



HINDMARSH SHIRE COUNCIL
FRAUD CONTROL AND PREVENTION POLICY & FRAUD
CONTROL AND PREVENTION PLAN

POLICY



C006 Fraud Prevention and Control Policy

1 Purpose

The purpose of this policy and plan is to demonstrate Council's commitment to the prevention, detection and investigation of all instances of fraud and corrupt activity. Council does not tolerate fraud and corruption and is committed to protecting its reputation and assets from any attempt by employees or others to gain financial or other benefits by deceit or dishonest conduct.

This policy requires Councillors and officers to:

- Demonstrate transparency and build integrity into every decision and action;
- Develop and maintain evidence based risk registers;
- Ensure impartiality of decision making, advice and review;
- Provide clarity around responsibility and accountability, including disclosures, conflicts of interest and reporting; and
- Support the approach through education and training.

This policy should be read in conjunction with the Fraud Prevention and Control Plan.

2 Scope

This policy applies to all Councillors, Council employees, contractors and volunteers.

3 Definitions

CEO means Hindmarsh Shire Council's Chief Executive Officer

Corrupt conduct is defined as per section 4 (1) of the *Independent Broad-Based Anti-corruption Commission Act 2011 (IBAC Act)* as conduct:

- (a) of any person that adversely affects the honest performance by a public officer or public body of their or its functions as a public officer or public body; or
- (b) of a public officer or public body that constitutes or involves the dishonest performance of their or its functions as a public officer or public body; or
- (c) of a public officer or public body that constitutes or involves knowingly or recklessly breaching public trust; or
- (d) of a public officer or a public body that involves the misuse of information or material acquired in the course of the performance of their or its functions as a public officer or public body, whether or not for the benefit of the public officer or public body or any other person; or

(e) of a person (the first person) intended to adversely affect the effective performance or exercise by a public officer or public body of the functions or powers of the public officer or public body and result in the first person or an associate of the first person obtaining—

Council means Hindmarsh Shire Council

Conflict of Interest has the same meaning as in Part 4 of the LGA

Fraud means an “intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage”.¹

For the purpose of this policy, fraud is not restricted to tangible benefits only and includes intangibles such as information.

A fraudulent act can also be committed by an act of omission, dishonesty or deceitful and misleading behavior.

Fraud Control Plan means a document summarising Council’s fraud risks and associated action strategies, either in place or in development, to minimise or combat those risks. The control plan is intended to prevent and limit the effects of fraud. It can be found attached to this Policy.

Investigation means a search for evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the criminal law or the policies and standards set by the Council.

LGA means the *Local Government Act 2020* (Vic)

Management means staff in supervisory positions.

Reasonable Grounds for Suspicion means that there is a real possibility of corrupt conduct. ‘Suspicion’ must be based on facts and circumstances that would be sufficient to make a reasonable person suspect corrupt conduct had occurred or was occurring.

4 Policy Statement

Elected Councillors and Council’s administration are committed to preventing, deterring and detecting fraudulent and corrupt behavior in the performance of all Council activities.

This commitment shall be met by:

- Identification of business processes which are potentially at the risk of fraud and corrupt conduct;
- Controls to mitigate the risk of exposure;
- Procedures to investigate allegations of fraudulent or corrupt conduct;
- Provision of training, awareness and enforcement of Codes of Conduct to ensure employees and contractors 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.

¹ Auditing Standards ASA 240, 2009

In order to meet this commitment, any evidence of fraudulent or corrupt conduct must be brought to the attention of management as detailed in section 7 .

5 Corrupt Conduct

5.1 IBAC Mandatory Notification

Section 57A of the *Independent Broad-based Anti-corruption Commission Act 2011 (IBAC Act)* requires that the principal officers, as defined in the IBAC Act, of a Public Sector body notify IBAC of any matter they suspect on reasonable grounds involves corrupt conduct.

There is no legislative obligation for relevant principal officers to search out corrupt conduct, only report it when suspected. To meet the threshold for notification to IBAC, the conduct must:

- Be corrupt;
- Be an indictable offence or a prescribed common-law offence committed in Victoria; and
- Lead a reasonable person to suspect that corrupt conduct has occurred or is occurring (reasonable suspicion).

All staff should report suspected or real matters involving corrupt conduct to the principal officer. Council's principal officer is the Chief Executive Officer.

6 Protected Disclosure

6.1 Public Interest Disclosures Act

Employees should be aware of the provisions of the *Public Interest Disclosures Act 2012 (PID Act)* and Council's Public Interest Disclosure Procedure. A person is entitled to report suspicions of fraud and receive the protections afforded by the PID Act. In such circumstances, the report should be forwarded to the Independent Broad Based Anti-Corruption Commission (**IBAC**) in accordance with Council's Public Interest Disclosure Procedure.

