

Newcastle City Council

Strategy

Fraud and Corruption Control

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Fraud and Corruption Control Strategy



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Authorisations	Functions authorised under this policy including Council Officers authorised to perform the function.

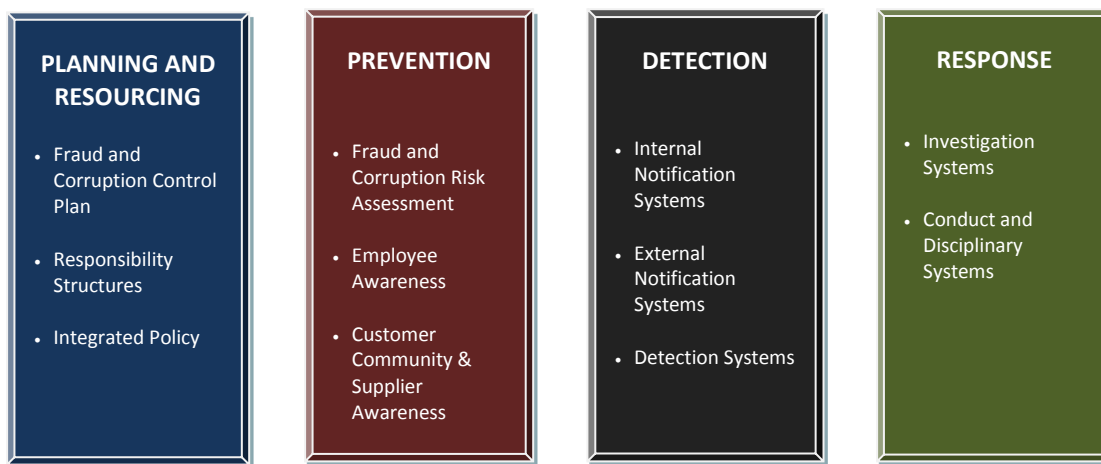
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Part A Preliminary

1 Introduction

- 1.1 This Fraud and Corruption Control Strategy sets out Council's commitment to Fraud and Corruption control. It details Council's approach to planning and resourcing, prevention, detection, reporting and responding to Fraud and Corruption.



- 1.2 Effective implementation of this strategy will help to ensure public confidence in the integrity of Council.

2 Purpose

- 2.1 The purpose of this strategy is to provide:
- 2.1.1 An integrated and overarching strategy to control Fraud and Corruption risk at Council.
 - 2.1.2 Context to guide and align all Fraud and Corruption management activities.
 - 2.1.3 Context for evaluation and continuous improvement of Fraud and Corruption management activities at Council.

3 Scope

- 3.1 This strategy sets out the commitment of the Chief Executive Officer and Senior Management team to a Council free from Fraud and Corruption.
- 3.2 Everyone at Council (Councillors, Council staff, volunteers and contractors) is responsible and can contribute to ensuring Council business and operations are free from Fraud and Corruption.

4 Principles

- 4.1 Accountability and transparency - This strategy provides a framework for transparency and a system of accountability.

- 4.2 Prevention – Council commits to ensuring that policies, procedures, processes and systems are in place to minimise the opportunity for fraudulent or corrupt activities by Councillors, Council staff, contractors and volunteers.
- 4.3 Detection and investigation – Council is committed to investigating and taking appropriate disciplinary action where Fraud and Corruption is detected.
- 4.4 Reporting – Employees as well as members of the public are encouraged to report all reasonable suspicions of Corruption to the Independent Commission Against Corruption.
- 4.5 Resourcing – Council is committed to ensuring appropriate resourcing is available to take pro-active action to prevent Fraud and Corruption.
- 4.6 Risk management – Council is committed to a risk management approach in the identification and management of Corruption risks.

5 Definitions

- 5.1 **Corruption** means conduct that adversely affects the honest and impartial exercise of official functions, a breach of public trust by public officials and the misuse of public office for private gain. Fraud and Corruption are interrelated and represent the misuse of public office for private gain.
- 5.2 **Council means** Newcastle City Council.
- 5.3 **Council Official** is defined in the Internal Reporting Policy - Public Interest Disclosure.
- 5.4 **Fraud** means dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property where deception is used at the time, immediately before or immediately following the activity.
- 5.5 Example of fraud and corruption
 - 5.5.1 Theft of plant or equipment
 - 5.5.2 False invoicing (creation of a fictitious invoice claiming payment for goods or services)
 - 5.5.3 Theft of funds or cash
 - 5.5.4 Unauthorised use of corporate credit card

6 Council's attitude to Fraud and Corruption

- 6.1 Council aims to promote an organisational culture that will not tolerate any act of Fraud or Corruption. This strategy is designed to put this principle into practice.
- 6.2 The prevention of Fraud and Corruption requires that all Councillors, Council staff, volunteers and contractors act ethically, appropriately and in accordance with Council's Code of Conduct.

