Fraud and Corruption Control System

System Administration

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Approved by	GM approved 17/07/2024 (version 2.1) Council Meeting 22/04/2024 (version 2) Council Resolution FIN012-24
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Policy Owner	Director, Business and Corporate Services
Related Documents	Georges River Council Code of Conduct Georges River Council Public Interest Disclosures Policy Georges River Customer Feedback and Complaints Management Policy Georges River Council Fraud and Corruption Control Policy Georges River Council Legislative Compliance Policy Georges River Council Privacy Management Policy Georges River Council Payment Handling & Cash Collection Policy Georges River Council Pre-Employment Suitability Policy Georges River Council Public Interest Disclosure Reporting Policy Georges River Council Statement of Business Ethics Georges River Council Conflicts of Interest – Procedures for Managing Georges River Council Gifts and Benefits – Procedures for Managing Georges River Council Sustainable Procurement PolicyGeorges River Council Privacy Management Plan Georges River Council Statement of Business Ethics
Appendices	Appendix A – Fraud and Corruption Control Action Plan
References & Legislation	AS 8001 - 2021 Fraud and Corruption Control *Local Government Act 1993* *Independent Commission Against Corruption Act 1988* *Public Interest Disclosures Act 2022*
Document Identifier	Policy #: Sys-003.02 Doc #: D24/191934
Record Keeping	All documents and information obtained in relation to the implementation of this document will be kept in accordance with the NSW State Records Act 1998, Georges River Council's Corporate Records Policy and adopted internal procedures.

Contents

1. Executive Summary

1.1 Introduction

1.1.1 Georges River Council (Council) is committed to the highest standard of ethical and accountable conduct and as such, is committed to the prevention, detection, and investigation of all forms of fraud and corrupt conduct.

1.1.2 The Australian Standards AS8001:2021 provides a benchmark for national standards, expectations and working processes – Council recognises that it has a responsibility to develop and implement sound financial, legal and ethical decision-making and practices. This Fraud and Corruption Control System (the System) is a key document that supports the Fraud and Corruption Control Policy, which sits within the Code of Conduct and Governance Framework. Georges River Council (Council) will use this framework to further strengthen their commitment to best practice in fraud prevention and control.

1.2 Purpose

1.2.1 The purpose of this document is to provide a wholistic approach to fraud and corruption control within Council and to assist Council Officials meet their responsibilities in relation to Fraud and Corruption Control Standards. The requirements within represent the commitment of the Council Officials to control fraud and corruption.

1.2.2 This System aims to draw together all prevention, detection and response initiatives adopted by Council in one document and, more specifically, to:

- Promote the awareness of risks relating to fraud and corruption to Council officials and Council's Contractors, Consultants and Volunteers.

- Develop appropriate strategies and internal controls to minimise losses due to fraud, and corruption to Council.

1.3 Scope

1.3.1 This System applies to all Council Officials, including Councillors, Council employees (including part-time and casual, temporary, agency staff, trainees, and students on work placements), individuals who are engaged as contractors working for Council, and other people who perform public official functions on behalf of the Council, such as volunteers.

1.4 Statement of attitude

1.4.1 Council will set the example for accountability, integrity and transparency in the provision of services to the community, and the management of Council as an organisation.

1.4.2 Council has a zero tolerance for fraud or corruption and is committed to minimising the incidence of fraud and corruption. Council will take appropriate action against Council Officers, contractors and elected members who have participated in such behaviour and those who allow it to occur.

1.5 Link to codes of behaviour

1.5.1 The Council's Fraud and Corruption Control Policy and the System outlines Council's approach to preventing, detecting, and responding to fraudulent and corrupt behaviour. The System provides strategies and processes to help the Council fulfil its responsibilities for fraud and corruption control.

1.5.2   The System shall be Council's framework for addressing fraud and corruption, and is underpinned by Council's Policies and procedures, including:

- Code of Conduct and Procedures
- Conflicts of Interest – Procedures for Managing
- Council Probity Plan
- Fraud and Corruption Policy
- Gifts and Benefits – Procedures for Managing
- Legislative Compliance Policy
- Payment Handling & Cash Collection Policy
- Pre-Employment Suitability Policy
- Privacy Management Policy
- Public Interest Disclosure Reporting Policy
- Statement of Business Ethics

1.6   Relationship to other risk management plans

1.6.1   The System will complement Council's other risk management plans. These plans and registers provide further risk controls.

- Corporate Reporting
- Enterprise Risk Management Plan
- Risk Register
- Strategic Risk Register

1.7   Definition of Terms

Term	Meaning
Council official	An individual who carries out public official functions on behalf of Council or acts in the capacity of a public official. For the purpose of this Policy, the Mayor, Councillors, employees, members of Council committees and delegates of Council are Council officials.
Council's contractors, consultants and volunteers	Those who perform public official functions on behalf of Council including contractors, sub-contractors, consultants, sub-consultants and volunteers.
Corruption	Corruption and corrupt conduct are defined by the Independent Commission Against Corruption as: • conduct of any person (whether or not a public official) that adversely affects, or could affect the honest and impartial exercise of public official functions, or • conduct of a public official that involves the dishonest or partial exercise of any of his or her public official functions, or • a breach of public trust, or

	• any conduct of a public official or former public official that involves the misuse of information or material acquired in the course of a public official's functions whether or not for his or her benefit or for the benefit of any other person.

