

FRAUD CONTROL POLICY

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| Policy Reference No. | POL/170 |
| File No. | HCC06/175 |
| Strategic Objective | 5.3 Provide responsible and transparent governance, services and infrastructure which responds to and supports community needs |
| Adopted by Council | 28 September 2015 |
| Re-Adopted | 17 December 2018 |
| Date for Review | 28 February 2023 |
| Responsible Officer | Senior Integrity Advisor |
| Department | Governance |

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1 POLICY STATEMENT

- 1.1 Council will establish and maintain an environment in which fraud is not tolerated, and stakeholders, including staff, contractors and volunteers are encouraged to actively protect Council's assets, reputation and ethical standing.
- 1.2 Council will take all reasonable steps to protect those who assist Council by providing information about suspected fraud. This will include confidentiality of identity and protection from harassment.

2 PURPOSE

- 2.1 Council has obligations and responsibilities, both legislatively and ethically, to prevent and detect fraud.
- 2.2 This policy demonstrates Council's commitment to the prevention and control of fraud in all forms.

3 SCOPE

This policy will apply to Councillors, all Council employees including management, contractors and volunteers

4 OBJECTIVE

To provide Councillors, Council employees, contractors and volunteers with clear direction on Hume City Council's commitment to maintaining an environment in which fraud is not tolerated.

5 POLICY IMPLEMENTATION

- 5.1 In seeking to prevent fraudulent activity it is important for Council to maintain an effective internal control environment, develop and foster an ethical culture amongst stakeholders, and to enhance awareness of the risk of fraud across all levels. This Policy will be implemented in association with three other key documents:
 - 5.1.1 A Fraud Control Staff Guide which will be provided to all staff, explaining what fraud is, how to recognise fraud and what to do if fraud is suspected.
 - 5.1.2 A Fraud Control Plan which will contain the detailed elements of the Policy implementation, including an awareness and training program. The Fraud Control Plan has been prepared in accordance with the requirements documented in *Australian Standard – Fraud and Corruption Control 8001-2008*.
 - 5.1.3 A Conflict of Interest Policy which explains the definition of a conflict of interest and the procedure that must be followed by Council officers when encountering a conflict of interest during the course of their duties. The Conflict of Interest Policy has been prepared in accordance with the requirements of the Local Government ACT 1989, which specifies the actions that should be taken to resolve a conflict of interest should one occur.

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|-----------------------------|------------------|-----------------------------|--------------------------|
| Policy Reference No: | POL/170 | Responsible Officer: | Senior Integrity Advisor |
| Date of Re/Adoption: | 17 December 2018 | Department: | Governance |
| Review Date: | 28 February 2023 | | |

Page 2 of 6

FRAUD CONTROL POLICY

5.2 Responsibilities

Personnel at all levels within Council have responsibilities in terms of fraud control and it is important that staff are aware of what these responsibilities are. A prerequisite for everyone is that all Council policies and procedures are complied with, including this Fraud Control Policy. Specific responsibilities include:

5.2.1 Councillors

- a) Comply with the Code of Conduct for Councillors.
- b) Promote a genuine commitment to fraud control within Council.
- c) Ensure the highest standards of integrity and ethical leadership are maintained.

5.2.2 Executive Management (CEO & Directors)

- a) Implement and promote the Fraud Control Policy and Plan across Council.
- b) Establish and maintain an effective internal control environment.
- c) Provide appropriate organisational resources to ensure proper implementation of the Fraud Control Policy and Plan, including the establishment of a fraud awareness program.
- d) Investigate all reports of fraud in accordance with Council Policy.
- e) The Director Corporate Services will be responsible for fraud control and reporting from an organisational perspective, including the reporting of fraud to the CEO and the Audit Committee.
- f) Comply with the Employee Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

5.2.3 Manager, Coordinators, Team Leaders and Supervisors

- a) Establish and maintain effective fraud management practices, systems, and procedures.
- b) Ensure that all staff understand their responsibilities through adequate supervision, written procedures and awareness training.
- c) Be aware of, and actively monitor, key fraud indicators and symptoms.
- d) Respond positively to matters raised by Internal and External Audit.
- e) Act upon all reports of fraud in accordance with this Policy and the Fraud Control Plan.
- f) Comply with the Employee Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

5.2.4 Employees, Contractors and Volunteers

- a) Report suspected instances of fraud or misuse of Council assets and resources.

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FRAUD CONTROL POLICY

- b) Comply with the Employee Code of Conduct, Staff Conflict of Interest Policy and all other Council policies.