For further information about Public Interest Disclosures please see Council's Public Interest Disclosure Policy.

7 Procedures

7.1 Reporting of fraud

Employee reporting is vital to fraud detection. Staff who come forward and report incidents of wrongdoing are helping to promote integrity, accountability and good management within Council.

The following table summarises the reporting chain:

ACTIVITY INVOLVING	REPORT TO
A fellow employee	Line Manager / Supervisor; and Departmental Manager; and Director of Corporate and Community Services.
Manager	Director of Corporate and Community Services; and Relevant Departmental Director
Director	Chief Executive Officer
Chief Executive Officer	Mayor
Mayor or Councillor	Chief Executive Officer
Non-staff member	Departmental Manager; and Director of Corporate and Community Services.

All reports of fraud received should be reported to the Director of Corporate and Community Services (**DCCS**). The DCCS is responsible for reporting the fraud allegation to the Human Resources, to ensure the relevant Human Resource policies are being complied with. Reports of fraud can be made anonymously if necessary. A report of fraud has to be made on reasonable grounds.

7.2 Investigations

Council will implement procedures to facilitate investigation of allegations of fraudulent and corrupt conduct. Where such allegations are substantiated, Council will respond by either reporting the incident to relevant authorities or undertaking investigative or disciplinary action under the Employee Code of Conduct and Hindmarsh Shire Council's Disciplinary Procedure.

A flowchart outlining the process to be followed is contained in **Appendix 1**.

The confidentiality of persons who raise such concerns will be maintained.

The constitution of the Fraud Investigation Team (**FIT**) is outlined in the Fraud Prevention and Control Plan which can be found attached to this policy.

The process of fraud investigations is outlined in Council's Fraud Prevention and Control Plan.

7.3 Conduct and discipline

Council is committed to ensuring a corporate culture of honesty and integrity. Council is committed to investigating all complaints of fraud, corruption, dishonest acts and conflicts of interest made against Councillors, staff and contractors.

Councillors

Where any matter is investigated and an incident of fraud or corrupt conduct in respect of an Councillor is affirmed, the procedure as outlined in Hindmarsh Shire Council's Councillor Code of Conduct are to be followed.

Employees

Where any matter is investigated and an incident of fraud or corrupt conduct in respect of an employee is affirmed, employment ramifications, including termination, will be considered on a case by case basis in accordance with Hindmarsh Shire Council's Disciplinary Procedure.

7.4 External notification

Council is committed to ensuring that all allegations, breaches of the Code of Conduct, or this policy which are considered to be prima facie cases supported by evidence of fraudulent or corrupt conduct are notified to the appropriate law enforcement agency or regulatory agency for investigation.

7.5 Prosecution

Instances of fraud will be prosecuted in accordance with the detailed procedures documented in the Fraud Prevention and Control Plan.

8 Policy implementation

In seeking to prevent fraudulent activity it is important for Council to maintain an effective internal control environment, develop and foster an ethical culture amongst stakeholders, and to enhance awareness of the risk of fraud across all levels. His policy will be implemented in association with three other documents:

- The Fraud Prevention and Control Plan; and
- The Conflict of Interest Policy.

9 Responsibility

The assignment of responsibility for the various elements of Fraud and Corruption Control is a critical prerequisite for the establishment of a successful fraud and corruption policy. All levels within Council have responsibilities in terms of fraud control. Specific responsibilities are as follows

9.1 Councillors

- Ensuring an appropriate Fraud Prevention and Control Policy is adopted.
- Maintain compliance with the Conflict of Interest obligations pursuant to Part 4 of the LGA and Council's Conflict of Interest Declaration Form.
- Comply with the Councillor Code of Conduct.
- Promote a genuine commitment to fraud control within Council.

Ensure the highest standards of integrity and ethical leadership are maintained.

9.2 Executive Management (CEO & Directors)

- The CEO has principal responsibility for fraud control to ensure compliance with Standards and Guidelines and that appropriate governance structures are in place.

- The CEO or delegate will investigate any allegations of fraud (reported or otherwise), take legal action and/or report to Council when necessary.
- Implement and promote the Fraud Prevention and Control Policy and Plan across Council.
- Establish and maintain an effective internal control environment.
- Provide appropriate organisational resources to ensure proper implementation of the Fraud Prevention and Control Policy and Plan, including running fraud awareness training every two years.
- Investigate all reports of fraud in accordance with Council policy.
- The Director of Corporate Services will be responsible for fraud control and reporting from an organisational perspective, including the reporting of fraud to the CEO and the Audit Committee.
- Comply with the Employee Code of Conduct, Staff Conflict of Interest Policy and other Council policies.