Corrupt conduct includes dishonest activity in which a person associated with Council acts contrary to the interests of Council and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation, either directly or indirectly. It can also be the conduct of any person (whether or not a public official) that adversely affects or could affect the exercise of official functions and involves conduct such as bribery, blackmail, fraud, obtaining or offering secret commissions, collusive tendering practices, forgery and various other crimes.

For conduct to be corrupt it must be covered by one of the conditions above and any one of the following:

• a criminal offence

• a disciplinary offence

• a situation where there are reasonable grounds for dismissal or dispensing with the services of or terminating the services of a Council Officials, Contractors, Consultants and Volunteers. |
| Fraud | Fraud is a dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity.
Note:

• Property in this context also includes intellectual property and other intangibles such as information.

• Fraud also includes the deliberate falsification, concealment, destruction, or use of falsified documentation used or intended for us for a normal business purpose or the improper use of information or position for personal financial benefit.

• While conduct must be dishonest for it to meet the definition of "fraud" the conduct need not necessarily represent a breach of the criminal law.

• Fraud can involve fraudulent conduct by internal and/or external parties targeting the organisation or fraudulent or corrupt conduct by the organisation itself targeting external parties.

Council considers a fraud incident to include the above criteria that results in a significant loss of revenue, financial loss, or reputational harm; or that requires Council to notify an external body of the fraud incident. |

Misconduct	Conduct by a Council official, which constitutes a ground for disciplinary action whilst acting in their capacity as a Council official; where such conduct contravenes Council's Code of Conduct.

2. Foundations for Fraud and Corruption Control

2.1 Roles and Accountabilities

2.1.1 All roles and accountabilities are set out in Part 6 of this System.

2.2 Fraud and corruption awareness training

2.2.1 The primary purpose of fraud and corruption awareness training is to assist in the prevention and detection of fraud by raising the general level of awareness amongst all employees.

2.2.2 All staff will be required to attend fraud and corruption awareness training in accordance with the System. New employees will receive a fraud and corruption awareness briefing at induction. Council also regularly reviews its training program to ensure that it remains relevant and effective in preventing and detecting fraud and corruption.

2.2.3 In addition, Council will send regular communications to employees detailing a clear definition of the types of action that constitute fraud and corruption and an unequivocal statement that fraudulent conduct will not be tolerated.

2.3 Business Unit Accountability for Fraud and Corruption Control

2.3.1 Council has established a clear system of accountability for each business unit within a Directorate. This system enables each business unit to take ownership of the risks associated with their unit and proactively identify and mitigate potential threats.

2.3.2 To facilitate this accountability, Council has implemented a comprehensive risk register for each Directorate. The risk register provides a detailed overview of all potential risks, along with the mitigation treatment and evaluation of risks that require monitoring by the Executive Team and Audit Risk and Improvement Committee (**ARIC**).

2.3.3 Each business unit within a Directorate is responsible for managing and mitigating the risks associated with their specific unit. This includes conducting regular risk assessments and implementing effective controls to prevent fraudulent and corrupt activities from occurring.

2.4 Fraud and corruption risk management

2.4.1 The Fraud and Corruption Risk Assessment (FCRA) will be conducted periodically and in accordance with the Action Plan and coordinated by the Head of Corporate Governance and Risk. The results will be reported to the ARIC. The implementation of the proposed actions arising from the FCRA will be reported to the Audit, Risk and Improvement Committee on a regular basis.

2.4.2 The FCRA will be conducted in accordance with AS ISO 31000:2018 Risk Management – Principles and guidelines and AS 8001 – 2021 Fraud and Corruption Control.

2.5 External environment scan

2.5.1 As part of the FCRA, the Head of Corporate Governance and Risk will include an external environment scan to identify external factors that may affect the FCCS outcomes. Such considerations may include changes in government policies, economic downturns, social trends, technological advancements, environmental regulations and changing legal requirements.

2.6 Developing and implementing an FCCS

2.6.1 The System links to Council's Fraud and Corruption Control Policy, and it details Council's approach to the prevention, detection and response (illustrated below) to fraudulent and corrupt behaviour, providing strategies to assist Council Officials, Contractors, Consultants and Volunteers to meet their fraud and corruption control responsibilities.

Prevention	Detection	Response
Councillors, Audit, Risk and Improvement Committee oversight **Executive and line management functions** **Internal Audit, Risk and Compliance functions**		
• Risk assessment • System / Plan / Policy • Gap analysis and performance assessment • Employee and third-party due diligence • Ethical culture (including Code of Conduct, Conflict of Interest) • Communication and awareness • Employee support programs • Internal controls • Proactive data analytics	• Fraud reporting mechanisms • Public Interest Disclosures • Post transaction review • Management accounting reporting review • Retrospective data analytics • Auditing and monitoring (random audits)	• Response protocol • Investigation protocols • Incident register • Disclosure / reporting • Disciplinary procedures • External reporting • Civil recovery • Internal control review • Insurance

2.7 Leveraging the internal audit function

2.7.1 Council has developed a program of internal audits to provide assurance that internal controls are implemented and are effective in achieving the desired objectives including the prevention and detection of fraud and corruption.

