

# Fraud and Corruption Prevention Policy

<b>Policy Reference Number</b>	5080455
<b>Responsible Department</b>	Corporate Services
<b>Related Policies</b>	Internal Control; Public Interest Disclosure; Procurement; Register of Interests; Risk Management; Staff Conduct; ICT policy suite
<b>Related Procedures</b>	
<b>Date of Initial Adoption</b>	20 March 2012
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## 1. Purpose

Council recognises that Fraud and Corruption has the potential to cause significant financial and non-financial harm, and that the prevention and control of fraud, corruption misconduct and maladministration should feature predominantly within the systems and procedures of a responsible Council.

Council is committed to acting in the best interest of its Community and to upholding the principles of honesty, integrity and transparency in all of its operations.

The purpose of this Policy is to ensure that Council:

- Protects its assets, interests and reputation from the risks associated with fraudulent conduct, misconduct and/or maladministration and outline Council's approach to the prevention, detection and response to Fraud, Corruption, Misconduct and Maladministration;
- Properly fulfils its responsibilities under the [Independent Commission Against Corruption Act 2012 \(ICAC Act\)](#) and other relevant legislation;
- Fosters an ethical environment and culture and provides a clear statement to all Council Representatives through its policies, procedures and practices that fraudulent conduct, misconduct and/or maladministration is not acceptable and will not be tolerated;
- Identifies the relevant responsibilities of Elected Members, the Chief Executive Officer, other Employees and the Audit and Risk Advisory Committee;
- Educates Council Representatives about their obligations to report conduct reasonably suspected of being Fraud, Corruption, Misconduct and/or Maladministration;
- Has systems (policies, procedures, internal controls and practices) in place to evaluate and continuously improve its financial and corporate governance to protect public funds and assets and minimise and prevent incidents that might threaten the integrity, security and reputation of the Council.

## 2. Power to Make the Policy

This Policy is made pursuant to Section 132A of the *Local Government Act 1999* and the requirements of the ICAC Act.

### 3. Strategic Plan Link

This Policy has the following link to Council's Strategic Plan 2024:

- Leading our People (Goal 5)

### 4. Scope

This Policy applies to all prevention and disclosure arrangements that relate to the actual or suspected occurrence of fraud and corruption within the Council by Public Officers (Elected Members, Employees, Contractors and Consultants) or Volunteers of the Council.

### 5. Principles

Council will not tolerate fraudulent or corrupt activity and is committed to control and prevention of such activities by:

- Establishing and maintaining an effective system of internal controls and enforcing compliance with those controls
- Regularly undertaking and reviewing risk assessments to identify circumstances in which fraud and corruption could potentially occur
- Implementing fraud and corruption prevention and mitigation strategies in its day to day operations
- Establishing formal procedures for the investigation of allegations relating to fraudulent and/or corrupt activity
- Taking appropriate action in response to allegations of fraudulent and/or corrupt activity, including reporting allegations through appropriate channels and where allegations are substantiated, taking disciplinary action in accordance with the Council's Codes of Conduct or other relevant processes
- Ensuring all Council Representatives are aware of their obligations in regards to the prevention of fraud and corruption within the Council, and
- Fostering an ethical environment in which dishonest and fraudulent behaviour is actively discouraged.

### 6. Definitions

For the purposes of this Policy the following definitions apply:

**Commissioner** means the person holding or acting in the office of the Independent Commissioner Against Corruption in accordance with Section 4 of the [ICAC Act](#), and who has the powers and functions described at Section 7 of the [ICAC Act](#).

**Corruption** in public administration is as defined in Section 5 of the [ICAC Act](#).

**Council Representatives** means all Elected Members and Employees.

**Directions and Guidelines** refer to the document titled as such and available on the ICAC website [www.icac.sa.gov.au](http://www.icac.sa.gov.au)

**Employee** means any person who is employed by the Council, but also includes any contractors, volunteers and consultants undertaking work for, or on behalf of the Council.

A **False Disclosure** is a disclosure of information involving fraud or corruption that is made by a person who knows the information to be false.

**FCMM** means fraud, corruption, misconduct and/or maladministration

**Fraud** includes an intentional dishonest act or omission done with the purpose of deceiving. The theft of property belonging to Council by a person or persons elected, working or volunteering for Council (including where deception is not used) is also considered 'fraud' for the purposes of this definition.

Note: unlike 'Corruption' there is no statutory definition of 'Fraud'. Fraud is a style of offending. The offences addressed under Part 5 and Part 6 of the *Criminal Law Consolidation Act 1935* are considered to constitute Fraud offences.

