-making and practices. The purpose of this document is to outline Council's plan for controlling the risk of fraud and corruption.

This Fraud and Corruption Control Plan forms part of the risk management framework and is complemented by other elements of Council's Risk Management Framework, particularly the Audit and Risk Committee, Risk Management Committee, the Risk Management Strategy, Risk Appetite Statement and internal process and procedure documents.

1.3. Objectives

This Fraud and Corruption Control Plan and the ongoing fraud and corruption program represent Council's commitment to the management and control of fraud and corruption.

This Fraud and Corruption Control Plan aims to draw together all prevention, detection and response initiatives adopted by Council in one document and, more specifically, to:

- Promote the awareness of risks relating to fraud and corruption to the Council, Executive, Management, staff, contractors and volunteers
- Develop appropriate strategies and internal controls to minimise and eliminate losses due to fraud and corruption to the Council
- Address material fraud risks identified by the Council are articulated within the overall risk register

1.4. Scope

This Plan applies to councillors, executive, managers, staff, contractors, sub-contractors, consultants, persons employed through a third-party agency, volunteers and trainees.

2. Terms and Definitions

For this Fraud and Corruption Control Plan, the following definitions will apply.

Term	Definition	Source
Bribe / Bribery	Offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.	AS 8001:2021
Code of Conduct	Document broadly communicated within the organisation setting out expected standards of behaviour	AS 8001:2021
Conflict of Interest	Situation where business, financial, family, political or personal interests could interfere with the judgement of persons in carrying out their duties for the organisation	AS 8001:2021
Control	Measure that is modifying risk Controls include any process, policy, device, practice or other actions which modify risk	AS 8001:2021
Corruption	Dishonest activity in which a person associated with an organisation (e.g. councillor, executive, manager, employee or contractor) acts contrary to the interest of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interest of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.	AS 8001:2021
Cybercrime	Criminal activity where services or applications in the Cyberspace are used for or are the target of a crime, or where the Cyberspace is the source, tool, target or place of a crime.	AS 8001:2021
External Fraud	Fraudulent activity where no perpetrator is employed by or has a close association with the target organisation	AS 8001:2021
Fraud	Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity Examples of fraud include: <ul style="list-style-type: none"> • theft of money or property • falsely claiming to hold qualifications • false invoicing for goods or services not delivered, or inflating the value of goods and services • theft of intellectual property or confidential information • falsifying an entity's financial statements to obtain an improper or financial benefit • misuse of position to gain financial advantage. 	AS 8001:2021

Fraud and Corruption Control Framework	Framework for controlling the risks of fraud and corruption against or by an organisation	AS 8001:2021
Fraud and Corruption Event	Instance of fraudulent or corrupt activity against or by an organisation	AS 8001:2021
Fraud and Corruption Risk Assessment	Application of risk management principles and techniques to the assessment of the risk of fraud and corruption within an organisation in accordance with ISO 31000 Risk Assessment is the overall process of risk identification, risk analysis and risk evaluation.	AS 8001:2021 ISO 31000:2018
IBAC	Independent Broad-based Anti-corruption Commission	
Information Security	Preservation of confidentiality, integrity and availability of information	AS 8001:2021
Internal fraud	Fraudulent activity where at least one perpetrator is employed by or has a close association with the target organisation and has detailed internal knowledge of the organisation's operations, systems and procedures.	AS 8001:2021
Investigation	Search for evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct defined by this Standard as fraud or corruption.	AS 8001:2021
Management System	Set of interrelated or interacting elements of an organisation to establish policies and objectives and processes to achieve those objectives.	AS 8001:2021
Monitoring	Determining the status of a system, a process or an activity.	AS 8001:2021
Risk	Effect of uncertainty on objectives	AS 8001:2021
Threat	Potential cause of an unwanted incident, which can result in harm to a system or organisation	AS 8001:2021
VAGO	Victorian Auditor-General's Office	
Whistleblower	Person who reports wrongdoing	AS 8001:2021

3. Types of Fraud and Corruption

Corruption:

- Conflict of Interest:
 - Purchasing schemes
 - Sales schemes
- Bribery
 - Invoice kickbacks

Financial Statement Fraud:

- Asset/Revenue Overstatements:
 - Timing differences
 - Fictitious revenues
 - Concealed liabilities and expenses
 - Improper asset valuations
 - Improper disclosures
- Asset/Revenue Understatements:
 - Timing differences
 - Understated revenues
 - Overstated liabilities and expenses
 - Improper asset valuations

Asset Misappropriation:

- Cash
 - Receipts
 - Theft of cash on hand
 - Skimming
 - Cash Larceny
 - Fraudulent disbursements
 - Billing Schemes
 - Shell company
 - Non-accomplice vendor
 - Personal purchases
 - Payroll schemes
 - Ghost employee
 - Falsified wages
 - Commission schemes
 - Expense reimbursement schemes
 - Mischaracterised expenses
 - Overstated expenses
 - Fictitious expenses
 - Multiple reimbursements
 - Cash tampering
 - Forged maker
 - Forged endorsements
 - Altered payee
 - Authored maker
 - Register Disbursements
 - False voids
 - False refunds
- Inventory and All Other Assets
 - Misuse
 - Larceny

3.2. Examples of Fraud and Corruption

3.2.1. Fraud

General:

- Theft of funds, assets, plant, equipment or information
- 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 for a financial gain
- 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 kickbacks.

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.

Unauthorised use of Council's assets

- Unauthorised use of Council's equipment or materials for personal benefit
- Unauthorised private use of vehicles
- Taking Council's supplies and equipment for private use

False claims for reimbursement

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

Procurement fraud

- Falsified or altered invoices

Recruitment fraud

- Fake qualifications
- Fictitious former employers
- Fake references.

Internet / Cyber fraud

- Phishing and spoofing
- Data breach
- Business email compromise
- Malware
- Ransomware

3.2.2. Corruption

Corruption includes employees, volunteers, contractors, sub-contractors and councillors.

- 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.

3.3. Risk tolerance

Melton City Council (Council) acknowledges that in its interactions with clients and service providers, and in the delivery of its services, all fraud and corruption risks cannot be avoided or prevented.

Council has zero tolerance to any fraudulent or corrupt behaviour.

'Zero tolerance' means that Council takes all reasonable measures to prevent, detect and deal with fraud and corruption risk relating to Council and will:

- assess all alleged instances of fraud or corruption, and further investigate as necessary
- pursue disciplinary, administrative, civil or criminal actions as appropriate

4. Responsibilities

4.1. Councillors

- As the body responsible for the good governance of the municipality, set the tone for honesty and integrity in the provision of services to the community and the management of the Council's organisation.
- Ensure that Management has appropriate measures in place to detect and prevent fraud.