2.7.2 The internal audits will be conducted or coordinated by the Internal Auditor with consideration of the fraud and corruption risk assessments, fraud and corruption incidents (either at Council or similar entities) and the results of previous internal audits.

2.7.3 The Audit, Risk and Improvement Committee approves the annual internal Audit Plan and will monitor the results and implementation of approved recommendations arising from internal audits.

2.8 Leveraging the external audit function

2.8.1 Council has worked cooperatively with the NSW Audit Office with their representative being a regular invitee to all Committee meetings. The NSW Audit Office has advised Councils of their areas of focus for both financial audits and performance audits.

2.9 Implementing an Information Security Management System (ISMS)

2.9.1 The establishment of a Digital Resource Management Plan (DRMP) by the Council is a proactive approach to strengthen its current security framework and is a systematic approach to an ISMS. The DRMP is a comprehensive and multi-faceted scope of work

that aims to ensure the effective management of digital resources to enable responsive and timely services and information. The DRMP will be implemented throughout 2023-2026 and will continue to incorporate the following key elements:

- <u>Information Security Policy</u>: This outlines Council's approach to information security management. It defines the roles and responsibilities of stakeholders, set out the Council's security objectives, and provide guidance on the implementation of security controls to protect the confidentiality, integrity, and availability of information.

- <u>Digital Data Policy</u>: This policy outlines the Council's approach to the collection, storage, use, and disclosure of digital data. It provides guidance on data classification, retention, and disposal, and will ensure compliance with relevant legislation and regulations, such as the Privacy Act.

- <u>Data Breach Response Framework Policy</u>: This policy provides guidance on Council's response to data breaches. It outlines the procedures for detecting, containing, and reporting data breaches, and will ensure that affected parties are notified in a timely and appropriate manner.

- <u>Mobile Device Use Administration Policy</u>: This policy outlines Council's approach to the use of mobile devices. It will provide guidance on the selection, configuration, and management of mobile devices, and ensures that mobile devices are secured and managed in accordance with the Council's security policies.

- <u>Records and Information Management Policy</u>: This policy provides guidance on the management of records and information. It ensures that records and information are managed in a consistent and systematic manner, and provides guidance on the retention, disposal, and preservation of records.

2.9.2 Implementing an ISMS will help reduce the risks associated with information security breaches, protect Council's reputation, and comply with legal and statutory requirements.

2.10 <u>Record Keeping and confidentiality of information</u>

2.10.1 Council's Records and Information Management Policy and Privacy Management Plan serves as the framework for the management of records and information and is aligned with the State Records Act 1998 (NSW).

2.10.2 The policy outlines the roles and responsibilities of all stakeholders involved in managing records, including the Information Management Technology (IMT) Team, which is responsible for the lifecycle management of Council's records and information. The IMT Team ensures compliance with the General Authority for Sentencing and Destruction of Local Government Records and oversees the implementation of best practices in records management.

2.10.3 Council's Code of Conduct outlines the standard for the confidentiality of information, including access and improper use of information. The Code is based on the Privacy and Personal Information Protection Act 1998 (NSW) and the Health Records and Information Privacy Act 2002 (NSW), as well as any Guidelines issued by the Information Privacy Commissioner.

2.11 <u>Consideration of extra-jurisdictional implications</u>

2.11.1 Council ensures its activities do not negatively impact other jurisdictions or communities. Activities such as procurement and contracts, environmental management, and community services can give rise to extra-jurisdictional criminal matters. Council adheres to the principles of the modern slavery legislation and considers its environmental impact in decision-making processes and takes appropriate measures to mitigate any risks.

3. Prevention

3.1 Promoting a sound integrity framework

3.1.1 Council's Code of Conduct provides the framework for ethical behaviour and integrity expectations for all Council Officials. Council implements the integrity framework in practice by practising adaptive and continuous improvement in the risk management area, by expressing an ongoing management commitment to fraud and corruption control, and by implementing deterrent, prevention and detection measures, to ensure:

- all employees have an awareness of fraud and corruption risks

- a fraud risk assessment is performed which quantifies the level, nature and form of the risks to be managed

- procedures to be undertaken to assist in the management of fraud and corruption

- employees to have access to information to assist them understand fraud and corruption and their obligations

- Customers, the community and suppliers understand that the Council has a zero tolerance for fraud and corruption

- Council Officials, Contractors, Consultants, volunteers, external parties and members of the public understand that Council has a zero tolerance for fraud and corruption.

3.2 Managing Conflicts of interest

3.2.1 A conflict of interest exists where a reasonable and informed person would perceive that an employee could be influenced by a private interest when carrying out their public duty. Employees are required to avoid or appropriately manage any conflict of interest.

3.2.2 The Council has a Code of Conduct and a Procedure for the Management of Conflicts of Interest to assist Council officials and employees to manage conflicts of interest. Council Officials are required to annually attest to their adherence to the Code of Conduct or report any breaches.