5.2.5 Audit Committee

- a) Monitor the implementation of the Fraud Control Policy and Fraud Control Plan.
- b) Direct and guide the internal audit function and approve, monitor and manage the annual internal audit plan.
- c) Ensure appropriate internal audit coverage is given to fraud control issues.
- d) Liaise closely with internal and external audit and ensure issues and recommendations are appropriately actioned.

5.3 Reporting of Fraud

5.3.1 Reporting of fraud by employees is one of the main avenues from which fraud is uncovered. To assist with this, the Fraud Control Staff Guide has been developed to provide employees with a broad understanding of what constitutes fraud and what red flags to look out for.

5.3.2 For fraud reporting to work successfully it is important that the reporting chain is clear and staff are aware of who they should be reporting to. The following table summarises the reporting chain, and this has also been incorporated into the Fraud Control Plan and the Fraud Control Staff Guide.

| Activity Involving | Report to | Contact |
|-------------------------|---|--|
| A fellow employee | Departmental Manager Director Corporate Services Manager Governance | 9205 2777 9205 2240 |
| Manager | Director Corporate Services) | 9205 2777 |
| Director | Chief Executive Officer | 9205 2201 |
| Chief Executive Officer | Mayor Independent Chairman of the Audit Committee | Refer PA to Director Corporate Services on 9205 2221 for contact details Refer PA to Director Corporate Services on 9205 2221 for contact details |
| Mayor or Councillor | Chief Executive Officer Independent Chairman of the Audit Committee | 9205 2201 Refer PA to Director Corporate Services on 9205 2221 for contact details |
| Non staff member | Departmental Manager Director Corporate Services Manager Governance | 9205 2777 9205 2240 |

5.3.3 All reports of fraud received should be reported to the Director Corporate Services for consideration and investigation. The Director is responsible for reporting the fraud allegation to the Manager Human Resources to ensure relevant Human Resource policies are being complied with.

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|-----------------------------|------------------|-----------------------------|--------------------------|
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| Review Date: | 28 February 2023 | | |
| Page 4 of 6 | | | |

FRAUD CONTROL POLICY

5.3.4 Reports of fraud can be made anonymously if necessary and they will be investigated thoroughly. However, reports of this nature are often more difficult to investigate as there may be gaps in the information provided. There should however be reasonable grounds upon which a report of fraud is made. If there is any doubt it should be discussed with the departmental manager, Director Corporate Services or Manager Governance.

5.3.5 Employees should also be aware of the provisions of the Protected Disclosure Act 2012 (PD Act) and Council procedures under this Act. A person is entitled to report suspicions of fraud and receive the protections afforded by the PD Act. In such circumstances, referral to the Independent Broad-Based Anti-Corruption Commission (IBAC) or other investigating authority will follow the protocol as detailed in Council's Protected Disclosure Procedures. These procedures are available on the Intranet.

5.3.6 Council has a legislative responsibility to comply with the protection clauses contained in this Act. Council's Protected Disclosure Procedures provide a statement which outlines Council's commitment to supporting the aims and objectives of the PD Act, as follows:

"Hume City Council is committed to the aims and objectives of the Protected Disclosure Act 2012 (PD Act). It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

Council recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Council will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice, as defined in the PD Act to the person who is the subject of the disclosure."

5.3.7 If you are in any doubt as to the level of your protection you should read Council's Protected Disclosure Procedures or talk to the Director Corporate Services or Manager Governance.

5.3.8 All reports of fraud will be taken seriously and will be investigated in accordance with the Fraud Control Plan.

5.4 Prosecution

Instances of fraud will be prosecuted in accordance with the detailed procedures documented in the Fraud Control Plan. This may involve police investigation and criminal prosecution or civil action, at the discretion of the Chief Executive Officer.

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|-----------------------------|------------------|-----------------------------|--------------------------|
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| Review Date: | 28 February 2023 | | |

Page 5 of 6

FRAUD CONTROL POLICY

5.5 Further Information

If any employee requires further information on this policy or wishes to discuss any aspect of fraud or suspected fraud, they can contact:

- Director Corporate Services (9205 2777)
- Manager Governance (9205 2240)

5.6 Policy Review

The Fraud Control Policy shall be reviewed and adopted by Council at periods not exceeding three years.

6 DEFINITIONS AND ABBREVIATIONS

6.1 This section sets out definitions for technical terms and other key terms referred to in the Policy which is different from common use.

6.2 Acronyms should not be included in the definitions but included in the body of the Policy section of the document with the first use including the title cited in full followed by the acronym.

6.3 Enter 'NIL' if no terms need to be defined.

7 RELATED DOCUMENTS

Where appropriate, list the related documents and attach to the policy. These may include:

- Legislative requirements
- Procedures
- Other supporting information

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| Page 6 of 6 | | | |