4.2. Chief Executive Officer and the Executive Team

- Principal responsibility for fraud and corruption control and to ensure staff compliance with the Fraud & Corruption Control Policy and Fraud & Corruption Control Plan.
- Monitor and review the fraud & corruption control policy and plan.
- Conform to fraud and corruption control policies and procedures and ensure their teams conform to fraud and corruption control policy and plan
- Provide regular communication to the organisation about fraud and corruption control policy and plan
- Decide on appropriate course(s) of action arising from investigations and act where required

4.3. General Manager Corporate Services

- Oversee Council's fraud and corruption control program
- Allocate risk control responsibilities to responsible officers where required
- Ensure investigations are undertaken
- Consider investigation reports and make recommendations for the Chief Executive Officer

4.4. Manager Legal, Governance and Risk

- Review the Fraud and Corruption Control Policy and Plan
- Ensure internal audit programs adequately address fraud and corruption risk
- Ensure procurement procedures adequately address fraud and corruption risk
- Coordinate external investigations and consult with GM Corporate Services to make recommendations for the Chief Executive Officer
- Coordinate civil action to recover losses
- Report serious fraud and corruption to Victoria Police

4.5. Manager People and Culture

- Ensure employment procedures adequately address fraud and corruption risk
- Coordinate disciplinary action for misconduct where required
- Ensure induction covers training modules on fraud and corruption and code of conduct modules
- Ensure performance management procedures adequately address fraud and corruption risk
- Ensure all new staff undergo the mandatory online training on fraud and corruption

4.6. Manager Finance

- Ensure finance and procurement procedures adequately address fraud and corruption risk
- Co-ordinate access to financial information to audit authorities.
- Ensure Council maintains appropriate insurance cover

4.7. Manager Innovation and Transformation

- Ensure Council's information assets are protected in accordance with Council's risk appetite
- Ensure compliance with external standards and frameworks
- Provide leadership and direction in managing information security at Council
- Report any risks that exceed Council's appetite in the corporate risk register
- Delegate various aspects of information security to the technology team accordingly

4.8. Fraud and Corruption Control Officer (Risk Officer)

- Develop, implement, and maintain Council's fraud and corruption control system.
- Coordinate with managers to conduct fraud and corruption risk assessments
- Record risks and associated risk treatment plans in the Fraud Risk Register
- Escalate, monitor and record fraud and corruption events
- Ensure Fraud Awareness Training is held every 2 years
- Work in liaison with Learning & Development Officer to ensure induction covers training modules on fraud and corruption, code of conduct, conflict of interest and gifts, benefits and hospitality.

4.9. Business Unit Managers

- Ensure procedures and local work instructions regarding activities for which they have operational responsibility adequately address fraud and corruption risk
- Conform to fraud and corruption control policies and procedures and ensure their teams conform to fraud and corruption control policy and plan.

4.10. Employees, contractors, consultants and volunteers

- Conform to Council's policies and procedures regarding fraud and corruption control, including reporting fraudulent or corrupt behaviour, or suspected behaviour, as soon as practicable.

4.11. Audit & Risk Committee

- Monitor and provide advice on fraud prevention systems and controls.

This includes:

- Reviewing processes in the prevention and management of fraudulent activity
- Reviewing reports of fraud from management, the status of ongoing investigations and recommendations to improve fraud controls
- Assessing the operational effectiveness of the fraud prevention controls; and
- Ensuring that the internal audit program assists in identifying any potential fraud risks

4.12. Risk Management Committee

- Review and manage the Council's risk exposure

4.13. Administrative Updates

From time to time, circumstances may change leading to the need for minor administrative changes to this policy. Where an update does not materially alter this policy, such a change may be made administratively.

Examples of minor administrative changes include changes to names of the Council's departments or a minor amendment to legislation that does not have material impact.

5. Planning and Resourcing

5.1. Integrity Framework and Fraud and Corruption Control Policy and Plan

The Fraud & Corruption Control Policy and Plan together with the Employee Code of Conduct form an important part of the Integrity Framework. These documents clearly articulate Council's objectives and expected outcomes in managing fraud and corruption.

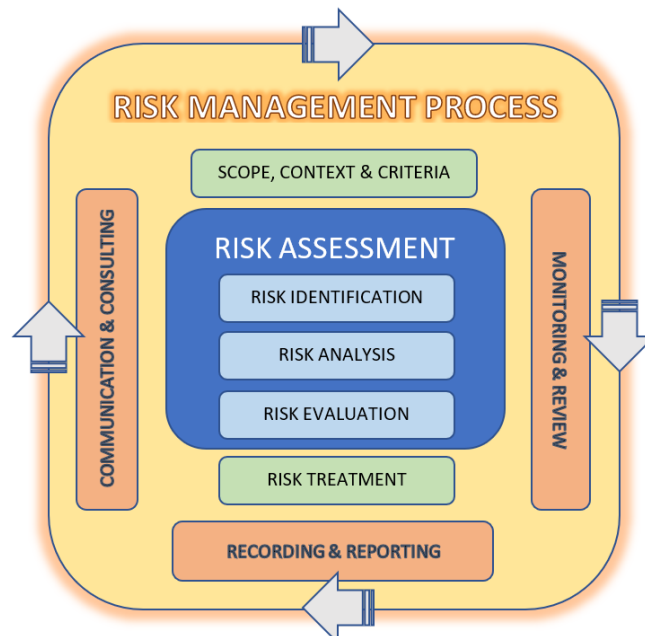
The Fraud & Corruption Control Policy establishes Council's attitude and approach to fraud and corruption control, while the Employee Code of Conduct sets out the high standards of ethical behaviour and Council's commitment to those standards.

The Fraud and Corruption Control Plan outlines Council's intended actions in implementing and monitoring its fraud and corruption prevention, detection and response initiatives. The key elements for a Fraud and Corruption Control Plan are listed in Appendix 1.



5.2. Fraud and Corruption Risk Management

Fraud and corruption are business risks and will have a similar impact on Council as other types of enterprise risks. Council shall apply the risk management principles set out in AS ISO 31000 in the management of fraud and corruption risk as shown below:



5.3. Fraud Risk Register

The Fraud Risk Register describes Council's current fraud and corruption risk context, and the risks identified in a fraud and corruption risk assessment. It contains a detailed and specific information on fraud and corruption control activities, responsibilities and timelines in response to those risks.