**ICAC Act** is the *Independent Commission Against Corruption Act 2012*.

**Maladministration in public administration** is as defined in Section 4(2) of the [Ombudsman Act 1972](#).

**Misconduct in public administration** is as defined in Section 4(1) of the [Ombudsman Act 1972](#).

**OPI (Office for Public Integrity)** is the office as established under Section 17 of the [ICAC Act](#).

**Manager** means any Employee of the Council who is responsible for the direct supervision of other Employees, and/or, for the management of a Council Department.

**PID Act** means the [Public Interest Disclosure Act 2018](#)

**Public administration** is as defined at Section 4 of the [ICAC Act](#). For the purposes of this Policy, it includes acts relating to the administration of the Council or a person engaged to work for the Council.

**Public Officer** has the same meaning as in Schedule 1 of the [ICAC Act](#).

**Publish** is as defined in Section 4 of the [ICAC Act](#).

**Relevant Authority** for the purposes of the PID Act means the person or entity that receives an appropriate disclosure of public interest information in accordance with the PID Act.

A **Responsible Officer** is a person designated by Council as a Responsible Officer under Section 12 of the [PID Act](#). Employees appointed as Responsible Officers for Council are listed in Council's [Public Interest Disclosure Policy & Procedures](#).

For the purposes of the *ICAC Act*, misconduct or maladministration in public administration will be taken to be **serious or systemic** if the misconduct or maladministration —

- (a) is of such a significant nature that it would undermine public confidence in the relevant public authority, or in public administration generally; and
- (b) has significant implications for the relevant public authority or for public administration generally (rather than just for the individual public officer concerned).

**SAPOL** means the South Australian Police Force.

**Waste** refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or, unauthorised use of public resources.

## 7. Policy

### 7.1 Prevention

Council recognises that:

- The occurrence of fraud and corruption is more likely to prevail in an administrative environment where opportunities exist for abuse, maladministration, and waste; and
- The most effective way to prevent the occurrence of FCMM is to promote an ethical workplace in which internal control mechanisms have been implemented.

Council expects that Council Representatives will assist in preventing FCMM within its organisation by:

- Understanding roles and responsibilities within the organisation
- Familiarising themselves with Council's policies and procedures and adhering to them
- Understanding what behaviour constitutes FCMM and being continuously vigilant to the potential for it to occur
- Maintaining an awareness of the strategies that have been implemented by the Council to minimise FCMM
- Reporting suspected or actual occurrences of FCMM in accordance with part 7.4 of this Policy.

### 7.2 Responsibilities

7.2.1 Elected Members are responsible for ensuring that Council:

- Supports the Chief Executive Officer in the implementation of adequate security for the prevention of FCMM including the provision of secure facilities for storage of assets, and procedures to deter FCMM activity from occurring

- Makes reports in accordance with part 7.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner).

7.2.2 The Audit & Risk Advisory Committee is responsible for:

- Ensuring the appropriate internal controls are in place and operating effectively to minimise the risk of incidents and ensure appropriate financial and corporate governance arrangements are in place at all times
- Receiving internal audit outcomes reports and supporting the Council, the Chief Executive Officer and Employees to prevent and minimise FCMM exposure and incidents
- Making reports in accordance with part 7.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner)
- Working jointly with other areas of Council to reduce the risk FCMM within the organisation
- Regularly reviewing Council's Risk Management Framework and make recommendations to Council as appropriate.

7.2.3 The Chief Executive Officer has overall responsibility for Council's FCMM Framework and is responsible for:

- Making reports in accordance with part 7.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner)
- Providing adequate security for the prevention of FCMM, including the provision of secure facilities for storage of assets and procedures to deter FCMM activity from occurring
- Promoting Council's commitment to the prevention of fraud and corruption to the Community on relevant occasions
- Providing mechanisms for receiving allegations of FCMM, including ensuring that Responsible Officers and Employees receive appropriate training
- Promoting a workplace culture and environment in which FCMM is actively discouraged and is readily reported should it occur
- Undertaking and reviewing a FCMM risk assessment on a regular basis.

7.2.4 The General Manager Corporate Services is responsible for:

- Providing and maintaining internal control systems and an internal audit program that prevents / minimises FCMM exposure and incidents within the organisation

- Ensuring that systems are maintained to require that contractors and consultants declare conflicts of interest prior to undertaking work at Council that could result in a FCMM incident.