9.3 Managers, Coordinators, Team Leaders and Site-Supervisors

- Establish and maintain effective management practices, systems, procedures and controls.
- Ensure that staff understand their responsibilities through adequate supervision, written procedures and awareness training.
- Be aware of and actively monitor key financial systems and fraud indicators and symptoms.
- Respond positively to matters raised by Internal and External Audit.
- Act upon all reports of fraud in accordance with this Policy and the Fraud Prevention and Control Plan.
- Monitor and actively manage excessive outstanding leave of staff.
- Comply with the Employee Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

9.4 Employees, Contractors and Volunteers

- Not using their position with Council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity.
- Report suspected instances of fraud or misuse of Council assets and resources.
- Comply with the Employee Code of Conduct, Staff Conflict of Interest Policy and all other policies.

9.5 Audit and Risk Committee

- Monitor the implementation of the Fraud Prevention and Control Policy and Plan and all other Council policies.
- Direct and guide the internal audit function and approve, monitor and manage the annual internal audit plan.
- Liaise closely with internal and external auditors and ensure issues and recommendations are appropriately actioned.

10 Fraud Risk Controls

Council's commitment to the mitigation of fraud and corrupt conduct is supported by Council's implementation of controls and risk treatment plan as documented in Council's Risk Register.

The potential risk of fraud is inherent in all risk assessments and internal audit reviews, allowing the implementation of controls to mitigate the risk of exposure, further strengthening the organisation's ability to prevent fraud and corrupt conduct.