In the context of fraud and corruption control, the need to maintain appropriate business records is aimed at ensuring Council has the records it needs to be able to prevent, detect and respond the Council's fraud and corruption exposures and events.

5.4. 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 Manager Legal, Governance and Risk, 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 internal controls. Council implements procedures called 'pressure testing' aimed at assessing the operating effectiveness of internal controls. Pressure testing involves internal or external individual or team initiating a series of test transactions to assess the operational effectiveness of internal controls.

If deemed necessary Council will utilise the role of the internal auditor in the investigation and reporting of any suspected fraud or corrupt activity.

5.5. External Audit

The Executive Team and the Audit and Risk Committee shall undertake discussion with the external auditor in terms of the audit procedures that will be carried out during the audit that are aimed at detecting material misstatements in Council's financial statements due to fraud. The Council will aid the auditor to enable a more comprehensive examination of fraud and corruption issues.

5.6. External Environment Scan

Council shall systematically scan and monitor the external environment to identify fraud and corruption risks to which the organisation may be exposed. These risks may be in the nature of threats facing Council and "fraud and corruption drivers" within the industries and jurisdictions in which the Council operates. External environmental scanning includes identifying and analysing relevant events, trends and drivers by searching the elements outlined below:

- Political environment
- Economic environment
- Social environment
- Technological environment
- Legal environment
- Environmental factors

5.7. Information Security Policy

The purpose of the policy is "to form the overall information security framework that will protect the reputation, service delivery and financial capacity of the Council through the establishment of controls that maintain and protect the confidentiality, integrity, and availability of Council information assets, and also supporting compliance to the Victorian Protective Data Security Framework."

This policy is the pinnacle of our information security framework, inclusive of the information security management system and cascades down into the various information security procedures.

The Council shall implement its Information Security Policy incorporating the following elements:

- Accountability
- Continuous improvement
- Assurance
- Controls
- Monitoring
- Reporting

5.8. Audit and Risk Committee

The Audit & Risk Committee provides a key role in monitoring the Council's fraud control processes. Any incident of fraud will be reported to the Committee as part of the risk review report at the quarterly meeting of the Audit and Risk Committee.

The Audit & Risk Committee reviews whole of organisation risk and determines the Annual Internal Audit Plan delivered by the Internal Auditor.

Internal review of controls (systems, processes and procedures) will be undertaken by Council staff as identified in the fraud risk assessment, and/or may be selected by the Audit & Risk Committee for internal audit as part of the Annual Internal Audit Plan.

An internal audit of the Fraud Risk Register will be undertaken annually.

Where a suspected fraud or corrupt behaviour is reported or detected and it is deemed likely to have a material impact on Council's reputation or operations, in the opinion of the Chief Executive Officer, they will inform the Chair of the Audit and Risk Committee within 10 working days of the incident subject to the limitations on disclosure that may be imposed by external integrity bodies.

Audit and Risk Committee will periodically review the effectiveness of the Fraud and Corruption Policy and Plan.

5.9. Risk Management Committee

The Risk Management Committee is responsible for the Council's overall management of risk. The Committee comprises of the Chief Executive Officer, nominated general managers and business unit managers, Manager Legal, Governance and Risk and the Fraud and Corruption Control Officer (Risk Officer).

The Committee meets quarterly to continually identify, review and manage the Council's risk exposure as recorded in the Risk Register, and reviews the Risk Management Strategy and processes.

In order to ensure that all aspects of fraud risk exposure are clearly understood and to effectively implement control measures, the Committee will make recommendations on further treatments that can be implemented in order to control the risk of fraud.

6. Fraud and Corruption Prevention

6.1. Ethical Culture

All management and staff are responsible for the development and maintenance of an ethical culture. The Codes of Conduct detail the ethical values and principles that are expected of all staff and councillors of the Council.

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, Executive Team, managers, coordinators and other supervisory staff shall set the example in regard to exercising and demonstrating high levels of integrity in the execution of their roles and functions by regularly reminding employees of the importance of complying with the Code of Conduct, the Fraud and Corruption Control Policy and Plan, Gifts, Benefits and Hospitality Policy and 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.

Council will not be complacent and will treat fraud and corruption risks as a serious threat to the organisation

As part of an ethical culture, the Council, Executive Team and managers will regularly be briefed on the following:

- Council's current fraud and corruption control plan and policy
- Information on the program and robustness of the internal control environment with regard to preventing and detecting fraud
- Information on the types of fraud and corruption that have been detected in local government
- Incidence of fraud and corruption generally in Australia
- Information of new or emerging trends in this area.

6.2. Fraud Awareness Raising Programs and Training

Corporate Induction and Fraud Awareness Training is Council's method for ensuring that all employees are aware of their responsibilities for fraud control and of the expectations for ethical behaviour in the workplace.

The Learning & Development Officer in consultation with the Fraud and Corruption Control Officer (Risk Officer) is responsible for the development and delivery of fraud awareness training, which will be included in the induction program for all new staff, and delivered across the organisation as refresher training, every two years or as deemed necessary. Clear behavioural expectations, and clear consequences for fraudulent or corrupt behaviour, should be communicated at commencement with Council. The managers' training ensures that they are aware of the additional responsibility as a manager and their response to a fraud or corruption incident reported to them.

The Fraud and Corruption Control Officer (Risk Officer) should ensure that regular awareness programs and training are delivered to all employees, tailored to suit the audience, covering the following:

- A clear statement of Council's definitions of behaviours that constitute fraud and corruption
- Council's expectations about ethical behaviour and an unequivocal statement that fraudulent and corrupt practices will not be tolerated
- 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 and details about Public Interest Disclosure for the protection of employees
- Specific instructions on how to report a fraud or corruption
- (For more senior audiences) new types of technology that may be used to commit fraud, or to minimise fraud.
- What action will be taken about reported fraud and corruption

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.

Additionally, fraud and corruption awareness and standards of conduct should be promoted through regular meetings within each business unit, staff newsletters and other internal methods of communication.

6.3. Fraud and Corruption Risk Assessment

The Fraud and Corruption Control Officer (Risk Officer) is responsible for coordination of fraud risk assessments and upkeeping the documents. However, each Business Unit manager is responsible for the identification of potential exposure of fraud and corruption in their respective work areas and the development, implementation and monitoring of internal controls (systems, processes and procedures) to minimise risks. The risks, treatments and controls identified through the risk assessment process will be recorded and reported through the Fraud Risk Register by the respective Business Unit Manager. Levels of accountability are detailed in all managers' Position Descriptions.

The business units and/or teams that usually have higher risks of fraud and/or corruption (not just at Council but in all organisations) should conduct a risk assessment 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 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.

