

<b>POLICY NO:</b>	POL/483
<b>VERSION:</b>	3
<b>SHORT DESCRIPTION:</b>	This policy outlines obligations in managing fraud and corruption risks and vulnerabilities
<b>RELEVANT TO:</b>	All employees, contractors, volunteers and Councillors
<b>RESPONSIBLE OFFICER:</b>	Corporate Counsel and Group Manager, Governance and Risk
<b>RESPONSIBLE OFFICE:</b>	Risk and Assurance
<b>APPROVED BY:</b>	Council
<b>DATE PUBLISHED:</b>	10/12/2019
<b>NEXT SCHEDULED REVIEW DATE:</b>	December 2022

## 1. POLICY PURPOSE

Manningham Council (Council) is committed to acting with integrity, good governance and transparency to achieve a financially sustainable council that manages resources effectively and efficiently in order to meet community expectations. Fraud and corruption are incompatible with Council's values and present significant risks to the organisation.

The purpose of the Fraud and Corruption Policy (the Policy) is to:

- set out roles and responsibilities in the identification, prevention and escalation of fraud and corruption risks and events in the council;
- emphasise that strong internal controls are essential in fraud prevention as they reduce the opportunity to commit fraud and increase the likelihood of fraud being detected; and
- protect Council's reputation.

The Policy also ensures that the requirements of the *Local Government Act 1989* relating to developing and maintaining adequate internal control systems are met. An effective fraud control framework is an essential element of such systems.

This policy is to be read in conjunction with the Manningham Council Fraud and Corruption Control Plan (the Plan).

## 2. SCOPE OF POLICY

This policy applies to Councillors, employees, contractors, sub-contractors and volunteers of Council.

## 3. DEFINITIONS

For the purpose of the Policy the following definitions apply

**Corruption** is dishonest activity in which a person to whom the Policy applies acts contrary to the interests of Council and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or entity or to disadvantage Council.

**Fraud** is dishonest activity causing actual or potential loss to the Council (including theft of money or other property) and where deception is used at the time, immediately before or following the activity. This also includes the deliberate falsification, concealment, destruction or use of (or intention to use) falsified documentation and the improper use of information or position for personal financial benefit.

Examples of fraud and corruption include:

- unauthorised use of a credit card or credit card number issued to another person
- theft or unauthorised use of plant and equipment or inventory
- theft of funds or cash (usually involving some form of concealment)
- fraudulent financial or performance reporting
- creating a fictitious invoice claiming payment for goods and services not delivered or exaggerating the value of goods delivered or services provided
- obtaining 'kickbacks' or bribes from suppliers or contractors
- theft of intellectual property or other confidential information
- misappropriation or misdirection of Council's remittances received from a customer
- any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Council-owned software
- any claim for reimbursement of expenses that is not made for the exclusive benefit of the Council
- omitting to submit leave forms when taking leave
- falsifying academic or training credentials in an employment application
- inappropriately providing benefits/making decisions or issuing permits or licenses.

**Employee** is used as a generic term meaning a person engaged or providing services on behalf of Council. This includes employees, volunteers, contractors, sub-contractors, consultants, temporary staff or persons employed through a third party agency.

**Conflict of Interest** is where a staff member's public duty is influenced, or can be seen to be influenced, by a private interest. Private interests include both financial and non-financial interests, and can include the interests of family members and close friends or associates. Conflict of interests can be general or material or potential or perceived. A general conflict of interest is any matter that an impartial, fair-minded person would consider that private interests of a member of staff or contractor could result in them acting in a manner that is contrary to their public duty. A material conflict of interest is any matter where 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 may be incurred directly or indirectly and in a pecuniary or non-pecuniary form. A potential conflict of interest refers to circumstances where it is foreseeable that a conflict of interest may arise in the future and steps can be taken now to mitigate any risk. A perceived conflict of interest arises where a reasonable person might think that an employee could be unduly influenced by a private interest, even if the employee is confident of their own objectivity. Any person that requires further clarity should refer to the Conflict of Interest Policy.

## 4. POLICY STATEMENT

### 4.1 General Policy

1. Any person to whom the Policy applies must not engage in fraudulent and corrupt conduct. Council has zero tolerance for fraudulent or corrupt conduct, and is committed to the organisation's integrity and a comprehensive and systematic approach to the effective prevention and management of opportunities for fraud and corruption.

2. It is the Council's intent to take action against any suspected acts of fraud or corruption. Action will be taken regardless of the position, title and length of service or relationship with the Council of any party who might be or becomes involved in or becomes/is the subject of such investigation.
3. In addition to the corporate responsibilities set out in the Plan, each Director is responsible for oversight of the system of internal controls within their Directorate to provide reasonable assurance for the prevention and detection of fraud and corruption. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
4. The Chief Executive Officer (CEO) has the primary responsibility for overseeing the action taken as defined in this policy. The CEO should consult, as appropriate, with the Corporate Counsel and Group Manager, Governance and Risk and the Group Manager People and Communications, in relation to the application of this policy.
5. In all circumstances, where there are reasonable grounds to indicate that fraud and corruption may have occurred, the matter will be reported to the Victoria Police, Local Government Inspectorate or the Independent Broad-based Anti-corruption Commission (IBAC) as may be appropriate.
6. Where an investigation into fraud or corruption is required, the person under investigation shall be given written notice of the allegations and be provided with an opportunity to respond.
7. The CEO should determine in accordance with clause 5.5 of the Plan, whether to pursue recovery of the Council's losses from the offender, or other appropriate source(s), including court ordered restitution.