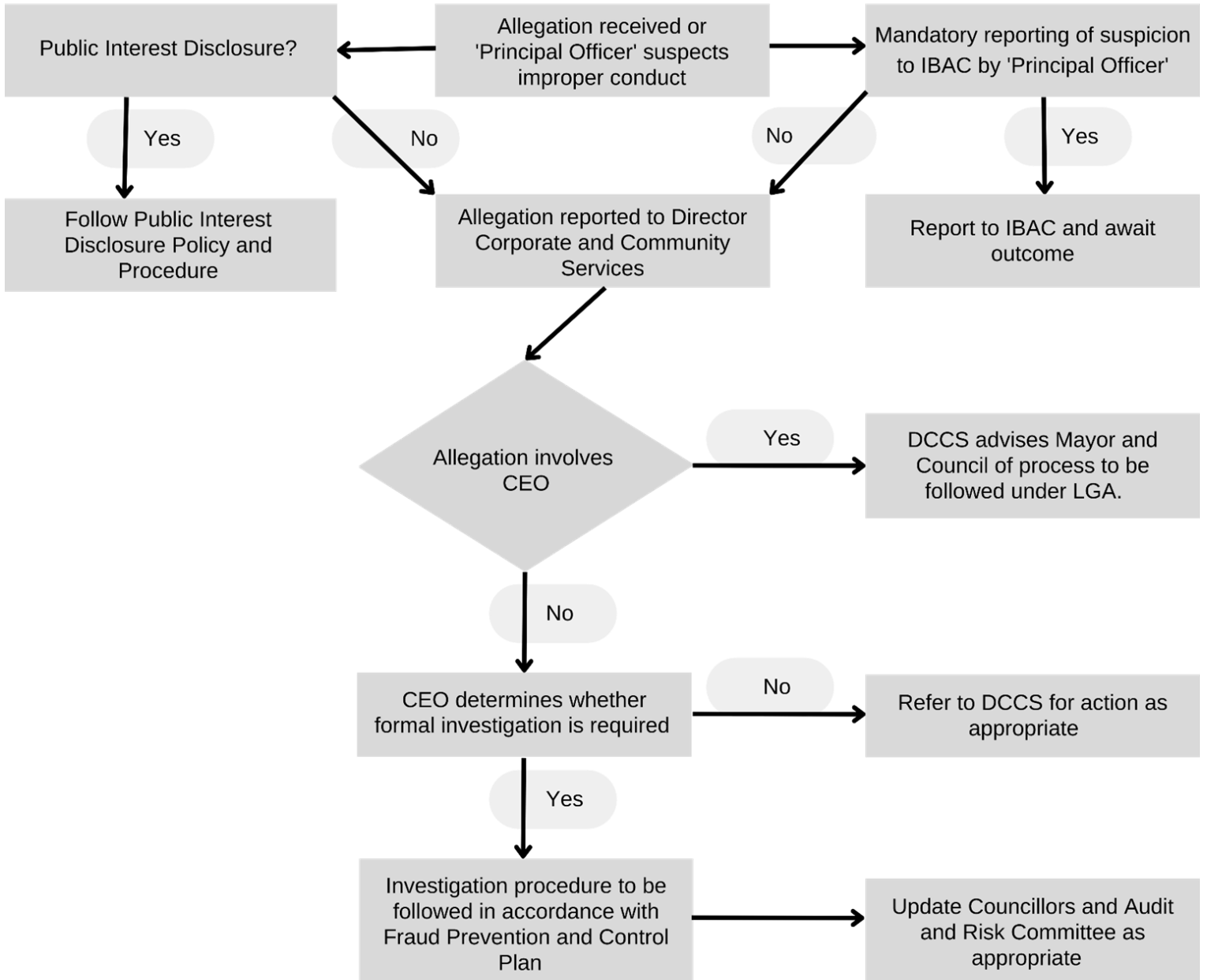
11 Related Documents

Council Documents
Hindmarsh Shire Council Conflict of Interest Policy Hindmarsh Shire Council Employee Code of Conduct Hindmarsh Shire Council Fraud Control Plan Hindmarsh Shire Council Public Interest Disclosure Policy Hindmarsh Shire Council Councillor Code of Conduct
Legislation
<i>Independent Broad – Based Anti-corruption Commission Act 2011</i> <i>Local Government Act 1989</i> <i>Local Government Act 2020</i> <i>Public Interest Disclosure Act 2012</i>

DOCUMENT CONTROL

Hindmarsh Shire Council Fraud Prevention and Control Policy		Policy Category	Council
Version Number	3.0	Policy Status	APPROVED
Approved/Adopted By	Council	Approved/Adopted on:	5 April 2023
Responsible Officer	CEO	Review Date	5 April 2026
Version History	Date	Version	Description
	February 2008	1.0	Initial Theft and Fraud Policy
	October 2019	2.0	Updated policy
	April 2023	3.0	Administrative review and update

Appendix 1 – INVESTIGATION OF ALLEGATIONS





**HINDMARSH SHIRE COUNCIL
FRAUD PREVENTION AND CONTROL PLAN**

1 DEFINITIONS

CEO means Hindmarsh Shire Council's Chief Executive Officer

Corrupt Conduct is defined as per section 4(1) of the *Independent Broad-Based Anti-corruption Commission Act 2011* as conduct:

- (a) of any person that adversely affects the honest performance by a public officer or public body of his or her or its functions as a public officer or public body; or
- (b) of a public officer or public body that constitutes or involves the dishonest performance of his or her or its functions as a public officer or public body; or
- (c) of a public officer or public body that constitutes or involves knowingly or recklessly breaching public trust; or
- (d) of a public officer or a public body that involves the misuse of information or material acquired in the course of the performance of his or her or its functions as a public officer or public body, whether or not for the benefit of the public officer or public body or any other person.

Conflict of Interest has the same meaning as in the *Local Government Act 2020* and the *Local Government (Governance and Integrity) Regulations 2020*

Council means Hindmarsh Shire Council

Delegated Committee has the same meaning as in the *Local Government Act 2020*

Executive Management Team means the CEO, Director Infrastructure Services and Director Corporate and Community Services.

Fraud Control Plan means a document summarising Council's fraud risks and associated action strategies, either in place or in development, to minimise or combat those risks. The control plan is intended to prevent and limit the effects of fraud. It can be found attached to this Policy.

Fraud means an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

A fraudulent act can also be committed by an act of omission, dishonesty or deceitful and misleading behavior.

LGA means the *Local Government Act 2020*

Management means staff in supervisory positions.

2 PURPOSE

Fraud is a serious crime that can affect all organisations. It can be perpetrated by individuals within Council and by people that Council has dealings with, including contractors, consultants and volunteers.

The effects of fraud can include:

- loss of public confidence in Council;
- loss of stakeholder confidence in Council;

- depriving the community of resources, funding and services;
- reduction of the effectiveness of Council assets and equipment;
- harming Council's clients;
- damaging Council staff morale and wellbeing;
- damaging Council's reputation; and
- wasting Council resources in the investigation of fraudulent activity and management of the consequences of such activity.

It is critical that Council has systems and procedures in place to ensure the risk of fraud is minimised as far as possible, and that where instances may occur, there is a prompt and effective response to them.

The Hindmarsh Shire Council Fraud Prevention and Control Plan (**Plan**) and the associated policy aim to:

- demonstrate Council transparency;
- ensure that all Council decisions are made with integrity;
- ensure that Council develops and maintains evidence based Risk Registers;
- ensure impartiality of decision making, advice and review;
- provide clarity around responsibility and accountability, including disclosures, conflicts of interest and reporting; and
- support the approach through tailored education and training.

3 APPLICATION

This Plan applies to all Hindmarsh Shire Council employees, Councillors, volunteers and contractors.

4 OUTCOMES

This Plan aims for the following outcomes:

- **Fraud prevention** – initiatives to deter and minimise the opportunity for fraud;
- **Fraud detection** – initiatives to detect fraud as soon as possible after it occurs (also includes identifying and eliminating weaknesses in controls that could allow for fraud to be perpetrated); and
- **Fraud response** – initiatives to appropriately and effectively deal with detected or suspected fraud.