The Fraud and Corruption Control Officer (Risk 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 (Risk 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 Council's data management system; or that no action need be taken. If no action need be taken then a Note should be added to the risk assessment in Council's data management system as to why.

The Fraud and Corruption Control Officer (Risk Officer) is responsible to monitor the risk treatments included in the Fraud and Corruption Control Plan. The relevant immediate supervisor is responsible to monitor the risk treatments allocated as tasks in Council's data management system.

Key fraud risks and vulnerabilities across Council include:

- undeclared or perceived conflicts of interest
- unauthorised access to systems or processes which affect the revenue
- unauthorised access or misuse of Council facilities including IT facilities
- release of information (including unauthorised access to systems and data)
- corruption (e.g., bribery of Council employees)
- exploitation of administration processes (e.g., official procurement processes and procedures not adhered to)

The Fraud and Corruption Risk Assessment process is included in Appendix 3.

6.4. Conflict of Interests and Gifts, Benefits and Hospitality

Council has a Conflict of Interest and Gifts, Benefits and Hospitality policy and procedure that requires staff and relevant business associates to disclose actual, potential or perceived conflicts of interest and receipt of gifts, benefit or hospitality in accordance with the Local Government Act 2020. Council maintains a Conflict of Interest and Gifts Register and monitors the risks posed by conflicts of interest.

6.5. Communication and Awareness of Fraud and Corruption

It is important that fraud and corruption is identified and reported at an early stage and that staff have understanding and confidence in the system. Staff will be provided with information on the Fraud and Corruption Plan and Policy so that they have confidence in knowing how to respond if this type of activity is detected or suspected.

The awareness of Council's risk of fraud and corruption controls will be made available to staff through the following:

- Copy of the Staff Code of Conduct and Fraud and Corruption Policy will be included in packs for all new staff
- A dedicated page will be maintained on Council's intranet with regard to fraud and corruption, this will include links to all relevant documents in particular the process for reporting allegations
- Staff will complete Fraud and Corruption Awareness Training every two years
- All new staff will undergo the mandatory online Fraud and Corruption Awareness training and Code of Conduct training as part of their induction.
- Any substantive changes in the Code, Plan or Policy will be communicated to all staff
- Regular ongoing messaging about fraud and corruption helps keep councillors, employees, volunteers and contractors aware of the issues and updated on emerging risks.

6.6. 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 (Risk 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.

6.7. Compliance

Council's workforce including Executive Team, line management, employees, contractors, consultants, volunteers and others concerned with the organisation's business operation in any capacity, should be required to confirm in writing, annually, that they have, over the previous 12 months, complied with the organisation's code of behaviour and fraud and corruption policies and that they undertake to so comply over the ensuing 12 months.

6.8. Employment Screening

Employment screening will be undertaken for all new positions. This screening process will reduce the risk of a potential security breach and will provide a high level of assurance as to the integrity, identity and credentials of prospective employees.

The following screening shall be undertaken with the express consent of the individual concerned for all prospective employees:

- Verification of identity requiring at least two forms of identity (at least one must include photo identification)
- Police criminal history check
- Working with children check – relevant identified positions
- Reference checks with two most recent employers
- Consideration of any gaps on employment history and the reasons for the gaps
- Verification of formal qualifications claimed.

6.9. Job Rotation and Excess Annual Leave

Individual Service Units will regularly consider job rotation for positions where there are multiple officers undertaking the same or similar functions and the position is deemed a high risk from a fraud or corruption perspective, local law enforcement, parking enforcement, planning officers, contract management, for example.

Excess annual leave will be monitored on a quarterly basis to ensure excess leave is managed.

6.10. Supplier Vetting

The Council will continue to undertake supplier vetting for new and ongoing suppliers in accordance with existing practices.

Financial and/or Performance assessments will be undertaken where the contract poses a key financial risk to Council or where it is a new supplier that has never been

used by Council before and the risk of poor performance or financial collapse is likely to adversely affect the Council.

Financial and Performance assessment checks may also be undertaken where Council wishes to understand the financial and previous contract performance of the supplier or if no security is in place.

6.11. Engaging Contractors

The Council has mapped out the policies and processes to be followed by employees when engaging contractors and has established sufficient internal controls in place. Processes include verifying the Contractors' set of policies and procedures to enforce they maintain ethical practice. Any departures from standard processes should be rare and the reasons should be documented. Council should retain information about the contractors engaged, the services they have provided, dates of tenure, names of staff involved and the expenditure committed.

6.12. Physical Security and Asset Management

Council's tangible assets (including plant and machinery and equipment) represent significant store of value. Theft of Council's assets (whether tangible or intangible) by an employee or other person connected with the Council is deemed 'fraud' and therefore within the scope of this Plan.

Appropriate measures are put in place to prevent the theft of valuable tangible assets. These measures includes a consideration of the following:

- Perimeter security
- Access controls
- Passwords
- Locks, gates, fences
- Alarms
- Video surveillance

6.13. Information Security

Information is a critical asset that enables the Council to fulfil its legislative function. The effective use and protection of Council information assets allow it to deliver its services, provides community transparency and protects the community, stakeholders and the organisation from harm. The types of information security controls include but not limited to;

- Information Security Awareness and Training
- Information Technology Disaster Recovery Planning
- Information Technology Physical Security
- Information Technology User Account Password Procedure
- Technology Acceptable Use

7. Fraud and Corruption Detection

For information on reporting fraudulent or corrupt behaviour, or suspected behaviour, refer to the Public Interest Disclosure Procedure in Appendix 4.

7.1. Detection Program

Council's detection program includes the annual internal audit plan, annual financial statement external audit, Audit and Risk Committee oversight, review of risk strategies and various reporting avenues. Other detection programs may also include:

- Post transactional reviews - a review of transactions after they have been processed. This option may identify or uncover altered documents or missing documentation, falsified or altered authorisations or inadequate documentary support.
- Data analytics - the application of sophisticated (and sometimes unsophisticated) software applications and techniques where a series of suspicious transactions can be identified and then investigated which can identify anomalies at an early stage.
- Analysis of management accounting reports - using relatively straight forward techniques in analysing management accounting reports, trends can be examined and investigated which may be indicative of fraudulent or corrupt conduct.

7.2. External Audit

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

The Council's external auditors meet with the Audit & Risk Committee:

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

7.3. Reporting by Internal Parties

Council takes fraud and corruption very seriously and does not accept fraudulent or corrupt behaviour. It encourages all personnel to maintain awareness and vigilance with regard to fraud and corruption.