3.2.3 The management of conflicts of interest among Councillors is overseen by the Office of the General Manager. It is mandatory for Councillors to declare a conflict of interest at each Council Meeting, and confirm they have no conflict of interest where that conflict may arise.

3.3 Managing gifts and benefits

3.3.1 Council requires all staff to adhere to a zero tolerance regarding the receipt of any gift or benefit with limited and strict exemptions in accordance with Council's 'Gifts and Benefits – Procedures for Managing'. Council Officials are prohibited from soliciting gifts or benefits, regardless of their value, accepting gifts, benefits, or cash/cash-like gifts, regardless of their value or motive, or personally benefiting from rewards point programs when purchasing on behalf of Council.

3.3.2 All offers regardless of whether they are accepted or declined, must be declared by completing the Gifts and Benefits Declaration Form and submitted to the General Manager within five days of an offer of a gift or benefit being made.

3.3.3 All declared offers and receipt of gifts and benefits are managed by the Head of Corporate Governance and Risk and recorded in the Gifts and Benefits Register, which is periodically published on Council's website. Any receipted items is disposed of in accordance with directions issued by the General Manager.

3.4 Implementing and maintaining an internal control system

3.4.1 All Council Officials are required to adhere to each policy and process implemented at Council.

3.4.2 Council maintain a policy and procedures register which is managed by the Head of Corprate Governance and Risk, and is used to drive policy review and updating on a regular basis, dependant on the risk associated with each process. The Head of Corprate Governance and Risk ensures each policy and procedures is available to all staff, and periodically reviews the quality of the data retained in the maintenance and management of the internal control system. The Head of Corporate Governance and Risk provides a quality review service to all new or reviewed policies/procedures to ensure a culture of continuous improvement in the internal control system.

3.5 Incentives and performance indicators

3.5.1 Council implements financial incentives in accordance with Clause 8(iv) of the Local Government (State) Award 2023, that requires progression through the salary system be based upon:

(a) the acquisition and use of skills; or

(b) employee performance, provided that progression beyond the award entry level based upon the acquisition and use of skills is also available.

3.5.2 Council's Performance Excellence Program (PEP) outlines the process for progressing through the salary system and rewarding performance excellence. Each recommendation for progression through the salary system or a financial incentive must be established against approved eligibility criteria.

3.5.3 A salary review committee consisting of the relevant Manager, relevant Director and the General Manager consider recommendations for salary increase or performance reward outcomes based on the consistent eligibility criteria on a biannual basis.

3.6 Workforce screening

3.6.1 Council performs pre-employment screening processes on new employees including reference checks, validation of qualifications, bankruptcy and criminal history checks where applicable.

3.6.2 In addition, these checks may be re-performed for employees to maintain currency, for example when a promotion, secondment or changes in duties takes place.

3.7 Screening and ongoing management of business associates

3.7.1 The appointment of contractors is a significant corruption risk in local government. Council has developed the Sustainable Procurement Policy which outlines principles of probity which assist to mitigate this risk and meet the various requirements of the *Local Government Act 1993*, Local Government (General) Regulations 2005 and Tendering Guidelines for NSW Local Government.

3.7.2 Council's objectives is that a consistent set of principles and rules on probity should apply and be implemented across the entire Council. The principles of probity in Government contracting are:

- best value for money
- impartiality
- dealing with conflicts of interest

- accountability and transparency

- confidentiality

- compliance with legislative obligations and Council policy (as they apply to tendering).

3.7.3   Council must monitor and evaluate application of these principles through all stages of the procurement processes if they are to ensure the fair and equitable treatment of all parties.

3.7.4   Steps to be taken to meet probity requirements include, but are not limited to:

- records should be maintained throughout all procurement processes and provide sufficient information to enable audit and independent review functions to be carried out.

- all those involved in the tender assessment process are required to make a full declaration of their financial interest in any organisation which has the potential to be a tenderer.

- all staff, contractors, consultants, and advisors with access to tender related information are to sign an appropriate confidentiality undertaking.

3.8   Preventing technology enabled fraud

3.8.1   A number of security measures are in place to strengthen the prevention of "technology-enabled" fraud. These are incorporated in Council's Information Security Policy and include:

- User accounts with user IDs - disabled when the user leaves or adjusted when the user's job role changes in a way that affects the information assets to which they need access. Review of user accounts shall be undertaken on a quarterly basis with redundant and unused accounts disabled.

- Authentication – all users must be authenticated before being permitted to access any information assets. Authentication shall be secure by using a password known only to the user and a two-factor authentication for access external to Council.

- Restricted System Isolation - Restricted information processed by internal or cloud-based systems must have a dedicated processing environment. These systems should not share multiple services, for example, application and databases services situated on the same host.

- Cryptographic controls - cryptography is to be used as a control to ensure the confidentiality, integrity, and authenticity of Council business data.

- Preventing malicious software installation – all servers and laptops hosting or accessing restricted application and databases must have an antivirus or other commensurate endpoint software installed together with an automated method for initiating regular scans, daily downloads, and update of signatures.

3.9   Physical security and asset management

3.9.1   Council uses a combination of security measures and processes to ensure the physical security of Council assets and infrastructure is maintained and continuously monitored. Council adopts a rigorous and ongoing assessment of security and asset protection as part of an audit program.

