



Fraud and Corruption Control Policy

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| Authorisation | Council: March 2022 |
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| 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 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, and the Local Government Act 2020.

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 every 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. The CEO will also notify the Mayor of any suspected corrupt conduct at an appropriate time subject at all times to the confidentiality and non-disclosure requirements and obligations imposed upon them at law or by IBAC or any other regulatory agency or body who may subsequently take up any investigation of the reported conduct and the intent of such obligations to maintain the effectiveness and integrity of any such investigation into the reported conduct.

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 |
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| 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 |
| Local Government Act 2020 |