All staff are encouraged to assist the Council by:

- identifying suspected or potential fraudulent and corrupt activities; and
- reporting any such activities in order that those activities are investigated.

Internal reporting avenues include notifying:

- the Chief Executive Officer; or General Manager or Manager or Supervisor
- Public Interest Disclosure Officer.

External reporting avenues include notifying:

- the Local Government Inspectorate on 1800 469 359, or
- the IBAC on 1300 735 135, or
- the Victorian Ombudsman on (03) 9613 6222.

Other reporting avenues include notifying:

- the Internal Auditor; or
- the Audit and Risk Committee Chair

The Internal Auditor or Audit & Risk Committee Chair will refer the notification to an authorised external body and/or notify the Chief Executive Officer provided always that any request for non-identification of the discloser will be maintained.

Alleged criminal conduct will be reported to Victoria Police as appropriate, and serious improper conduct to IBAC as required by law.

7.4. Reporting Fraudulent, Corrupt 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 Public Interest Disclosure Procedure. Persons wishing to make a disclosure are encouraged to make their disclosure to the Public Interest Disclosure Coordinator (Manager Legal, Governance and Risk) or the Chief Executive Officer.

Persons wishing to make a disclosure about a councillor must make it directly to the IBAC.

The CEO in consultation with the Public Interest Disclosure Coordinator will assess if the disclosure should be referred to the IBAC. This will be in serious cases of improper conduct.

Where Council considers that the disclosure does not need to be referred to the IBAC subject to the result of the investigation and is responded appropriately.

See the Public Interest Disclosure Procedure in Appendix 4

7.5. 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 Manager Finance 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 Public Interest Disclosure Coordinator.

7.6. Complaints Management

Reports on fraud or corruption may arrive in the form of a complaint or a suggestion for improvements to service from persons such as clients, customers, end-users or members of the public. The internet and social media are additional avenues by which Council may receive information about fraud or corruption. Council shall establish a system for handling complaints in line with AS/NZS 10002. Frontline and communications staff shall be trained in recognising and escalating complaints about fraud and corruption.

7.7. Public Interest Disclosure

Under the Public Interest Disclosures Act 2012, persons can make disclosures to the Council and IBAC about improper conduct and detrimental action in relation to the activities and functions of the Council. This is encouraged where any person wishes to access the protections afforded by the Act. The Council's Public Interest Disclosure Procedures are available on Council's intranet.

Disclosures about improper conduct or detrimental action by Councillors should be made to the IBAC or to the Ombudsman. If Council receives a misdirected disclosure about a Councillor, such disclosures will be assessed and managed in accordance with Council's Public Interest Disclosure Procedures.

7.8. Exit Interview

Exit interviews can be useful in eliciting relevant information about fraudulent or corruption events from a departing member of Council's workforce.

8. Mandatory Reporting

The Chief Executive Officer must notify IBAC of any matter they suspect on reasonable grounds to involve corrupt conduct occurring or having occurred. This obligation cannot be delegated. Where another person is acting as the Chief Executive Officer, the obligation applies to that person.

The Chief Executive Officer must notify IBAC, as soon as practicable, of all instances of suspected corrupt conduct occurring in the Council, and suspected corrupt conduct occurring in other organisations where it is connected with the Chief Executive Officer's duties, functions and exercise of powers.

An assessment as to whether a matter must be notified to IBAC should be made based on the material available to the Chief Executive Officer.

9. Responding to Detected Fraud and Corruption Incidents

Council has developed a procedure for immediate action in response to a fraud or corruption event which includes the following:

- Identify as quickly as possible the parties involved internal to the Council.
- Identify as quickly as possible the parties involved external to the Council.
- Identify as quickly as possible whether funds have been removed from Council's bank accounts
- Freeze Council's bank accounts to prevent any further leakage of funds through unauthorised transactions that are awaiting processing.
- Act to freeze and account into which Council's funds have been transferred
- Capture and collage digital, documentary and other physical evidence.
- Risk assess what the event will mean to the Council and then activate Council's response and recovery system
- Suspension of workers suspected of involvement in the event, including deactivation of their physical and system access, without compromising investigative opportunities.

For all matters subject to Mandatory Reporting to IBAC, no action will be taken until IBAC has assessed the matter and informed the Chief Executive Officer of its decision. Exceptions apply where the action is:

- necessary to lessen or prevent a serious threat to the life, health, safety or welfare of an individual or to public health or safety; or
- taken to comply with another legal obligation, such as a duty to report the matter under other legislation; or
- reporting the matter to Victoria Police.

For all other reports detected or suspected fraud or corruption and any matters subsequently referred back by IBAC for Council to consider, Council will investigate first, and determine a course of action second, depending on the outcomes of the investigation. The Chief Executive Officer will remain impartial to any investigation and not be a member of any Investigation Team.

10. Investigation

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

The purpose of an investigation is to:

- Determine if in fact fraudulent or corrupt behaviour has been committed
- Identify the person(s) responsible for the fraudulent or corrupt behaviour
- Discover the extent of the fraudulent or corrupt behaviour and determine the action to be taken
- Provide the basis of any insurance claim
- Identify how long the fraudulent or corrupt behaviour has been occurring and thereby the extent of the breakdown of internal controls; and
- Identify any gaps or weaknesses in the controls and systems associated with the activity that is subject to the investigation.

Upon receipt of a report of fraudulent or corrupt behaviour, or suspected behaviour, the General Manager Corporate Services and/or the Manager Legal, Governance and Risk will as soon as practicable ensure that an investigation is conducted into the alleged misconduct.

The Chief Executive Officer will be consulted and decide whether the Police or any external assistance will be employed. The Chief Executive Officer is responsible for the selection of the personnel to be involved in the Investigation team. This may include referring the investigation to the Internal Auditor for action.

10.1. External Investigation

The Chief Executive Officer may decide that the investigation should be conducted by an external party or the matter referred directly to Victoria Police.

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

10.2. Internal Investigation

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

1. Develop the terms of reference, identifying:
 - Confirming who should conduct the investigation
 - Who should be interviewed
 - What records should be examined
 - Who should be kept informed, on a 'need to know' basis
2. 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

3. Compile a report
 - Conclusions as to the likely truth or otherwise of the allegations
 - Comment on the breadth and seriousness of the misconduct
 - Report on any detected gaps or weaknesses in the controls and systems associated with the alleged activity.
 - Register the report in Council's document management system using a highly restricted security classification

A Fraud Investigation Checklist is included in Appendix 2.

10.3. Responses to Investigation

The Chief Executive Officer, 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.