5 FRAUD PREVENTION

The most effective control against fraud is a well-informed workforce who are prepared to disclose corrupt behavior. Council's Employee Code of Conduct encourages staff to report all incidents of suspected corrupt conduct (including fraud), misconduct, serious mismanagement or a substantial waste of public resources.

Fraud prevention mechanisms employed by Council will comprise of:

- **Documenting and communicating Council's stance on fraud** and its expectations around fraud management through Council's fraud Prevention and Control Framework.

- **Undertaking a Fraud Risk Assessment** to identify fraud risks within the organisation implementing controls to minimise the risk of fraud.
- **Implementing Fraud Management Education** through a range of training and document dissemination programs to foster fraud awareness.

a) Codes of Conduct

Employee Code of Conduct

Council's Employee Code of Conduct includes provisions relating to conflict of interest, gifts and hospitality, and fraud.

Councillor Code of Conduct

The Councillor Code of Conduct recognises the importance of Councillors maintaining the highest levels of integrity and ethical behavior. It is used to guide the behavior of Councillors and provide a mechanism for accountability on issues of good governance.

b) Pre-Employment Screening

It is important that relevant checks are carried out on all new employees before an appointment is made.

Council's Recruitment Procedure requires two referee checks to be completed for the preferred applicant to be appointed to a position.

All jobs offers are provisional based on the satisfactory completion of screening checks which may include one or more of the following:

- Medical checks;
- Police check;
- Pre-existing injury form;
- Capacity testing (if required);
- Working with Children Check); and
- Provision of evidence of any pre-requisite qualifications.

All of the above documentation is to be saved in hardcopy on the relevant personnel file.

c) Annual Leave

Where fraud occurs, it can sometimes be associated with a pattern of the employee not taking annual leave. It is therefore important that annual leave levels are monitored and employees take leave on a regular basis.

Measures in place to monitor leave balances involves the following three step process:

1. Leave reports are run each fortnight by the Finance Department to monitor employee's leave balances;
2. Employees and their managers are alerted to their leave balance as it approaches six weeks;
3. Once an Employee has in excess of six weeks annual leave, they are required to enter into a formal leave plan in consultation with their manager.

d) Conduct principles and conflict of interest

Statutory requirements

The LGA contains provisions relating to the conduct and interests of Councillors, members of Council Delegated and Advisory Committees, the Audit and Risk Committee and members of Council staff.

These provisions cover:

- principles of conduct and code of conduct for Councillors (section 139);
- misuse of position by Councillors, members of Delegated Committees and the Audit and Risk Committee (section 123);
- improper direction and improper influence (sections 123(3), 124 and 300);
- treatment of confidential information (section 125);
- conduct principles and code of conduct for members of Council staff (section 49);
- disclosures of conflicts of interest and the register of interests applying to Councillors, members of Council Section Delegated Committees, the Audit Committee and members of Council staff (section 126 to 131); and
- the Audit and Risk Committee (section 54).

e) Conflicts of Interest

A conflict of interest is a situation where there is potential that a Councillor, member of a Delegated Committee, the Audit and Risk Committee or an employee can be seen to influence a decision or action of the Council or its employees to gain benefit for themselves and/or a third party.

A conflict of interest may also exist due to the business activities of a partner, relative or friend, where there may be a perceived interest.

Not disclosing a conflict of interest may constitute fraudulent activity.

The LGA deals extensively with conflicts of interest and imposes specific obligations on Councillors, members of Council Delegated Committees, the Audit and Risk Committee, members of Council staff and contractors engaged to provide advice or services to the Council.

Under the LGA, a conflict of interest arises if a relevant person has a 'material' conflict of interest (as defined in the LGA) or a 'general' conflict of interest (as defined in the LGA) in a matter.

A person has a 'material' conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter. The benefit may arise or the loss incurred

- Directly or indirectly; or
- In a pecuniary or non-pecuniary form.

A relevant person as a 'general' conflict of interest in a matter if an impartial, fair-minded person would consider that a person's private interests could result in that person acting in a manner that is contrary to their public duty.

An affected person includes any of the following;

- The relevant person
- A family member of the relevant person
- A body corporate of which the relevant person or their spouse or domestic partner is a Director or a member of the governing body;
- An employer of the relevant person, unless the employer is a public body;
- A business partner of the relevant person;
- A person for whom the relevant person is a consultant, contractor or agent;
- A beneficiary under a trust of an object of a discretionary trust of which the relevant person is a trustee;
- A person from whom the relevant person has received a disclosable gift.