3.9.2   After any incident of fraud and corruption, Council assesses weaknesses within control measures and implements improvement processes where appropriate. Council

undertakes random and targeted security testing measures to identify areas of weakness and to formulate process improvements.

3.9.3   Identified areas of concern are managed within Council's risk management framework and and matters outside of Council's risk appetite are periodically reported to the Executive Team for review and management.

3.9.4   Council seeks external speciality advice and consultation where appropriate and where significant changes to council structure or practices has occurred.

4.   Detection

4.1   Post Transaction Review and Data Analytics

4.1.1   A review of transactions after they have been processed can be effective in identifying fraud and corruption. A program for conducting post-transaction reviews will be considered during the fraud and corruption risk assessment and the internal audit program.

4.2   Analysis of management accounting reports

4.2.1   Council will conduct periodic analysis of management accounting reports to identify trends indicative of fraud and corruption. The analysis of management reports is the responsibility of all managers and will be informed by the fraud and corruption risk assessment and fraud and corruption awareness training. Examples of the types of management accounting reports that can be utilised to identify indicators are:

- monthly actual expenditure against budget reports
- monthly actual revenue against budget reports
- reports comparing revenue against prior periods.

4.3   Exit Interviews

4.3.1   The Chief People Officer will ensure that when conducting exit interviews, enquiries are made as to whether any fraud or corruption has caused the resignation of the employee or whether there are any fraud and corruption risks requiring management.

4.3.2   If any fraud and corruption risks are identified, the Chief People Officer will report findings and recommendations to the General Manager to ensure that any necessary actions are taken to mitigate fraud and corruption risks and to continuously improve Council's operations.

4.4   Identification of early warning signs

4.4.1   Council engages regular auditing to detect fraud and corruption including the analysis of payroll reports, budget allocation reports, internal and external audit reports and the implementation of audit recommendations. By analysing these reports regularly and proactively, Council has opportunity to detect warning signs, and identify potential fraud and corruption risks and take appropriate measures to prevent and mitigate such risks.

4.5   Leveraging business associates and other external parties

4.5.1   Council's Statement of Business Ethics outlines the expectations for business associates and third parties, emphasising the importance of ethical conduct and the potential consequences of non-compliance, including termination of contracts. Council's commitment to ethical practices is contained within the Statement of Business Ethics,

and creates an expectation of accountability and integrity amongst all stakeholders, including the invitation for external parties to report wrongdoing to Council.

4.6 Reporting Fraud Corruption

4.6.1 Council has a zero tolerance for fraud and corruption. Councillors and employees are required to report all instances of suspected fraud and corruption and Council will strongly support all Councillors and employees who report genuinely held suspicions of fraudulent or corrupt conduct. Council is committed to investigating all cases of alleged fraud and/or corruption and will report them to the Independent Commission Against Corruption (the ICAC) where appropriate. Cases may also be referred to the NSW Police for prosecution.

4.6.2 Internal reports can be made to the Code of Conduct Investigations Coordinator, PID Coordinator, a nominated PID Disclosure Officer, the General Manager or the Mayor in accordance with the Public Interest Disclosures Policy.

4.6.3 Council is committed to:

- creating a climate of trust where staff are comfortable and confident about reporting wrongdoing;

- encouraging staff to report wrongdoing;

- maintaining the confidentiality of a report of wrongdoing; and

- protecting staff who disclose wrongdoing from reprisals.

4.7 Complaint Management

4.7.1 Council engages a range of methods to encourage and receive reports of fraud and corruption from both internal and external stakeholders.

4.7.2 Council has initiated an anonymous fraud reporting online form for all reports, which are Managed by the Complaints Coordinator/s for Council. Council's Grievance and Complaint Resolution policy ensures grievances and complaints are managed effectively and in a timely manner in the local workplace, consistent with award and legislative requirements

4.7.3 Council takes risk of reprisal seriously, and engages robust security and confidentiality of complaint measures, as well as engaging restriction to information security in record management processes.

5. Response

5.1 Immediate action on discovery

5.1.1 As soon as Council becomes aware of a fraud and corruption event, Council will implement appropriate action including notifying ICAC. Please refer to part 5.1 for details. Council may decide to take no action whilst there is an investigative need for the gathering of evidence and the risk is low enough to justify the continuation of the event. This decision is to be made by the General Manager.

5.1.2 All allegations must be managed in accordance with this System, Council's Code of Conduct and Council's Public Interest Disclosure Policy, if applicable. Where appropriate expertise is not available internally, external assistance will be sought.

5.2 Investigation of a fraud or corruption event

5.2.1 The investigation of suspicions of fraud and corruption can be a complex and at times technical process. The consequences of a poorly conducted investigation include:

- denial of natural justice

- denial of inadmissibility of evidence

- potential inability to commence criminal or civil proceedings for the recovery of assets and adverse publicity

- erosion of Council's reputation and community confidence in Council.

5.2.2 The General Manager may appoint an appropriately skilled, experienced and independent manager to conduct or coordinate an investigation into suspected fraud or corruption. The manager appointed to conduct or coordinate the investigation will consult the Head of Corporate Governance and Risk on technical aspects of the investigation and seek assistance where required.