## **5. RESPONSIBILITY**

### **Roles and Responsibilities**

#### **Employees**

All employees are responsible for managing fraud and corruption risks relevant to their role. Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that fraud or corruption has occurred, shall immediately notify his/her supervisor.

If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify the Director and/or the CEO and/or Corporate Counsel and Group Manager, Governance and Risk and/or the Group Manager People and Communications. The employee must maintain strict confidentiality in the processing of reports of fraud and corruption. Employees who knowingly make false allegations may be subject to disciplinary action up to and including termination of employment.

#### **Chief Executive Officer**

The CEO has primary responsibility for overseeing the action as described in this policy and must mandatorily notify IBAC of suspected corrupt conduct.

#### **Councillors**

Councillors must maintain, model and foster the highest standards of ethical behavior. Any Councillor who has knowledge of an occurrence of irregular conduct, or has reason to suspect that fraud or corruption has occurred, shall immediately notify the CEO. If the Councillor has reason to believe that the CEO may be involved, the Councillor shall immediately notify IBAC.

## **Line Managers and Supervisors**

Line Managers and Supervisors upon notification from an employee of suspected fraud or corruption, or if a Line Manager or Supervisor has reason to suspect that fraud or corruption has occurred, should immediately notify the relevant Director. The Line Manager or Supervisor shall not attempt to investigate the allegation or to discuss the matter with anyone other than the person to whom the matter was reported.

## **Directors**

Directors should upon notification from an employee or manager of suspected fraud or corruption, or if the Director has reason to suspect that fraud or corruption has occurred, the Director should immediately advise the CEO and the Corporate Counsel and Group Manager, Governance and Risk. The Director shall not attempt to investigate the allegation, or to discuss the matter with anyone other than the CEO and the Corporate Counsel and Group Manager, Governance and Risk.

## **Corporate Counsel and Group Manager, Governance and Risk**

The Corporate Counsel and Group Manager, Governance and Risk is responsible for the development and maintenance of the framework for the management of fraud and corruption risks. The Corporate Counsel and Group Manager, Governance and Risk should initiate investigations with regard to fraud or corruption and report to the Audit and Risk Committee (ARC) on matters relating to fraud and corruption.

## **Internal Auditor**

Upon notification or discovery of suspected fraud or corruption during the conduct of an audit, the Internal Auditor will promptly notify the Chief Executive Officer or the Corporate Counsel and Group Manager, Governance and Risk or the Audit Committee Chair. Action will be instituted in accordance with the General Policy and Responsibilities set out above.

## **6. REPORTING FRAUD OR CORRUPTION**

Any person to whom the Policy applies that has knowledge of a fraud or corruption incident, or has reason to suspect that fraud or corruption has occurred, has an obligation to immediately report the matter. The matter can be reported generally, or as a public interest disclosure.

### **6.1 Reporting Internally**

Notify:

- your line Supervisor or Manager or Director, or
- the CEO on (03) 9840 9200 or email [Andrew.Day@manningham.vic.gov.au](mailto:Andrew.Day@manningham.vic.gov.au), or
- Corporate Counsel and Group Manager, Governance and Risk on (03) 9840 9360 or email [Andrew.McMaster@manningham.vic.gov.au](mailto:Andrew.McMaster@manningham.vic.gov.au), or
- Group Manager People and Communications on (03) 9840 9201 or email [Kerryn.Paterson@manningham.vic.gov.au](mailto:Kerryn.Paterson@manningham.vic.gov.au).

### **6.2 Reporting Externally**

Notify:

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

### 6.3 Other Reporting Options

Notify:

- the internal auditor, via postal address- Private and Confidential, The Internal Auditor, Manningham City Council, 699 Doncaster Road (PO Box 1) Doncaster, VIC 3108, or
- the Audit and Risk Committee (ARC) Chair via postal address- Private and Confidential, Audit and Risk Committee Chair, Manningham City Council, 699 Doncaster Road (PO Box 1) Doncaster, VIC 3108

The internal auditor or ARC Chair will refer the notification to an authorised external body and/or notify the CEO and/or Corporate Counsel and Group Manager Governance and Risk, provided always that any request for non-identification of the discloser will be maintained.