10.4. Disciplinary Action

The Manager People and Culture will coordinate disciplinary action in accordance with Council's Disciplinary Policy and Procedure.

10.5. Reporting to Victoria Police

The Manager Legal, Governance and Risk will coordinate the reporting of the investigation outcome to Victoria Police.

10.6. Civil action to recover losses

- Council will pursue recovery of any losses due to fraud or corruption where there is clear evidence of fraud and corruption and where the likely benefits of such recovery will exceed the funds and resources required to be invested in the recovery action.
- The General Manager Corporate Services will coordinate any civil action taken by Council to recover losses incurred as a result of the fraud or corruption.

10.7. Review of Internal Controls

Where fraud or corruption is detected, the relevant business unit Manager, in consultation with the Manager Legal, Governance and Risk and/or the Fraud and Corruption Control Officer (Risk Officer), will review the findings and assess the adequacy of the relevant internal control environment and provide a report to the General Manager Corporate Services on any recommended improvements identified.

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.

10.8. Fraud and Corruption Events Register

The Manager Legal, Governance and Risk and/or Fraud and Control Corruption Officer (Risk Officer) will maintain a record of reports of fraudulent and corrupt behaviour, or suspected behaviour, and investigation outcomes in the Fraud and Corruption Events Register.

All investigative documentation will comply with relevant legislative provisions, will remain strictly confidential and will be retained in accordance with the Council's Information Privacy Policy and Records Management system controls.

The Fraud and Corruption Events Register includes:

- Date and time of report
- Date and time the event was detected
- How the event came to the attention of the management
- The nature of the event
- Value of loss (if any) to the organisation
- Action taken following discovery of the event

10.9. Insurance Covers

Council maintains a fidelity guarantee insurance policy that insures the risk of loss arising from internal fraudulent conduct. The level of the policy will be determined as part of Council's annual insurance renewal program. This will be reported annually to the Risk Management Committee alongside Council's other insurance policies.

Insurance for external fraud and corruption, in particular the theft of Council property, will also be maintained and reviewed annually by staff in conjunction with the normal annual reassessment of insurance policy cover and limits.

11. References

- AS 8001:2021 – Fraud and Corruption Control
- Audit Committee Terms of Reference
- Disciplinary Policy and Procedure
- Enterprise Risk Management Plan
- Induction Framework
- Protected Disclosure Procedure
- Recruitment and Selection Procedure
- Payroll Procedures Manual
- Finance Procedures Manual
- Information Security Polciy

12. Appendix

12.1. Appendix 1: Fraud and Corruption Control Plan Elements

Communicating Intent	Identifying Risks	Limiting Opportunities	Raising Awareness	Monitoring
<ul style="list-style-type: none"> • Fraud and Corruption Policy • Fraud and Corruption Control Plan • Employee Code of Conduct • Councillor Code of Conduct • Child Safe Code of Conduct • Public Interest Disclosure Procedures, including mandatory reporting by CEO • Petty Cash Procedures • Gifts, Benefits and Hospitality Policy and Procedure • Recruitment Policy • Workplace Values • Procurement Policy • Tendering Procedures Manual • Procurement procedures and tools 	<ul style="list-style-type: none"> • Fraud and Corruption Risk Assessments • Fraud Risk Register • Risk Management Framework • Quarterly Procurement Expenditure Data report • Recruitment vetting (Police check, referees, qualifications, COI etc.) • Supplier vetting • The IBAC/ VAGO/ Ombudsman publications 	<ul style="list-style-type: none"> • Internal controls including but not limited to system controls • Internal Audit actions • Compliance Review actions • Recruitment Procedure • Delegations, Authorisation procedures • Conflict of Interest declaration and register and Gift register • IT system access controls • Exception reporting i.e. payroll, accounts payable etc. • Segregation of duties • Dual authorisation payroll EFT payments • Vendor Masterfile cleansing 	<ul style="list-style-type: none"> • E-learning Fraud and Corruption mandatory training and induction. • Fraud Awareness Training every 2 years • Circulation of the VAGO, IBAC and Ombudsman reports and newsletters. • Procurement induction and regular communication updates. • Contractor Management training. 	<ul style="list-style-type: none"> • Risk Management Committee • Compliance Plan reviews • Internal Audit Plan and ad hoc audits • Annual Procurement internal audit • External Audit • VAGO • Audit and Risk Committee • EMT monitoring i.e. excess staff leave balances

12.2. Appendix 2: Fraud Investigation Checklist

- A complete description of the allegations or suspected events
- The name and position of any public official/s alleged to be involved
- The name/s of the person/s who made the allegation/s
- The name and role of any other person/s relevant to the matter
- The dates and/or time frames in which the alleged conduct occurred
- A brief analysis of why the events in question may be corrupt conduct
- A brief analysis of the basis for forming a reasonable suspicion about the events in question
- An indication as to whether the conduct appears to be a one-off event or part of a wider pattern or scheme
- The date the allegation was made or the date you became aware of the conduct
- How you became aware of the conduct
- What your organisation has done about the suspected conduct, including notification to any other agency (e.g. the Police or the Victorian Ombudsman)
- What further action you propose
- The approximate amount of money or value of resources (if any) involved
- Any other indicators of seriousness
- Any other information deemed relevant to the matter
- Copies of any relevant documents
- The name of the relevant contact officer

12.3. Appendix 3: Fraud and Corruption 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
- Rate the risks for consequence and likelihood, as per the descriptors and risk matrix in the Enterprise Risk Management Plan, and record those ratings
- Identify and record existing controls, and rate them for their effectiveness (effective, partially effective or ineffective)
- Identify and record risk treatments, depending on the risk rating, and in accordance with the Enterprise Risk Management Plan
- 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 Council's data management system.

12.4. Appendix 4: Public Interest Disclosure Procedure

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6. How can a person make a Public Interest Disclosure about Council?

6.1 The Act specifies that Disclosures must be made in different ways according to the entity or person the subject of them.

6.2 It is not necessary that a person making a Disclosure can identify the person or Public Body to whom or to which it relates.

6.3 It is also not necessary that a person making a Disclosure identifies themselves – Disclosures can be made anonymously.

6.4 *Disclosures about Council and its employees and contractors*

6.4.1 These Disclosures must be made to Council (see section 16 of the Act) and can be either oral or written.

6.4.2 An oral Disclosure must be made In Private, either in person, by telephone or by some other means that does not involve writing:

- (a) to Council's Chief Executive Officer;
- (b) to Council's Public Interest Disclosure Coordinator;
- (c) if the person making the Disclosure is an employee of Council –
 - (i) to a person specified in paragraph (a) or (b); or
 - (ii) to an employee of Council who directly or indirectly supervises or manages that person; or
- (d) if the Disclosure relates to a person who is an employee of that Council –
 - (i) to a person specified in paragraph (a), (b) or (c)(ii); or
 - (ii) to a Council employee who directly or indirectly supervises or manages that person.