5.2.3 Where appropriate, external expertise may be sought to conduct an investigation. The decision to obtain such external expertise will be at the discretion of the General Manager.

5.3 Disruption of fraud and corruption

5.3.1 Council will engage in disruption options when it is apparent there is evidence, or strong suspicion that a fraud or corruption event is or has occurred, but there is no way to determine who has engaged in the fraudulent or corrupt activity.

5.3.2 Optional disruption activities may include:

- Increased or targeted audit activity

- Implementing additional or more rigorous control measures

- Ending or limiting approval processes

- Increasing or implementing validation requirements

- Applying specific performance measures

- Implementing targeted training for fraud and corruption identification

5.4 Disciplinary procedures

5.4.1 Any breach of the Council policies or procedures will be considered as serious and disciplinary action may follow. The disciplinary process will be conducted in accordance with applicable legislation, guidance and the principles of natural justice.

5.5 Responding to fraud and corruption events involving business associates

5.5.1 In accordance with the Statement of Business Ethics, Council requires anyone who does business with council to comply with the same standards as council officials and will take all necessary actions required by law, including notifying law enforcement agencies or regulatory authorities, in response to fraud or corruption events.

5.5.2 In the event of any breaches, Council may take the following actions, including initiating civil proceedings for damages recovery, termination or renegotiation of contracts, dismissing or reassigning relevant personnel, refusing to engage in future business dealings, imposing contract penalties, and increasing supervision and monitoring.

5.6 Recovery of the proceeds of fraud and corruption

5.6.1 Council will actively pursue the recovery of any money or property lost through fraud or corruption, provided there is a strong prospect of a net benefit from such action.

5.6.2 Civil action for the recovery may, at the discretion of the General Manager, extend to seeking a Garnishee Order or the appointment of a Trustee in Bankruptcy to the estate of the person against whom an order for restitution has been obtained but not satisfied.

5.7 Assessing internal controls, systems and processes post detection

5.7.1 The responsibility for ensuring that the internal control environment is reassessed and for ensuring that the recommendations arising out of this assessment are implemented will be that of the General Manager, who will task the implementation of recommendations to either the Internal Chief Audit Executive or Head of Corporate Governance and Risk. A summary of recommendations for the modification of the internal control environment should be provided to the Senior Manager of the team concerned.

5.7.2 In each instance where fraud or corruption is detected, the Internal Chief Audit Executive or the Head of Corporate Governance and Risk with the relevant Senior Manager will reassess the adequacy of the internal control environment (particularly those controls directly impacting on the incident and potentially allowing it to occur) and consider whether improvements are required. Where improvements are required, these should be implemented as soon as practicable.

5.8 Communications

5.8.1 Council is committed to preserving its reputation in the event of any incidence of fraud or corruption. Should an incident be suspected, the General Manager will assess the need for, and management of, all media releases. An appropriate spokesperson will be assigned to address all questions in relation to the incident.

5.8.2 Council officials will be briefed on how to respond to questions from the media or general public, if its appropriate for them to do so and they have been given approval by the General Manager and in accordance with the Social Media policy.

5.9 Third Parties

5.9.1 Council will consider the impact of fraud and corruption events on:

- Customers and clients
- Government services
- Community members, including impacts on the environment within the community
- Industry members, and
- The security of council property and assets

5.9.2 Council will determine whether notification of the fraud and corruption event should be made to interested third parties, and in accordance with legislative requirements and internal policies.

5.10 Internal Reporting and escalation

5.10.1 All reports of fraud and corruption will be collated on an internal code of conduct register which is maintained by the Complaints Coordinator/s.

5.10.2 Emerging or increasing incidents will be reported to the Head of Corporate Governance and Risk for analysis and further consideration.

5.11 External reporting

5.11.1 Under Section 11 of the *Independent Commission Against Corruption Act 1988* (NSW) the General Manager is required to report actual corrupt conduct or any matter they suspect on reasonable grounds concerns or may concern corrupt conduct to the ICAC and to respond to any referral requiring the Council to investigate or take other specified action.

5.11.2 The General Manager (subject to the requirements of ICAC) may report to Police or other regulators, any circumstances in which there is evidence giving rise to a suspicion on reasonable grounds, of fraud or corruption.

5.11.3 Where an allegation of fraud has been investigated and sufficient evidence to prove the allegation has been obtained, the matter may be reported to Police for investigation (subject to the directions of ICAC). For matters not involving ICAC, the General Manager has the discretion of reporting to Police and may report to Police, unless exceptional circumstances warrant the matter not being reported. Any decision by the General Manager to not report a reasonable suspicion of fraudulent or corrupt conduct to Police will be documented.

5.12 Annual reporting requirements

5.12.1 In addition to the reporting of individual incidents of fraud and corruption, Head of Governance and Risk will provide the following information to the Audit, Risk and Improvement Committee at each annually:

- details of all instances of proven or suspected fraud and corruption
- the number of cases of fraud referred to the Police for investigation
- the reasons of any decisions not to report suspicions of fraud and corruption to the Police
- a summary of the results of any completed prosecution action
- the number of cases reported to the regulators
- the number of cases resolved using administrative remedies only (i.e. dismissal of an employee)
- the amount of monies recovered, both by administrative action and the use of the judicial process
- whether external investigation resources have been used in carrying out the investigations
- changes to the internal control environment subsequent to each case reported during the year (to allow the Audit, Risk and Improvement Committee to assess whether internal control enhancements made will be effective in preventing fraud or corruption of that type in the future).