7.2.5 Manager Governance is responsible for:

- Reviewing and maintaining documentation that makes up Council's FCMM Framework, including continuous improvement of systems and arrangements to ensure the Framework meets the requirements of relevant Australian Standards.
- Ensuring information is available on Council's website to support the Community to make a report if a person has knowledge of or reasonably suspects FCMM at Council
- Providing regular training to ensure that Council Representatives remain alert to their responsibilities and obligations in preventing and reporting FCMM
- Providing reports about FCMM Framework in Council's Annual Report and to other legislative bodies as required.

7.2.6 The Risk Management Coordinator is responsible for:

- Maintaining Council's strategic and operational risk registers and providing regular reports to the Audit & Risk Advisory Committee and Council's Executive Team as requested.

7.2.7 Managers are responsible and accountable for:

- The conduct of any Employees whom they supervise
- Any Council owned property under their control
- Reporting in accordance with part 7.4 of this Policy
- Creating an environment in which FCMM is discouraged and readily reported by Employees. Such an environment shall be fostered by the Manager's own attitude to FCMM and by the accountability and integrity they both display and encourage from other Employees.
- Ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to FCMM and of the standard of conduct expected from all Employees as outlined in the Staff Conduct Policy
- Identifying potential FCMM risks
- Leading by example to promote ethical behaviour.

7.2.8 Employees are responsible for:

- Performing their functions and duties with care, diligence, honesty and integrity

- Conducting themselves in a professional manner at all times
- Adhering to all Council's Policies and Procedures, including those established to prevent FCMM within the organisation
- Taking care of Council's property which includes avoiding the waste or misuse of Council's resources
- Maintaining and enhancing the reputation of the Council
- Remaining scrupulous in their use of the Council's information, assets, funds, property, goods or services, and
- Reporting in accordance with part 7.4 of this Policy.

### **7.3 Fraud and Corruption Risk Assessment**

7.3.1 Council's main objective is to minimise the occurrence of fraud and corruption within the Council. This objective can generally be achieved by:

- Identifying and regularly reviewing FCMM Risks in all areas of Council's operations (including proactive maintenance of strategic and operational risk registers)
- Reviewing and monitoring internal controls
- Determining strategies to control and mitigate all identified risks, and
- Defining responsibility for and the time frame within which the strategies will be implemented.

7.3.2 Managers must be alert to the potential occurrence and level of vulnerability within Council to FCMM, including:

- Changes to Council delegations and sub-delegations
- Implementation of cost cutting measures
- Contracting out, outsourcing or services where Council is generating an income
- The impact of new technology, and
- Changes to risk management practices.

### **7.4 Reporting Corruption, or Systemic or Serious Misconduct or Maladministration**

All reports must be made in accordance with [OPI](#) requirements.

#### **7.4.1 Public Officers**

7.4.1.1 Public Officers must report to the OPI where they acquire knowledge of actual or suspected corruption, or systemic or serious misconduct or maladministration in the Council or other public administration, unless the public officer knows that the matter has already been reported to the OPI.



The Public Officer should adhere to documents within Council's FCMM Framework and other Council policies to the extent possible, when making the report.

- 7.4.1.2 Information about Public Officer reporting requirements is available from <https://www.publicintegrity.sa.gov.au>.

A report to the OPI by an Employee or Elected Member must be made using the appropriate online report form.

- 7.4.1.3 Nothing in this section is intended to prevent a Public Officer from reporting suspected corruption, or systematic or serious misconduct or maladministration in the Council or in other public administration to a Relevant Authority, such as Council's Responsible Officer, for the purposes of the PID Act.

Such a disclosure may be protected under the PID Act and, if made to the Council's Responsible Officer, will be managed in accordance with the Council's Public Interest Disclosure Policy and Procedures. Public Officers are encouraged to have regard to the Council's Public Interest Disclosure Policy and Procedures when determining where to direct a disclosure.

#### 7.4.2 Council

- 7.4.2.1 The Council (that is, the Elected Member body collectively) must report to the OPI any matter that the Council has actual knowledge of or where it reasonably suspects involves corruption in public administration, unless the Council knows that the matter has already been reported to the OPI.

The Chief Executive Officer is responsible for preparing reports to the OPI on behalf of Council (where the matter relates to the Chief Executive Officer, the Mayor is to make the report). The report must be made immediately upon receiving direction from the Council (ie from the Mayor).

- 7.4.2.2 A report to the OPI by the Chief Executive Officer on behalf of the Council must be made using the appropriate online report form.

#### 7.4.3 Member of the Public (including Volunteers)

Complaints about Council with respect to:

- Suspected **misconduct** or **maladministration** in public administration should be reported to the Ombudsman ([www.ombudsman.sa.gov.au/make-a-complaint](http://www.ombudsman.sa.gov.au/make-a-complaint)).
- Suspected **fraud or corruption** in public administration should be reported to the Office for Public Integrity ([www.publicintegrity.sa.gov.au](http://www.publicintegrity.sa.gov.au)).