6.4.3 A written Disclosure must be:

- (a) delivered personally to Council's Office;
- (b) sent by post addressed to Council's Office; or
- (c) sent by email to the:
 - (i) bradleyd@melton.vic.gov.au Address; or
 - (ii) email address of any of the persons described in paragraph 6.4.2.

6.4.4 Whenever possible, Disclosures should be:

- (a) made to the Chief Executive Officer or the Public Interest Disclosure Coordinator; and
- (b) identified by the Discloser as being a Public Interest Disclosure by including on the envelope or in the email subject line the following:
CONFIDENTIAL - Attention Public Interest Disclosure Coordinator – Bradley Dosser.

6.5 *Disclosures about Councillors*

6.5.1 These Disclosures must be made directly to IBAC or the Victorian Ombudsman (see section 14(e) of the Act).

6.5.2 These Disclosures can also be made orally or in writing, as follows:

IBAC

Complaints can be submitted by:

(a) making an oral Disclosure In Private, either in person, by telephone or by some other means that does not involve writing, to:

- (i) the IBAC Commissioner;
- (ii) a Deputy IBAC Commissioner;
- (iii) the Chief Executive Officer of IBAC;
- (iv) an IBAC employee; or
- (v) any staff seconded to, or engaged by, IBAC from a Department, statutory authority of other public body; or

(b) making a written Disclosure which must be:

- (i) delivered personally to the IBAC Office;
- (ii) sent by post addressed to the IBAC Office;
- (iii) sent by email to the:
 - a. IBAC Email Address; or
 - b. email address of any person described in paragraph 6.5.2(a); or
 - (iv) submitted by an online form at <https://www.ibac.vic.gov.au/reporting-corruption/report/complaints-form>.

Ombudsman

Complaints can be submitted by:

(c) making an oral Disclosure In Private, either in person, by telephone or by some other means that does not involve writing, to an Ombudsman officer; or

(d) making a written Disclosure which must be:

- (i) delivered personally to the Ombudsman's Office;
- (ii) sent by post addressed to the Ombudsman's Office;
- (iii) sent by email to the:
 - a. Ombudsman Email Address; or
 - b. email address of any person described in paragraph 6.5.2(c); or
 - (iv) submitted by an online form at <https://www.ombudsman.vic.gov.au/Complaints/Make-a-Complaint>.

6.6 Misdirected Disclosures

6.6.1 These disclosures may be made to Council in accordance with the 'no wrong door' provisions in the Act (see section 18 of the Act).

6.6.2 A Disclosure is a Misdirected Disclosure if:

- (a) it is a Disclosure for which Council is not the appropriate receiving entity to which the Disclosure may or must be made (see paragraphs 6.4 and 6.5) – eg Disclosures about Councillors; and
- (b) the Discloser honestly believed that Council was the appropriate receiving entity for the Disclosure; and
- (c) the Disclosure does not relate to a member of Parliament.

6.6.3 If Council receives a Misdirected Disclosure, Council will consider whether the Disclosure may be a potential Public Interest Disclosure in accordance with paragraph 7 below and notify the Disclosure to the appropriate receiving entity accordingly.

6.6.4 Beyond notifying a Misdirected Disclosure to the appropriate receiving entity, Council is prohibited from disclosing the content of that Misdirected Disclosure and from disclosing information likely to reveal the identity of the person who made the Misdirected Disclosure.

6.7 A Disclosure will not be a Public Interest Disclosure if:

6.7.1 it is not made in accordance with the processes outlined at paragraphs 6.4, 6.5 or 6.6 of this Procedure;

6.7.2 it is made about the actions of, among others, a Public Interest Monitor, the Victorian Inspectorate, an officer of the Victorian Inspectorate or a Court (see section 9(3) of the Act);

6.7.3 the Discloser expressly states that the Disclosure is not a Public Interest Disclosure; or

6.7.4 it is not made in accordance with the procedures prescribed by Part 2 of the Act and the Regulations.

6.8 In those circumstances, Council may:

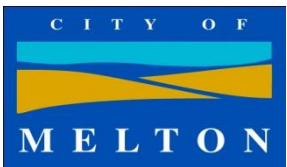
6.8.1 reject the Disclosure;

6.8.2 consider directing the Discloser to make the Disclosure to another entity; and/or

6.8.3 where the Disclosure concerns Council, a Council employee or contractor or a Councillor, accept the Disclosure but not treat it as a Public Interest Disclosure for the purposes of the Act.

6.9 Such Disclosures will therefore not attract any of the protections provided by the Act (see paragraph 9).

12.5. Appendix 5: Fraud and Corruption Control Policy

	Fraud and Corruption Control Policy
Version No.	Version 0.2
Endorsement	Executive: January 2022 Policy Review Panel: February 2022
Authorisation	Council: March 2022
Expiry date	4 years from Council authorisation date (insert in final draft)
Responsible officer	Risk Officer:
Policy owner	Manager Legal, Governance & Risk

1. Purpose

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

2. Scope

This policy applies across all of Council.

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

3. Definitions

Word/Term	Definition	
Fraud	Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity	AS 8001:2021
Corruption	Dishonest activity in which a person associated with an organisation (e.g. councillor, executive, manager, employee or contractor) acts contrary to the interest of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interest of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.	AS 8001:2021

4. Policy

Fraudulent and corrupt behaviour, as well as often being illegal, has significant potential to cause harm to Council: damage to Council's reputation; damage to staff morale; and significant financial losses. Council will not tolerate fraudulent or corrupt behaviour by any person.

Council is committed to preventing, detecting and responding to fraud and corruption. The identification of fraud and corruption risks as well as the appetite, tolerance and treatment of these is managed by using the Enterprise Risk Management Framework (2021).

Fraud and corruption risks are managed through:

- Identification of business processes which are potentially at risk of exposure to fraud and corrupt conduct.
- Controls to mitigate the risk of exposure.
- Procedures to investigate allegations of fraudulent or corrupt conduct.
- Implementation of procedures to appropriately manage incidents of fraud and corrupt conduct.
- Provision of training, awareness and enforcement of Codes of Conduct to ensure Councillors, managers, staff, contractors and volunteers are aware of their responsibilities in the prevention and management of fraud and corrupt conduct.
- Ensuring an environment in which fraudulent or corrupt conduct is discouraged.