The full legislative definitions of 'general' and 'material' conflicts of interest can be located in the LGA.

The onus is on the Councillor, member of a Council Delegated Committee, the Audit and Risk Committee, member of Council staff or contractor involved for being alert to and promptly declaring a conflict of interest in a relevant matter. Advice can be sought from the Director Corporate and Community Services.

6 FRAUD RISK ASSESSMENTS

a) Risk Management Principles

The Risk Management Policy sets out key elements to be employed by all employees, contractors, committees and volunteers engaged in Council business and it defines the responsibilities of individuals and committees involved in the risk management process.

The Risk Management Policy provides that processes will be undertaken to identify, evaluate and treat risks across the organisation, and to develop and monitor risk treatment plans. In order to make effective use of the resources available, and in recognising that not all risks can be immediately addressed, the actions to address risk will be based on assessed priorities.

b) Consideration of Fraud Risk

Fraud risks are to be assessed within the context of the Risk Management Policy as one element of the organisation's risk focus. Without considering the controls that are in place, fraud will generally be considered a high risk due to its potential impact on Council's financial position and reputation.

Formal fraud risk assessments will be conducted every second year, with the results to form part of Council's existing risk management framework and be incorporated into Council's risk register.

c) Implementation of Actions

The results of risk assessments undertaken and subsequent actions required are documented in Council's risk register. This provides a mechanism for tracking of risks and resulting activity.

Actions relating to fraud risks that have a 'high' residual risk rating will be reported to the Senior Management Team to monitor the progress of activity against those actions.

d) Review of fraud control arrangements

Review of controls in context of fraud investigation

In the event of fraud occurring, the CEO or delegate will, as part of the investigation of that fraud, review the reasons for any failure of internal controls and recommend improvements to systems and controls to prevent future occurrences.

Review of risk assessments and actions

Risk assessments relating to fraud and resultant actions will be reviewed biennially by Manager Governance and Human Services as part of Council's risk management process. This review should consider the effectiveness of any actions undertaken and introduce changes to activities where required.

Review of fraud prevention and control strategy

Fraud control is an area where there is continual discussion and innovation. The measures included within this Plan will be reviewed on a regular basis to ensure they are continually improved where possible, in order for the Plan to remain appropriate to Council's needs.

A formal review of this Plan will take place every two years.

7 FRAUD TRAINING

Appropriate training will be provided at all levels to ensure that management and employees are aware of their various responsibilities in regard to fraud control.

This will be done through:

- providing new employees with induction training which includes fraud awareness and code of conduct elements;
- training relevant finance staff in policies and procedures for write-off, recovery, losses and deficiencies;
- inclusion of this Plan and the associated policy in the induction program;
- other targeted training as required.

Training will be coordinated by the Manager Governance and Human Services in conjunction with the Director Corporate and Community Services and Manager Finance and Customer Service.

8 FRAUD DETECTION

Fraud detection programs will comprise of:

- the encouragement of reporting of suspected fraud from staff, stakeholders, partners, suppliers and members of the public through confidential reporting mechanisms.

- conducting annual reviews of Council’s control environment, including ongoing review of the risk register and delivery of the audit program.
- established effective accounting and system controls (including audit logging) that minimizes the risk of fraud and maximizes the chances of early detection should it occur.

9 INTERNAL CONTROLS

Adequate internal control systems are critical for preventing and detecting frauds.

Council’s internal control structure in relation to corruption and fraud control includes:

- leadership from the CEO, Senior Management Team and Audit and Risk Committee;
- policies and procedures in place ensuring a work culture that does not tolerate corrupt conduct or fraudulent activities; and
- an internal audit program.

Key areas of fraud risk and prevention/detection measures in place

The key areas of fraud risk in Council and the relevant controls in place are as follows:

RISK	INTERNAL CONTROLS	MONITORING/REV IEW	RESPONSIBLE OFFICER
Theft of cash	Theft and Fraud Policy Finance Procedure Employee Code of Conduct	VAGO audit; Updated as required	DCCS and MFCS
Theft/ misuse of assets	Theft and Fraud Policy Employee Code of Conduct	Updated as required	DCCS and MFCS
Accounts payable	Finance Procedure	VAGO audit; Updated as required	DCCS and MFCS
Payroll fraud	Finance Procedure	VAGO audit; Updated as required	DCCS and MFCS
Procurement fraud	Procurement Policy		DCCS and MFCS
Recruitment fraud	Recruitment Procedure	Updated annually	DCCS and MFCS
Misuse of credit card	Council has a ‘no credit card’ policy	N/A	DCCS and MFCS
IT and information security	Records Management Procedure IT Procedures	Updated as required	DCCS and MFCS
Collection of revenue	Finance Procedure	VAGO audit; Updated as required	DCCS and MFCS
Reimbursement of employee and Councillor expenditure	Finance Procedure Staff Travel and Accommodation Policy Councillor Expense Entitlements Policy	VAGO audit; Updated as required	DCCS and MFCS

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10 FRAUD RESPONSE

Procedures for Reporting and Investigating Fraud

a) Reporting of Suspected Fraud

Any employee who has knowledge of an occurrence of fraud, or has reason to suspect that a fraud has occurred, has a duty to raise that matter immediately. The matter should be raised with their Line Manager / Supervisor, their Departmental Manager and then subsequently, the Director of Corporate and Community Services.

