

POL	FRAUD PREVENTION	SC55
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POLICY CODE:	SC55
DIRECTORATE:	Executive Division
BUSINESS UNIT:	Executive Support Services
SERVICE UNIT:	Governance
RESPONSIBLE OFFICER:	Manager, Financial Services
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DAPPS Meeting:	27 February 2014
OCM:	

BACKGROUND:

The City of Cockburn is the custodian of significant public funds and assets therefore it is important that all stakeholders have assurance that these are adequately protected from fraud. Whilst trust is an essential component of the City, this on its own is not sufficient as fraud does happen and often where it is least expected.

Fraud is characterised by dishonest conduct or misuse of position or authority in order to obtain unjust advantage, the theft of funds, assets or information, or the unauthorised use of the City's assets for personal gain.

Persons inside or outside the organisation, or both, can perpetrate fraud. Fraud could have a significant impact on the City and the community, potentially reducing the quality of services delivered and adversely affecting the City's ability to achieve its objectives as set out in the Strategic Community Plan. For the purpose of this policy, 'employee' includes Elected Members, the City's employees (including full-time; part-time temporary and casual), Contractors, Volunteers or the employees of anybody providing services on the City's behalf.

PURPOSE:

The purpose of this policy is to demonstrate the City's commitment to the prevention, detection and investigation of any fraudulent activity. The policy provides a framework for the protection of public assets and the integrity, security and reputation of the City, its management and employees and the services it provides to the community. This policy summarises the responsibilities and expected behaviours of Elected Members, employees, contractors, volunteers and all other associated external parties of the City of Cockburn in relation to fraud prevention.

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DEFINITIONS:

Fraud: The wilful misuse of the organisation's resources or using one's position and power for personal gain. This includes theft and acts or omissions; improper use of influence or position; and/or improper use of information.

Corruption: The act of corrupting or state of being corrupt, including such practices as bribery, dishonest proceedings and moral perversion.

Misconduct: Where a person takes advantage of their office or employment to obtain a benefit for themselves or others.

POLICY:

The City of Cockburn is committed to protecting its revenue, expenditure and assets from attempts by any person or legal entity, including contractors, agents, intermediaries or employees to gain financial or other benefits by deceit or dishonest conduct.

The City is committed to developing and maintaining an organisational culture which supports and requires the highest standards of moral and ethical behaviour from its employees. At all times, all employees must act with integrity and must not engage in fraudulent activity of any kind, including fraudulent activities which may be perceived to benefit the City.

All employees have a responsibility to be constantly vigilant and to report in confidence any suspected fraud or corruption to either their manager, the Chief Executive Officer or the *Public Information Disclosure (PID) Officer*. All suspected instances of fraud or corrupt conduct will be investigated (*as set out in the City's Public Interest Disclosure Act Guidelines*).

City of Cockburn will not tolerate fraud or improper conduct by its employees, nor the taking of reprisals against those who come forward to disclose such conduct. Council will meet its commitment to fraud protection by:

- Establishing and maintaining effective policies, procedures and internal control systems and enforcing compliance with these.
- Providing appropriate education and training to all employees to ensure awareness of responsibilities and expectations in respect of fraud, corruption and misconduct.
- Taking appropriate action to investigate reports of suspected fraud or corruption.
- Instigating disciplinary procedures in respect of any employee involved in fraudulent activities (*as per Council's Incident Discipline Process*).
- Centralised risk management approach, including the risk of fraudulent activity.

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Legislation/ Standards

- Local Government Act 1995.
- AS 8001: 2008 Fraud and Corruption Control.
- Public Interest Disclosure Act 2003.
- Corruption and Crime Commission Act 2003.
- Fraud Control in Australian Government Entities (Australian National Audit Office, 2011).

Council Responsibility

Council is responsible for the good governance of the municipality and for the protection of public money and assets, and Council's reputation. It is responsible for setting the highest standards of honesty and integrity in the provision of services to the community and the management of the organisation.

Council (through the Audit & Strategic Finance Committee) will ensure that Management has appropriate resources and measures in place to detect and prevent fraud and or corruption.

Management Responsibility

Senior management is responsible for setting the highest standards of honesty and integrity in the provision of services to the community and must:

- Develop an organisational culture which supports and requires the highest standards of moral and ethical behaviour from its employees.
- Ensure all employees are aware of their responsibilities in relation to fraud and corruption through the provision of appropriate training.
- Coordinate, implement, monitor, review and communicate Council's fraud prevention policy and associated strategies and procedures.
- Identify fraud risks that may occur within their area of responsibility and exercise due diligence and control to prevent potential fraudulent activity.
- Be alert to any irregularities or indicators and report suspected fraud.
- Set an example and advise employees of the acceptability or otherwise of any particular conduct that may compromise this policy.

Employee Responsibility

Employees are responsible for acting with honesty and integrity in all council activities and must:

- Not use their position with the council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity.
- Safeguard Council assets against theft, waste or improper use.
- Understand what behaviour constitutes fraud and / or corruption.
- Familiarise themselves with and adhere to Council's policies and procedures.

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- Be vigilant and report any suspected fraud to their manager, Chief Executive Officer, Director Administration and Community Services or *PID Officer*.

PID Officer Responsibility

The PID Officer is responsible for ensuring that the requirements of the PID Act are upheld and that there is a procedure in place for staff to report fraudulent behaviour or misconduct:

- Maintain the agreed procedure for staff wanting to report fraudulent behaviour or misconduct.
- Ensure that staff reporting potential fraud or misconduct are supported and protected as per the provisions within PID Act.
- Follow the requirements of the PID Act in terms of reporting and recording the process.
- Ensure that Council complies with the required timeframes and requirements of the PID Act.

Stakeholders

Mayor, Elected Members, Chief Executive Officer, all management and staff, the community, customers, State & Federal Government, suppliers and business partners.

Review

This policy and related procedures will be reviewed every three (3) years, unless changed circumstances require earlier review.

Communication/Implementation

- Induction Program contains fraud awareness training.
- Refresher training for staff on fraud awareness and the process to report suspicious or fraudulent behaviour.
- Promotion and awareness of the PID Act and PID Officer's role at Council.
- City of Cockburn's website/intranet.

References

- Fraud Control Plan
- Fraud Awareness / Management Program
- City of Cockburn Risk Management Strategy (draft)
- City of Cockburn Risk Register
- City of Cockburn Incident Discipline Process
- Code of Conduct for Staff
- Code of Conduct for Elected Members
- Public Interest Disclosure Act 2003 & Guidelines