Council's Audit and Risk Advisory Committee will regularly review and assess the effectiveness of Council's processes and controls for preventing, detecting and responding to fraud and corruption.

4.1. Code of conduct

Council has an Employee Code of Conduct, a Child Safe Code of Conduct and a Councillor Code of Conduct which are key to establishing the ethical culture required to prevent fraud and corruption throughout the organisation. Employees, volunteers, contractors and councillors are expected to demonstrate high levels of integrity in the execution of their roles and functions by complying with the Employee Code of Conduct, Child Safe Code of Conduct and Councillor Code of Conduct.

4.2. Policies and procedures

In addition, Council has various policies and procedures that describe risk controls and/or appropriate behaviours where fraud or corruption may be a risk e.g. Gifts and Benefits Procedure, the Purchasing Procedures Manual and Conflict of Interest Guides. Council requires councillors, employees, volunteers and contractors to conform to relevant policies and procedures. Many of these are driven by and/or reflect the requirements contained in the *Local Government Act 2020*.

4.3. Fraud and corruption control plan

Council develops, implements and reviews a Fraud and Corruption Control Plan and allocates appropriate resources accordingly. Elements of the procedure include but are not limited to: internal audit; risk assessment; internal controls; fraud and corruption awareness; employment screening; supplier vetting; detection; reporting; investigation; and civil action for recovery of losses. The procedure is general in nature and is available on the intranet.

4.4. Fraud and corruption risk assessments

Council conducts fraud and corruption risk assessments at a service unit level to identify where Council may be exposed to these risks, and how effective existing controls are against those risks. Service units with higher levels of risk are risk-assessed more frequently.

4.5. Internal audit

Council maintains an internal audit program, coordinated by Council personnel and conducted by an external company, which regularly examines areas of Council activities in order to detect fraudulent or corrupt behaviour.

4.6. Fraud and Corruption Control Officer

Council appoints a Fraud and Corruption Control Officer (Council's Risk Officer) with responsibility to manage Council's exposure to these risks.

4.7. Fraud and Corruption Incident Register

The Manager Legal, Governance and Risk and Fraud and Corruption Control Officer (Risk Officer) maintains a fraud and corruption fraud and corruption incident register to record suspected incidents of fraud and corruption and the handling of these.

4.8. Notification

Fraudulent or corrupt behaviour may constitute improper conduct as per the Public Interest Disclosure Procedure, which is the responsibility of Manager Legal, Governance and Risk as the Public Interest Disclosure Coordinator.

Council requires councillors, employees, volunteers and contractors who become aware of fraudulent or corrupt behaviour, or suspected behaviour, to ensure that the relevant parties as described in the Public Interest Disclosure Procedure are notified of the behaviour or suspected behaviour as soon as practicable.

The Chief Executive Officer (CEO) is legally required to report suspected corrupt conduct to the Independent Broad-based Anti-Corruption Commission (IBAC).

4.9. Response

Council responds to allegations of fraud and/or corruption by assessing if the allegations should be referred to the Independent Broad-based Anti-corruption Commission (IBAC). This applies to serious misconduct, as per the Public Interest Disclosure Procedure. Where they are not, responsibility for response may return to the Chief Executive Officer, General Manager Corporate Services and/or Manager Legal, Governance and Risk.

Council responds with actions including but not limited to the following: investigating the allegations; determining as much as practicable the facts of the alleged behaviours; applying as appropriate Council's disciplinary procedures, including termination of employment where applicable; where appropriate escalating the matter to the relevant authorities (e.g. Victoria Police); and where appropriate commencing civil action to recover losses.

5. Responsibility/Accountability

5.1. Councillors

- Conform to Council's policies and procedures regarding fraud and corruption control, including but not limited to the Councillor Code of Conduct and Child Safe Code of Conduct.

5.2. Audit and Risk Committee

- Oversee the internal audit program
- Monitor fraud and corruption risk control measures
- Review management reports about actual or suspected instances of fraud or corruption and actions taken.
- Review the Fraud Control Policy and fraud awareness programs at least very two years.

5.3. CEO

If the CEO believes there are reasonable grounds to suspect corrupt conduct has occurred or is occurring, they have a legal obligation to report these suspicions to IBAC.

5.4. Executive Team

- Maintain and demonstrate high levels of awareness of, and commitment to, fraud and corruption risks and risk controls
- Endorse the Fraud and Corruption Control Plan
- Ensure appropriate resources are provided to implement the plan
- Role model appropriate behaviours in regards to fraud and corruption
- Ensuring managers are aware of their fraud and corruption control responsibilities
- Make determinations in regards to Council's responses to proven allegations of fraud and/or corruption

5.5. General Manager Corporate Services

- Oversee Council's fraud and corruption control program

5.6. Manager Legal, Governance and Risk

- Act as Council's Public Interest Disclosure Coordinator
- Coordinate internal audit program
- Maintain the Fraud and Corruption incident register

5.7. Manager People & Culture

- Advise Executive in regard to appropriate actions(s) regarding staff arising from investigations into alleged fraud and/or corruption

5.8. Finance Manager

- Ensure finance procedures adequately address fraud and corruption risk
- Co-ordinates access to financial information to audit authorities.
- Ensure procurement procedures adequately address fraud and corruption risk
- Ensure Council maintains appropriate insurance cover

5.9. Fraud and Corruption Control Officer (Risk Officer)

- Develop, implement and review Fraud and Corruption Control Policy and Plan
- Coordinate fraud and corruption risk assessments
- Maintain Fraud Risk Register
- Organise Fraud Awareness Training
- Liaise with People & Culture to develop mandatory training modules for fraud and corruption

5.10. Managers, coordinators and other supervisory staff

- Ensure employees, volunteers and contractors are aware of this policy
- Participate in internal audit, fraud and corruption risk assessment activities, awareness raising activities and other relevant elements of the Fraud and Corruption Control Plan
- Conform to relevant fraud and corruption risk control measures
- Role model appropriate behaviours in regard to fraud and corruption

5.11. All employees, volunteers and contractors

- Participate in fraud and corruption risk assessment activities, awareness raising activities and other relevant elements of the Fraud and Corruption Control Policy and Plan
- Ensure the Public Interest Disclosure Coordinator 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 and Child Safe Code of Conduct.

6. References and links to legislation and other documents

Name
AS8001 – 2021: Fraud and Corruption Control
Audit Committee Charter
Fraud and Corruption Control Plan
Employee Code of Conduct
Councillor Code of Conduct
Policies and procedures e.g. Gifts and Benefits Procedure; Purchasing Manual
Public Interest Disclosure Procedure