Part B Planning and Resourcing

7 Integrated polices

- 7.1 Council aims to promote an organisational culture that will not tolerate any act of Fraud or Corruption. This strategy is designed to put this principle into practice.
- 7.2 The prevention of Fraud and Corruption requires that all Councillors, Council staff, volunteers and contractors act ethically, appropriately and in accordance with Council's Code of Conduct.

8 Fraud and Corruption Control Plan

- 8.1 Council will regularly assess its Fraud and Corruption control measures through a Fraud and Corruption Control Plan which documents:
- 8.1.1 What Council is already doing to prevent and manage Fraud and Corruption, and
 - 8.1.2 What Council plans to do to further prevent and manage Fraud and Corruption.
 - 8.1.3 The Fraud and Corruption Control Plan will be reviewed every two years.

9 Legal and Governance

- 9.1 Council's Legal and Governance Business Unit has responsibility for the oversight of Council's Fraud and Corruption Control Plan.
- 9.2 Legal and Governance will report twice per year to the Executive Management Team on the implementation of the Fraud and Corruption Control Plan.

10 Risk Management Committee

- 10.1 Council's Risk Management Committee has responsibility for oversight of the Fraud and Corruption Risk Register.

11 Responsibilities and other resourcing

Individuals

Person:	Responsibilities:
Council staff at all levels	Performing their functions and duties in a professional and ethical manner, with care, diligence, honesty and integrity and in accordance with Council's Code of Conduct. Completing training in accordance with adopted training schedule. Reporting Corruption in accordance with Council's Internal Reporting – Public Interest Disclosures Policy. Following Council policies, procedures and systems. Cooperating, participating and maintaining confidentiality in

Person:	Responsibilities:
	any Fraud and Corruption investigation to the best of their ability and responding to requests with a high priority.
Additional responsibilities of Business Unit Managers/Coordinators/Team Leaders	<p>Understanding, communicating and implementing Council policies, including the Code of Conduct and the Internal Reporting – Public Interest Disclosures Policy and the Code of Conduct.</p> <p>Ensuring Council staff attend training as required.</p> <p>Communicating awareness messages to Council staff as required.</p> <p>Commitment to Council's values and demonstrating ethical behaviour.</p> <p>Encouraging the reporting of serious wrongdoing in accordance with Council's Internal Reporting Policy - Public Interest Disclosures.</p>
Additional responsibilities of Directors	<p>Maintaining the strategic focus of Council's Fraud and Corruption strategy.</p> <p>Setting Council's Fraud and Corruption control priorities and approving Council's Fraud and Corruption Control Plan.</p> <p>Ensuring Fraud and Corruption control management activities are effectively implemented.</p> <p>Ensuring Fraud and Corruption control strategies are effectively communicated across the organisation.</p> <p>Ensuring adequate resources are allocated to manage Fraud and Corruption, including monitoring, evaluation and reporting.</p> <p>Ensuring that Council's Corruption Control Plan is effectively implemented within their area of responsibility.</p>
Additional responsibilities of the Manager Legal and Governance	<p>Preparing and keeping up to date this strategy, Council's Fraud and Corruption Control Plan and other supporting policies and procedures.</p> <p>Oversight of the Fraud and Corruption Control Plan (including reporting to EMT).</p> <p>Assuring quality investigation processes and reports (utilising appropriate internal and external resources).</p> <p>Providing advice to staff affected by internal investigations.</p> <p>The Manager Legal and Governance is supported in carrying out his/her role and function by the Governance Officer.</p> <p>Council is committed to ensuring that the Governance Officer receives appropriate and regular training and development in the area of Fraud and Corruption prevention.</p> <p><i>Note: the Manager Legal and Governance is also Council's nominated Disclosures Coordinator under Council's Internal Reporting Policy - Public Interest Disclosures and Complaints Coordinator under Council's Code of Conduct.</i></p>

Person:	Responsibilities:
Additional responsibilities of the Chief Executive Officer	<p>Ensuring this strategy, Council's Corruption Control Plan and associated policies and procedures are effectively implemented.</p> <p>Reporting any matter to the Independent Commission Against Corruption where there is a reasonable suspicion of corruption.</p>
Councillors	<p>Performing their civic duties in a professional and ethical manner, with care, diligence, honesty and integrity and in accordance with Council's Code of Conduct.</p> <p>Completing training at induction and throughout the Council term as required by the Chief Executive Officer.</p> <p>Reporting Corruption in accordance with Council's Internal Reporting – Public Interest Disclosures Policy.</p> <p>Following Council policies, procedures and systems relevant to Councillors.</p> <p>Cooperating, participating and maintaining confidentiality in any matters reported to them on a confidential basis.</p>