5.13 Insuring against fraud events

5.13.1 Council's insurance largely reflects the risks posed to Council and its operations including fraud and corruption and the applicable policies are in place.

5.13.2 The General Manager will ensure policies are renewed and adapted as required.

Responsibilities

Position	Responsibility
General Manager	• Ultimate responsibility for managing fraud and corruption risks within Council • Responsibility for managing fraud and corruption risks in Council, including the approval and monitoring of this System. • Overall accountability for prevention, detection and reporting of fraud and corruption within Council • Demonstrating a high level of commitment to controlling the risks of fraud and corruption both against Council and by Council • Implementing the Fraud and Corruption Control System and framework, as well as responsibility to ensure all Council Officials are aware of and adhere to all requirements. • Ensuing the reporting of fraud and corruption to Audit, Risk and Improvement Committee • Reporting of a fraud or corruption incident to the ICAC, the Police, regulators, and other external parties • Responsible for the implementation of a system for the protection and active support of individuals who report wrongdoing or wish to report suspected cases of fraud or corruption and taking action when reprisals against those persons occur • Encouraging ethical culture by promoting zero tolerance to any form of fraudulent and corrupt behaviour • Ensuring the organisation is insured against fraud and cyber security.
Director, Business and Corporate Services	Responsibility for the review and implementation of the System. The Director BACS is also the Public Officer under section 342 of the *Local Government Act 1993*. The Public Officer may deal with requests from the public concerning the council's affairs and may receive submissions made to council.
Head of Governance and Risk	Responsible for the coordination of the Fraud and Corruption Control Action Plan as detailed in Appendix A, including the response to any fraud or corruption incident. • Ensure all relevant policies and procedures are available to staff as part of the internal control system. • Responsible for fraud and corruption control framework and central point of contact for all staff. • Annually review the Fraud and Corruption Control Policy and System to ensure it reflects relevant changes within the organisation. • Co-ordinate the Fraud and Corruption Risk Assessment, at least every two years or more frequently if there is substantial change in the function, structure, or activities of the Council. • Provide advice of fraud and corruption risks and internal control issues. • Maintain accessible information sources informing staff of the options available for to report fraud. • Co-ordinate a review of internal controls following a fraud or corruption incident • Report to the Audit, Risk and Improvement Committee summarising any fraud incidents, actions taken, and outcomes. • Notify Council's insurer of a fraud incident and related or potential claim and pursuing recovery of losses associated with fraud and corruption. • Coordinating Council's Public Interest Disclosure framework.

Executive Team and Senior Managers	• Responsible for Strategic/Operational plans, policies and procedures and will incorporate the management of fraud and corruption risks and controls as appropriate. • Responsible for ensuring Council's Fraud and Corruption Control System is fully and effectively implemented. • Identify potential risks of fraud in systems and processes under their control and implementing systems and controls to prevent and detect instances (e.g., post transaction reviews, proactive data analytics, strategic analysis of the management accounts and the role of Internal Audit). • Ensure any complaints, disclosures, or allegations are handled in accordance with Council policies and relevant legislative requirements. • Display ethical leadership and behaviour consistent with the Code of Conduct. • Ensure any policy and procedure they are responsible for reflect the assessed fraud and corruption risks faced by Council.
Chief Audit Executive	• Responsible for auditing systems and processes and recommends improvements to reduce the risk of fraud and corruption and reoccurrence. • Maintain a risk based internal audit program that considers the results of the fraud and corruption risk assessment in its annual planning program. • Leverage the Internal Audit Program to identify risk areas and detect any problems with Council procedures which may lead to an occurrence. • Responsible for giving advice to the General Manager, monitoring the fraud and corruption control framework, and promoting and fostering effective fraud risk management within Council.
Audit, Risk and Improvement Committee (ARIC)	Responsible for providing advice to the General Manager about the Fraud and Corruption Control System.
Council Officials	• Responsible for identifying fraud and corruption risks and to report suspicions of fraud and corruption in accordance with the System, either through Council's internal reporting framework, in accordance with Council's Public Interest Disclosures Reporting Policy, or directly to the ICAC or relevant external agency. • All employees are expected to act in a professional and ethical manner, comply with all policies, meet legislative requirements, care for property and maintain and enhance the reputation of Council. • Acknowledge and understand of the Code of Conduct, commitment to terms and conditions of employment and Council's zero tolerance towards fraud and corruption. • Behave honestly and in accordance with Council's Code of Conduct and other Council policies
Elected Members	• Carry out responsibilities in accordance with the requirements of Section 4 of the *Local Government Act 2009.* • Approve, support and endorse policy or process that helps prevent fraud and corruption within Council. • Behave honestly and in accordance with Council's Code of Conduct and other Council policies. • Responsible for identifying fraud and corruption risks and to report suspicions of fraud and corruption in accordance with the System, either through Council's internal reporting framework, in accordance with Council's Public Interest Disclosures Reporting Policy, or directly to the ICAC or relevant external agency.