If the employee wishes to make a disclosure in accordance with the *Public Interest Disclosure Act 2012*, the disclosure will be made to the Director Corporate and Community Services as Council's Public Interest Disclosure Officer

b) Protection of Employees Reporting Suspected Fraud

No individual reporting suspected fraud or otherwise will be discriminated against.

Confidentiality of the information and the identity of the employee making the allegation of suspected fraud will be maintained throughout the process.

An employee seeking to disclose a suspected fraud may be protected by the *Public Interest Disclosure Act 2012* that covers the disclosure of improper conduct serious enough to constitute a criminal offence or reasonable grounds for dismissal.

Procedures relating to the *Public Interest Disclosure Act 2012* must be followed if an employee wishes to raise a suspected fraud. The reporting structure, investigation procedures are included in Council's Public Interest Disclosure Policy.

c) Investigation Processes

The investigation of suspected fraud will be performed in a timely, consistent, methodical and comprehensive manner.

Within 72 hours of being advised, the Fraud Investigation Team consisting of the CEO, Manager Finance and Customer Services and Departmental Manager (of the employee being accused of engaging in fraudulent activity, unless the employee is in the Customer Service and Finance Team in which case another Manager as determined by the CEO) (**FIT**), will impartially assess the fraud allegation to determine whether it warrants further investigation.

The initial assessment will be based on the following criteria:

- does the disclosure relate to the conduct of a Council employee?
- is the alleged conduct improper?
- does the person making the disclosure have reasonable grounds for believing the alleged conduct has occurred?

If it is decided that further investigation is warranted, the FIT will perform an initial review based on the following:

- financial impact;
- impact on Council's reputation;
- legal exposures; and
- risks to health and safety.

Care will be taken to ensure that procedures are fair and a decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals involved in the process.

Following consideration of all evidence and investigation, the FIT will determine whether an external investigation will follow. The FIT will determine how and by whom, the investigation will be conducted and whether the Victoria Police, Council's Insurers and or any other external assistance (eg, internal auditors, external investigators etc) will be utilised.

The following protocols shall apply if a fraud is suspected:

Record Security – the Departmental Manager will take action to prevent the theft, alteration, or destruction of records that may be relevant to the investigation.

Personnel Actions – if the occurrence of fraud is substantiated by the investigation, disciplinary action will be taken in accordance with Council's Employee Code of Conduct and Disciplinary Procedure.

Confidentiality – all participants in a fraud investigation will keep the details and results of the investigation confidential except as expressly provided in this document.

Media – no employee, other than the CEO, will discuss suspected fraud with the media.

Contributors – the fraud investigation procedure will consider all realistic contributors and their contributions will be assessed and documented.

Reporting – if there is a suspicion that a crime has been committed, the police will be involved at the earliest opportunity.

If there is suspicion that fraud arises from corrupt conduct, the CEO will report the matter to the Independent Broad-based Anti-Corruption Commission (IBAC) pursuant to the mandatory reporting requirements legislated under s57A of the IBAC Act.

Council will fully cooperate with any investigation of fraud undertaken by law enforcement or regulatory authorities.

Procedures relating to the *Public Interest Disclosure Act 2012* must be followed if an employee wishes to raise a suspected fraud. The reporting structure, investigation procedures are included in Council's Public Interest Disclosure Policy.

Remedial Actions / New Controls – Upon conclusion of the investigation, any remedial actions or new controls, such as new accountabilities, training/awareness, risk assessment/control will be noted as actions on the Risk Register and be actioned in a timely manner.

11 ROLES AND RESPONSIBILITIES

All Councillors and staff need to be aware of their responsibility to maintain the highest standards of integrity and promote an ethical workplace.