Committees and other groups

Person:	Responsibilities:
Risk Management Committee	Oversight of Council's Fraud and Corruption Control Plan.
Audit Committee	<p>Reviewing the Internal Audit Plan annually to ensure it appropriate addresses key Fraud and Corruption risks and that there is appropriate coordination with the external auditor.</p> <p>Submit recommendations to the Chief Executive Officer to approve the Internal Audit Plan, reviewing its scope and progress and any significant changes to it, including any potential difficulties or restrictions on the scope of activities or implementing audit recommendations.</p> <p>Receive annual reports from the Fraud and Corruption Management Committee and ensure findings contained within the reports are appropriately dealt with in future Internal Audit Plans.</p>

Part C – Prevention

12 Fraud and Corruption Risk Register

- 12.1 Business Units will undertake a Fraud and Corruption risk assessment every two years with a view to maintaining a Fraud and Corruption Risk Register.
- 12.2 The Fraud and Corruption Risk Register aims to quantify the level, nature, and form of the risks to be managed and supports development of the Fraud and Corruption Control Plan and Internal Audit Plan.
- 12.3 Business Units will be required to report six monthly to the Risk Management Committee on their progress of implementing controls to address identified risks using the template report at Annexure B.

13 Communication and awareness

- 13.1 Council aims to ensure all Councillors and Council staff understand the minimum standards of behaviour required of them in accordance with Council's Code of Conduct as well as understand how to report suspected Fraud and Corruption in accordance with Council's Internal Reporting Policy - Public Interest Disclosures.
- 13.2 Council will ensure a range of communication and awareness strategies are engaged to effectively communicate with Councillors, Council staff, volunteers and contractors about Fraud and Corruption prevention.

14 Ethical Culture

- 14.1 Council aims to ensure that:
 - 14.1.1 Managers lead a culture of ethical behaviour in the workplace
 - 14.1.2 All staff understand the ethical behaviours expected of them in the workplace
 - 14.1.3 Guidance material deals with the real-life situations, conflicts, and Fraud risks that staff face in their work areas.
 - 14.1.4 Regular employee surveys are conducted around culture and ethics and appropriate actions are taken to address findings and outcomes.

15 Customer, community and supplier awareness and ethical dealings

- 15.1 Council aims to ensure:
 - 15.1.1 There is awareness by customers, the community, and suppliers that the Council will not tolerate fraudulent or corrupt behaviour in its dealings
 - 15.1.2 That the community, customers, and suppliers are aware of the consequences of such fraudulent or corrupt behaviour.

- 15.1.3 Background checks of suppliers and customers are completed prior to doing business.

16 Customer, community and supplier awareness and ethical dealings

- 16.1 Council aims to ensure it employs a workforce committed to ethical conduct.
- 16.2 Council will ensure appropriate policy is in place requiring pre-employment screening, relevant to the role and position, for all prospective employees joining the organisation.

Part D Detection

17 Notification Systems

- 17.1 Council has a fully implemented Internal Reporting Policy – Public Interest Disclosures to ensure there are adequate means for reporting suspicious or known illegal/unethical/dishonest conduct, and that these means of reporting are widely known and available.
- 17.2 While the Internal Reporting Policy encourages internal reporting, it also provides information on external reporting to the NSW Ombudsman and Independent Commission Against Corruption.
- 17.3 If a Councillor, employee, volunteer or contractor has information or evidence which shows or tends to show Corruption by another Council Official, they should report it in accordance with Council's Internal Reporting Policy – Public Interest Disclosures or telephone Council's Fraud hotline for a confidential discussion on 4974 2143.
- 17.4 If a member of the public has evidence which shows corrupt conduct at Council, they should report it in writing to the Chief Executive Officer or the Independent Commission Against Corruption.

18 Detection Systems

- 18.1 Council aims to detect Fraud and Corruption wherever possible and will continually look to implement systems aimed at quickly identifying instances of Fraud and Corruption, such as:
 - 18.1.1 Data mining
 - 18.1.2 Post transactional reviews.

Part E Response

19 Investigation

19.1 Where the Chief Executive Officer receives information of alleged Fraud or Corruption or suspects Fraud or Corruption, the following actions may be taken:

- 19.1.1 investigating the matter as appropriate and ensuring procedural fairness (this may involve the use of both internal and external resources);
- 19.1.2 making a report to the Independent Commission Against Corruption and the police, where appropriate.