PID Coordinator	• Provide a central referral point for allegations of fraud or corruption. • Ensure where a public interest disclosure is made, the internal procedure for making and managing a public interest disclosure is adhered to, and any legislative obligations are complied with. • Ensure compliance to Council's Public Interest Disclosure Policy.
All Supervisory Roles	• Identify potential risks of fraud in systems and processes under their control and implementing systems and controls to prevent and detect instances. • Report any suspected fraud or corruption within their teams. • Adopt a risk-based approach to fraud and corruption control, including proactive assessment of corruption or fraud risk, implementation of mitigation controls and regular reporting to senior management. • Responsible for implementing the Code of Conduct in areas within their control. • Promote awareness of ethical conduct within their teams. • Provide guidance and support to staff as necessary. • Ensure any disclosures received by them are made in accordance *Public Interest Disclosures Act 2022* and that confidentiality is maintained. • Understand and identify early warning signs fraud and corruption within their area and in accordance with this System.
Chief Information Officer	• Create and maintain an IT security strategy that includes a record of all IT security incidents. • Responsible for implementing a cyber security program and information security management system. • Implement and set out the organisation's approach to data analytics, i.e. providing regular reports to senior leaders outlining patterns and trends in fraud and corruption threats, incidents and investigations. • Ensure appropriate technical solutions are in place to manage and minimise the potential for fraud and corruption. • Responsible for first response of the capture of digital evidence in relation to a detected or suspected fraud or corruption event.
Head of Procurement	• Conduct pre-contract screening of contractors and third parties and ensuring all procurement documentation appropriately addresses the risk of fraud and corruption. • Structured risk-based due diligence before engaging contractors or third parties. • Contracts and service level agreements include clear accountabilities for managing the risk of fraud. • Conduct regular reviews of third-party dealings. • Devise specific internal controls relating to third parties. • Utilise supply vetting processes. • Ensure Council's Statement of Business Ethics is provided to all third parties with procurement documentation.
Chief People Officer	• Ensure all employees annually attest their adherence to the Code of Conduct. • Report any Breaches of the Code of Conduct in accordance with Council's Procedures for Managing Code of Conduct. • Conduct robust pre-employment screening and background checks on all applicants selected for positions. • Recruitment Policy to comply with AS 4811-2006 – Employment Screening on due diligence to be performed for internal promotions and transfers. • Maintain a Secondary Employment register which is reviewed and updated annually.

	- Staff will be asked to complete a Conflict of Interest declaration annually and to confirm/reconfirm secondary employment when change occurs. - The procedure for the Management of Conflict of Interest could reflect either a standalone form, or email notification, to ensure declaration is done annually and approved in advance of secondary employment. - Ensure exit interviews include questions regarding fraud and corruption risks and any suspected fraudulent or unethical conduct. - Co-ordinate performance assessments, gap analysis and needs analysis for support programs and fraud and corruption awareness training for existing employees, and new employees during induction. - Fraud prevention and reporting training to be provided with assistance from the Head of Corporate Governance and Risk. - Position descriptions for staff with responsibilities for managing third parties include accountabilities for managing fraud risks.
Chief Financial Officer	- Make available information including financial statements to external auditor appointed by the NSW Audit Office. - Use data and analytics to identify emerging risks or early warning signs of Fraud and Corruption, to work with other areas in Council to alleviate or mitigate that risk and implement appropriate controls. - Monitor and periodically review existing controls that identify specific sources of fraud and corruption risks. - Report immediately any suspicious financial activity that is identified to the General Manager and the Head of Corporate Governance and Risk, and the relevant reporting body if required.
Communications Coordinator	- Manage media interest with oversight from General Manager, for any relevant incident. - Work with the Chief People Officer People and Culture and the Head of Corporate Governance and Risk to ensure communications regarding the prevention, detection and response to fraud and corruption is embedded in internal and external correspondence.
External parties	- All external parties who engage in business with Council are expected to observe Council's Statement of Business Ethics, comply with Council policies and refrain from engaging in fraudulent and corrupt conduct. - All external parties are encouraged to support Council's commitment to preventing fraud and corruption through reporting suspicious behaviour in accordance with the Code of Conduct or Public Interest Disclosures Reporting Policy.
Residents and members of the public	- Residents, customers and members of the public are encouraged to support Council's commitment to preventing and addressing fraudulent or corrupt behaviour by reporting suspicious behaviour and suspected fraud and corruption to the General Manager or appropriate authority.

Version Control and Change History

Version	Amendment Details	Policy Owner	Period Active
1.0	New Georges River Council Fraud and Corruption Control Plan.	Head of Corporate Governance and Risk	18/12/2017 – 22/04/2024
2.0	Georges River Council Fraud and Corruption Control System, supersedes Georges River Council Fraud and Corruption Control Plan.	Head of Corporate Governance and Risk	22/04/2024 – 17/07/2024
2.1	Minor administrative amendments following recommendations from the ICAC.	Head of Corporate Governance and Risk	17/07/2024 - Ongoing

Appendices

Fraud and Corruption Control Action Plan – available from Corporate Governance and Risk if required.