### 6.4 Public Interest Disclosure

Employees and officers of the Council or other persons who wish to make a public interest disclosure which concern Manningham Council as an organisation, its employees and officers, may make that disclosure to:

- One of the Council's Public Interest Disclosure Officers or Coordinator  
Andrew McMaster, Corporate Counsel and Group Manager, Governance and Risk, telephone (03) 9840 9360 or  
Kerryn Paterson, Group Manager People and Communications, telephone (03) 9840 9201 or  
Vicki Miller, Strategic Risk and Assurance Advisor, telephone (03) 9840 9204 or  
Carrie Bruce, Senior Governance Advisor, telephone (03) 9840 9210.
- The IBAC  
Level 1, North Tower  
459 Collins Street  
Melbourne Vic 3000  
Postal address: GPO Box 24234, Melbourne VIC 3001  
Telephone: 1300 735 135  
Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Disclosures about improper conduct or detrimental action by Councillors of Manningham Council must be made to the IBAC or to the Ombudsman.

## 7. POLICY BREACHES

Any action taken in regard to employees suspected of being involved in a fraudulent or corrupt activity that is in breach of this policy, will be undertaken in accordance with the Disciplinary Policy and Volunteer Policy. This includes the possibility of summary dismissal if deemed appropriate by the CEO, in consultation with the Group Manager People and Communications.

Any action taken in regard to Councillors should be undertaken in conjunction with the requirements of the Local Government Act, the Councillor Code of Conduct and any other relevant legislation.

## 7.1 Fair Due Process

### Contacts/Protocols

After an initial review and a determination that the suspected fraud or corruption warrants additional investigation, the CEO should determine in consultation with the Corporate Counsel and Group Manager, Governance and Risk and the Group Manager People and Communications the investigative arrangements to be put in place in accordance with existing Council policies, guidelines and procedures. Where an investigation into fraud or corruption is required, the person under investigation shall be given written notice of the allegations and be provided with an opportunity to respond.

### Security of Evidence

Once a suspected act of fraud or corruption is reported to the CEO immediate action is to be taken to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud or corruption from having access to the records. The records must be adequately secured for the investigation.

### Confidentiality

All participants in a fraud or corruption investigation should keep the details and results of the investigation confidential. Where the reported matter is not deemed a disclosure under the *Public Interest Disclosures Act 2012*, Council's authorised persons should take all reasonable steps to protect the identity of the discloser and matters disclosed, including security of information and records management processes.

### Public Interest Disclosures

The *Public Interest Disclosures Act 2012* protects persons who report improper conduct by public officers against reprisals. To support this process, Council has adopted Public Interest Disclosure Procedures. These procedures can be found on the Council's website. The Public Interest Disclosure Coordinator should be contacted should you wish to avail yourself of the protections afforded by the *Public Interest Disclosures Act*. The CEO must notify IBAC of any matter which they suspect on reasonable grounds that corrupt conduct has occurred or is occurring. Disclosures about improper conduct or detrimental action by Councillors of Manningham Council must be made to the IBAC or to the Ombudsman.

No person acting on behalf of the Council shall:

- dismiss or threaten to dismiss an employee;
- discipline or suspend or threaten to discipline or suspend an employee;
- impose any penalty upon an employee; or
- intimidate or coerce an employee,

because the employee has acted in accordance with the requirements of the Public Interest Disclosure Procedures. The violation of this section may result in discipline up to and including termination of employment.

### Media Issues

Any employee or Councillor contacted by the media with respect to a fraud and corruption investigation shall refer enquiries to the CEO or designate. The alleged fraud and corruption or investigation shall not be discussed with the media by any person other than through the CEO or designate.

**Documentation**

At the conclusion of an investigation, an investigation report will be submitted to the CEO with a copy to the ARC Chair. If the report concludes that the allegations are founded, the report will be forwarded to the Victorian Police, Local Government Inspectorate or IBAC as appropriate.

The relevant Director will review systems and processes in place with a view to implementing changes to prevent future occurrences. The Internal Auditor will be engaged to conduct an audit within 12 months to ensure that the recommendations have been satisfactorily implemented.

**8. RELATED POLICIES**

- Employee Code of Conduct
- Councillor Code of Conduct
- Risk Management Policy
- Procurement Policy
- Disciplinary Policy
- Recruitment Policy
- Conflict of Interest Policy

**9. SUPPORTING PROCEDURES**

- Manningham Council Fraud and Corruption Control Plan
- Public Interest Disclosure Procedures
- Reporting of Loss or Theft Procedure

**10. RELATED LEGISLATION**

- Local Government Act 2020*
- Public Interest Disclosures Act 2012*

**11. SUPPORTING RESEARCH AND ANALYSIS**

- Australian Standard AS 8001-2021 Fraud and Corruption Control

**12. 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 Manningham Council departments or a minor amendment to legislation that does not have material impact. Where any change or update may materially change the intent of this policy, it must be considered by Council.

**13. DOCUMENT HISTORY**

<b>Policy Title:</b>	Manningham Council Fraud and Corruption Policy
<b>Resp. Officer Position:</b>	Corporate Counsel and Group Manager, Governance and Risk
<b>Next Review Date:</b>	December 2022

<b>To be included on website?</b>	Yes
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Last Updated	Meeting type? - Council or EMT	Meeting Date	Item N°
10/12/2019	Council	10/12/2019	
12/12/2017	Council	12/12/2017	
27/01/2015	Council	27/01/2015	