19.2 Review of controls and processes

- 19.2.1 Where an investigation establishes Fraud or Corruption, the Chief Executive Officer will ensure a review of internal controls directly relating to the Fraud or Corruption is conducted and improvements implemented where necessary.
- 19.2.2 The Chief Executive Officer will report the proposed improvements to the Audit Committee.

19.3 Insurance Policy and civil action

- 19.3.1 Council maintains an insurance policy for Fidelity Guarantee (Crime).
- 19.3.2 The Chief Executive Officer will ensure all appropriate claims (including insurance and civil action) are made to mitigate Council's losses.

19.4 Conduct and disciplinary action

- 19.4.1 All outcomes of Fraud and Corruption investigations are referred to Council's Human Resources for a decision on appropriate action.
- 19.4.2 All disciplinary action to be conducted in accordance with the award or relevant contracts of employment.
- 19.4.3 Confirmed serious instances of Fraud or Corruption may result in termination of employment and prosecution by police.

Annexure A

Key policies, plans, documents and registers

1.1. Key Policies

- Art Gallery acquisitions and de-accessioning Policy
- Asset Management Policy
- Commuter Use of Council Vehicles Policy
- Complaints Handling Policy
- Compliance Policy
- Confidentiality Policy
- Corporate Card Approval and Use Policy
- Customer Consultation Policy
- Disposal of Surplus or Obsolete Plant & Vehicles, Goods, Furniture and Equipment
- Economic Development Sponsorship Policy
- Enterprise Risk Management Framework
- Event Sponsorship Policy
- Fuel Card Usage Policy
- Independent Assessment of Council Related Development Applications
- Information Technology Acquisition and Purchasing
- Information Technology Use Policy
- Interaction between Councillors and Staff Policy
- Internal Reporting - Public Interest Disclosures Policy
- Leaseback Vehicle Policy
- Managing Unreasonable Complainant Conduct
- Media Policy
- Mobile Phone and Mobile Device Policy
- Newcastle Local Environmental Plan - Request for Amendment Policy
- Outdoor Trading Policy
- Payment of Expenses and Provision of Facilities to Councillors Policy
- Petty Cash and Cash Advance Policy
- Planning Agreements Policy
- Preparing, Reviewing and Signing of Legal Documents Policy
- Privacy Management Plan
- Procurement Policy
- Project Management Policy
- Records Management Policy
- Recruitment Policy
- Revenue Handling Policy
- Secondary Employment Policy
- Travelling Arrangements and Expenses -Staff Policy

1.2. Key Procedures and Plans

- Asset Management Plans
- Business Continuity Plan
- Site Revenue Handling Procedures
- Community Engagement Framework 2013-2018
- Conflict of Interests Procedures
- Development Contribution plans
- Disciplinary Procedures
- Fraud and Corruption Control Plan
- Gifts and Benefits procedures
- Procedures for the Administration of the Code of Conduct
- Public Interest Disclosure procedures
- Records Management Procedure

1.3. Key Guidelines and Manuals

- Annual Pecuniary Interest Returns
- Contract Management Procedures
- Information Technology Use manual
- Leaseback Vehicle Manual
- Policy Framework
- Purchasing Procedures - (incorporating Accounts Payable, Purchasing, Corporate Card and Stores functions)
- Project Management Procedures
- Planning Manual

1.4 Key Registers

- Conflict of Interest Register
- Gifts and Benefits Register
- Delegations Database
- Plan Register
- Policy Register
- Registers of Financial Authorisation
- Fraud and Corruption Risk Register

Annexure B – Risk Register Report Template

Business Unit Name					Risk report - risk no. X
Risk description	Risk level at last assessment	Controls now in place	Monitoring mechanisms	Next steps/resources required	Director comments
Short description of risk	Risk level as per last risk report	August 2016			
		<i>List controls put in place since last assessment</i>	<i>How and when are the risk and controls being monitored?</i>	<i>What controls are planned for the future and what are resources required?</i>	<i>Comments from Director as to practicality of controls and availability/unavailability of resourcing.</i>
		February 2017			
		<i>List controls put in place since last assessment</i>	<i>How and when are the risk and controls being monitored?</i>	<i>What controls are planned for the future and what are resources required?</i>	<i>Comments from Director as to practicality of controls and availability/unavailability of resourcing.</i>
		August 2017			
		<i>List controls put in place since last assessment</i>	<i>How and when are the risk and controls being monitored?</i>	<i>What controls are planned for the future and what are resources required?</i>	<i>Comments from Director as to practicality of controls and availability/unavailability of resourcing.</i>