## **7.5 Reporting Fraud**

7.5.1 Any Council Representative that has or acquires knowledge of actual or suspected Fraud that:

7.5.1.1 does not constitute corruption in public administration,<sup>1</sup> and

7.5.1.2 impacts or causes detriment (or has the potential to impact or cause detriment) to the Council

must report such information to the Responsible Officer or the Anti-Corruption branch of SAPOL.

7.5.2 A report made under part 7.5.1 may be protected under the PID Act and will be managed in accordance with the Council's Public Interest Disclosure Policy and Procedures.

## **7.6 Confidentiality and Publication Prohibitions**

7.6.1 A person who receives information knowing that the information is connected with a matter that forms or is the subject of a complaint, report, assessment, investigation, referral or evaluation under the ICAC Act must not disclose that information, other than in the limited circumstances set out in Section 54(3) of the ICAC Act.

7.6.2 A person must not, other than as authorised by the Commissioner or a court, publish or cause to be published any of the following:

- Information tending to suggest that a person is, has been, may be, or may have been, the subject of a complaint, report, assessment, investigation or referral under the ICAC Act;
- Information that might enable a person who has made a complaint or report under the ICAC Act to be identified or located;
- The fact that a person has made or may be about to make a complaint or report under the ICAC Act;
- Information that might enable a person who has given or may be about to give information or other evidence under the ICAC Act to be identified or located;
- the fact that a person has given or may be about to give information or other evidence under this Act; or
- any other information or evidence which the Commissioner has prohibited from publication.

7.6.3 A failure to comply with part 7.6 of this Policy may constitute an offence. A Council Employee who fails to comply with these

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<sup>1</sup> Such conduct may, for example, relate to persons who are not Public Officers.

requirements may also face disciplinary action which may include dismissal from employment.

- 7.6.4 In addition to the requirements in part 7.6, Council Representatives should also be mindful of the confidentiality provisions in the Council's Public Interest Disclosure Policy and Procedures.

## **7.7 Action by the Chief Executive Officer**

- 7.7.1 Unless otherwise directed by OPI or SAPOL, the CEO will investigate how alleged FCMM occurred to determine the cause for the breakdown in controls and identify, if any, recommendations as to changes in policies, procedures or internal controls that should be made by the Council. The investigation should:

- occur as soon as practicable after the alleged incident;
- not impose on or detract from any investigation being undertaken by the OPI or SAPOL
- have regard to any recommendations in any report received from the Commissioner or SAPOL on the incident.

- 7.7.2 The CEO will, in conducting the investigation and deciding whether and how to report on the investigation to Council, have regard to the provisions of the Public Interest Disclosure Policy and Procedures, and any confidentiality requirements under the PID Act and/or ICAC Act.

- 7.7.3 In the event that allegations of FCMM are substantiated, the Council may take disciplinary action against any Employee who was involved.

- 7.7.4 Where the allegations have been made against the Chief Executive Officer, the actions listed in this part of the policy will be undertaken by a Responsible Officer.

## **7.8 False Disclosure**

- 7.8.1 A person who knowingly makes a false or misleading statement in a complaint or report will be guilty of an offence under the ICAC Act and the PID Act.
- 7.8.2 A Council Employee who makes a false disclosure, in addition to being guilty of an offence, may also face disciplinary action that may include dismissal from employment.
- 7.8.3 Elected Members who make a false disclosure, in addition to being guilty of an offence, may face disciplinary action pursuant to the Conduct Management Framework.

## **7.9 Awareness Training Program**

The Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.

Council's policies regarding Internal Control and the prevention of FCMM are available on Council's website. Internal policies and procedures are available to Employees on Council's Intranet, and where appropriate, on Elected Members' electronic document library.

Employees will make reference to Council's FCMM initiatives in the Annual Report and ensure that this public access to documents within Council's FCMM framework, ensuring those documents identified at part 7.1 of this Policy.

### **7.10 Supporting documentation**

All allegations of fraud and corruption and results of any investigations conducted will be securely maintained in Council's Records Management System.

## **8. Review & Evaluation**

Within twelve months of each new Council term, Council will review this policy. Following this initial review, this policy will be reviewed at least biennially by Staff with minor administrative adjustments being approved by the Chief Executive Officer.

## **9. Availability of the Policy**

Copies of this Policy will be available at Council's principal office during ordinary business hours and at Council's website [www.campbelltown.sa.gov.au](http://www.campbelltown.sa.gov.au).