



# FRAUD CONTROL POLICY & PROCEDURE

Approval Date:	25 June 2019
Review Date:	June 2019
Responsible Officer:	Chief Financial Officer

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## Objective

Walgett Shire Council is committed to protecting public funds and assets, protecting the integrity, security and reputation of the Council and its staff and maintaining a high level of service to the community.

## Council Policy Reference

Fraud Control Policy

## Statutory Requirements

[Local Government Act 1993](#)

[Local Government \(General\) Regulation 2005](#)

[State Records Act 1998](#)

## Related Policy/Procedure

Financial Management and Control

Protected Disclosures

Code of Conduct

Statement of Business Ethics

## Policy Scope

This policy and procedure applies to Councillors, Council staff and delegates. It also extends to consultants, vendors, contractors and other outside agencies conducting business with Walgett Shire Council.

## Policy Statement

Walgett Shire Council will not tolerate any form of fraudulent or corrupt conduct by Councillors, staff, contractors, consultants or volunteer. Walgett Shire Council is committed to the:

- Development and maintenance of a sound ethical culture supported by appropriate policies, procedures and strategies that prevent fraudulent and corrupt behaviour.
- Regular conduct and review of fraud and corruption risk assessments to identify circumstances in which fraud and corruption could occur.
- Implementation of fraud and corruption prevention and mitigation procedures in day to day operations. ▪ Use of formal procedures for the investigation of allegations of corrupt and fraudulent behaviour.
- Maintenance of processes and procedures that encourage all business dealings with tenderers, suppliers, consultants and contractors are conducted in an ethical manner.

- Ongoing education and training of all Council officers and elected members in relation to their obligations in combating dishonest and fraudulent behaviour.

## **Fraud Control**

### **1. Definition of Fraud**

Fraud does not always involve the notion of monetary gain. For the purposes of this procedure, fraud can be defined as:

***The corrupt, deceptive, dishonest and unethical misuse of Council's resources or using one's position for personal gain.***

The following actions would be considered to constitute fraud:

- Any dishonest or fraudulent act
- Unauthorised use of Council plant and equipment
- Forgery or alteration of a cheque, electronic funds transfer list or any other financial document
- Misappropriation of funds, securities, supplies or any other assets
- Impropriety in the handling or reporting money or financial transactions
- Disclosure of confidential Council information to unauthorised people or bodies
- Acceptance or seeking anything of material value from contractors, vendors or persons providing services or materials to Council
- Allowing contractors to not fully meet contract requirements
- Destruction, removal or inappropriate use of records, furniture fixtures, equipment and stores
- Claiming unworked time on time sheets
- Any related inappropriate conduct

### **2. Reporting Guidelines**

#### **2.1 All Staff**

- a) All staff must be active in protecting Council's resources, and in reporting any breeches of acceptable standards.
- b) If staff have information related to suspected fraudulent behavior, they are encouraged to report this information to their supervisor as soon as possible.
- c) If it is not possible to report the information to their supervisor or the supervisor does not appear willing to listen to and act on the information, the information should be reported to the Departmental Director or the General Manager.
- d) Staff should not attempt further investigation.
- e) Personal interests will be protected at all times.
- f) All matters will be received and treated confidentially.

#### **2.2 Supervisors and Management**

- a) Where a report/complaint is received by a supervisor/manager, a written summary should be requested from the complainant.
- b) Where the complainant does not wish to comply with this, the supervisor should take detailed written notes of the meeting.
- c) Supervisors are required to maintain confidentiality with respect to matters referred to them.

- d) Where in the opinion of the supervisor/manager, after consideration of the information, the matter requires further investigation, the supervisor/ manager should immediately contact the Director who will further notify the General Manager.
- e) The supervisor should not, unless specifically requested to do so by the Director:
  - I. Attempt to personally conduct investigations or interviews in order to determine whether a suspected activity is improper.
  - II. Contact the suspected individual(s) to determine facts or seek restitution.
  - III. Discuss any facts, suspicions or allegations associated with the matter.
- f) The Departmental Director will conduct a preliminary investigation. Depending on the nature of the complaint, the preliminary investigation may utilise appropriate resources from any or all of the following areas: Financial Services, Human Resources and other relevant personnel.
- g) The complainant should be advised that the accused will be informed of the complaint so as to enable them to defend themselves. The name and details of the complainant will not be disclosed.
- h) On completion of the preliminary investigation, the Director will consider the outcomes, including any reports from assisting areas, and brief the General Manager to ensure that documentation supports:
  - I. Appropriate personnel action and natural justice
  - II. Protection of innocent parties
  - III. Appropriate civil or criminal actions
  - IV. Documentation of claims to Council insurers
  - V. Preservation of the integrity of any criminal investigation and prosecution
  - VI. Avoidance of any unnecessary litigation
- i) If a Police report is recommended due to the nature of the allegations, this will be initiated by the Director after consulting with the General Manager.
- j) The Director will be responsible for co-ordinating internal disciplinary action processes.
- k) The General Manager is responsible for determining appropriate disciplinary action.

### 2.3 External Notification

- 1) Council is obliged to report to the Police any matter of a criminal nature. Subject to the outcomes of internal investigations, information gathered may be forwarded to the appropriate authorities for further action at their discretion.
- 2) In reality, the Police will not take action on all reported matters. The fact that Council will not pursue a matter through the courts does not influence the need to externally notify.

### **3. Fraud Awareness Training**

Generally, a significant proportion of fraud goes undetected because of the inability to recognise the early warning signs of fraudulent activity or because staff are unsure how and when and to whom they should report their suspicions. Accordingly, Council will incorporate fraud awareness training to assist in raising the general level of awareness amongst staff.

An awareness of the risk of fraud and fraud prevention techniques will be fostered by:

- ensuring all staff receive notification of the Fraud Control Policy and Procedures at the time of induction;
- ensuring all staff that are considered to be in positions requiring training attend fraud awareness training;
- ensuring updates and changes to fraud related policies and procedures and other ethical pronouncements are effectively communicated to all staff;
- ensuring staff are aware of the ways in which they can report allegations or concerns regarding alleged fraud or alleged unethical conduct; and
- encouraging staff to report any suspected incidents of fraud.

### **4. Record Keeping, Confidentiality and Privacy**

Council will maintain effective record keeping systems to demonstrate due process has been followed for all actions and decisions arising out of the implementation of these procedures.

All investigative documentation will comply with the relevant legislative provisions, will remain strictly confidential and will be registered in TRIM with access restricted to the General Manager and the relevant Departmental Director.