Roles and Responsibilities within Council

ROLE	RESPONSIBILITY
Chief Executive Officer	<ul style="list-style-type: none"> • The CEO has overall responsibility for fraud control to ensure compliance with Legislation, Standards and Guidelines. • The CEO has overall responsibility to ensure that there are appropriate guidelines in place. • The CEO must be a member of the FIT. • The CEO must ensure legal action is taken and/or report to Council when necessary.
Council	<ul style="list-style-type: none"> • Council is the key driver of good governance of the municipality • Council is responsible for setting the highest standards of honesty, accountability and integrity in the provision of services to the community and the management of the organisation. • Council will ensure that the CEO has appropriate measures in place to detect and prevent fraud.
Councillors	<ul style="list-style-type: none"> • Adhere to the LGA • Adhere to the Councillor Code of Conduct • Abide by these when: <ul style="list-style-type: none"> ○ Considering reports; ○ Making decisions; and ○ scrutinising Council's activities. • Councillors will support all policies and measures to deter, detect, identify, report, investigate, and action suspected instances of fraud and corruption.
FIT	<ul style="list-style-type: none"> • CEO, Manager Finance and Customer Services and Departmental Manager (of the employee being accused of engaging in fraudulent activity) • Immediately investigate any allegations of fraud (reported or otherwise), to determine whether it warrants further investigation.
Audit and Risk Committee	<ul style="list-style-type: none"> • The Audit and Risk Committee play a key role in fraud control through providing an independent review of Councils audit controls, annual financial statement and review of key policies (as per Terms of Reference). • This includes revenue and expenditure, assets and liabilities.
Senior Management Team (SMT)	<p>It is management's responsibility to:</p> <ul style="list-style-type: none"> • Identify risk exposures to corrupt and fraudulent activities • Establish controls and procedures for prevention and detection of such activities • Arrange guidance and instruction to all staff relative to responsibilities and fraud reporting requirements to be overseen by Finance and Information Services. • Maintain effective auditing and reporting on key financial systems.

	<ul style="list-style-type: none"> • Immediately implement action plans identified in any risk assessments to eliminate or reduce the fraud risk and report on the outcome of these plans within 12 months of implementation. • Monitor and actively manage excessive outstanding leave for staff.
Manager Finance and Customer Service and Manager Governance and Human Services	<ul style="list-style-type: none"> • Overseeing the implementation of Council's Fraud Prevention and Control Policy and Plan. • Biennial review of Fraud Prevention and Control Policy and Plan. • Coordinating fraud control activities within Council as part of the overall risk management function. • Participation and communication with Executive Management Team and Audit and Risk Committee regarding the implementation of the policy.
Employees / Contractors / Volunteers	<p>Employees, contractors and volunteers are responsible for:</p> <ul style="list-style-type: none"> • Acting with propriety and the highest standards of ethical behaviour in all Council activities • Not using their position within the Council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity • Safeguarding Council funds, assets and intellectual property against theft, misuse or improper use • Reporting any suspected fraud
Internal audit	<p>Internal audit assists management and in turn Council to achieve sound managerial review and control over all Council assets and activities. Internal audit provides an independent and objective assurance and consulting activity, enabling Council to accomplish its objectives by bringing a systematic disciplined approach to:</p> <ul style="list-style-type: none"> • Evaluating and checking control systems • Improving the effectiveness of management and corporate governance <p>The main objectives of internal audit are to report on whether:</p> <ul style="list-style-type: none"> • there are sufficient internal controls in place to safeguard Council's finances, assets and integrity of information • there is adequate compliance with relevant laws / statutes and with Council's policies and procedures • functional areas are being operated efficiently and effectively.
External audit	<ul style="list-style-type: none"> • External audit is conducted by the Victorian Auditor General's Office (VAGO) to verify Council's annual reported financial performance. • External audits also have a role in the process of achieving fraud control by reviewing internal policies and procedures and testing systems via specific guidelines developed in accordance with relevant legislation, accounting standards and the Auditor-General's code of ethics.

12 RELATED DOCUMENTS

Council Documents
<p>Hindmarsh Shire Council Conflict of Interest Policy Hindmarsh Shire Council Employee Code of Conduct Hindmarsh Shire Council Fraud Employee Guide Hindmarsh Shire Council Public Interest Disclosure Policy Hindmarsh Shire Council Procurement Policy Hindmarsh Shire Council Recruitment Procedure Hindmarsh Shire Council Gifts, Benefits and Hospitality Policy Hindmarsh Shire Council Councillor Code of Conduct; and</p>
Legislation
<p><i>Local Government Act 1989 (VIC)</i> <i>Local Government Act 2020</i> <i>Public Interest Disclosure Act 2012</i> <i>Independent Broad-based Anti-corruption Commission Act 2011</i></p>

DOCUMENT CONTROL

Hindmarsh Shire Council Fraud Prevention and Control Plan		Policy Category	COUNCIL
Version Number	1.1	Policy Status	ADOPTED
Approved/Adopted By	COUNCIL	Approved/Adopted on	5 April 2023
Responsible Officer	CEO	Review Date	5 April 2026
Version History	Date	Version	Description
	October 2019	1.0	New Policy
	April 2023	1.1	Administrative review and update