



muswellbrook shire council

Fraud and Corruption Control Policy

MSC18E

Authorisation Details:

Authorised by:	Council	Internal/External:	External
Date:	27 February 2024	Minute No:	294
Review timeframe:	2 years	Review due date:	February 2026
Department:	Governance and Risk		
Document Owner:	Manager Governance and Risk		
Community Strategic Plan Goal	6. Collaborative and responsive community leadership that meets the expectations and anticipates the needs of the community		
Community Strategic Plan Strategy	6.2 Ensure Council is well managed, appropriately resourced, effective, efficient, accountable and responsive to its communities and stakeholders		

This document is a controlled document. Before using this document, check it is the latest version by referring to the Controlled Document Register. Unless otherwise shown, printed or downloaded versions of this document are uncontrolled.

☎ (02) 6549 3700 @council@muswellbrook.nsw.gov.au 📍 Campbell's Corner 60–82 Bridge Street Muswellbrook NSW 2333

📮 P0 Box 122 Muswellbrook 2333 🌐 muswellbrook.nsw.gov.au 📺 📷 📱 muswellbrook shire council ABN 86 864 180 944

Contents

1.	Introduction.....	3
2.	Policy Objective.....	3
3.	Scope	3
4.	Definitions.....	3
5.	Policy Statement.....	5
6.	Fraud and Corruption Control Framework	5
6.1	Leadership	5
6.2	Ethical Framework	6
6.3	Responsibility Structure	6
6.4	Fraud and Corruption Control Policy.....	6
6.5	Prevention Systems	6
6.6	Fraud and Corruption Awareness	7
6.7	Third Party Management Systems.....	7
6.8	Notification Systems	7
6.9	Detection Systems	7
6.10	Investigation Systems	7
7.	Disciplinary Procedures.....	8
8.	Privacy and Access to Information	8
9.	Training & Communication	8
10.	Breach of The Policy	8
11.	Delegations and Dispute Resolution.....	9
12.	Related Documents	9
	Legislation and Guidelines	9
	Policies and Procedures.....	9
	Other Supporting Documents	9
13.	Version History	10

1. Introduction

As part of a sound governance framework, Muswellbrook Shire Council requires a policy which defines its approach to dealing with fraud and corruption.

This is required as Council is the custodian of community assets and is involved in determining many commercial activities where people may benefit from the decisions of the Council.

It is therefore important that all Council Officers have clear direction and an understanding of the expected standards and behaviours that they must abide by.

2. Policy Objective

The purpose of this Policy is to:

- Protect Muswellbrook Shire Council's assets, including financial assets;
- Protect the integrity, security, and reputation of Council and its staff; and
- Maintain a high level of services to the community.

3. Scope

This policy applies to all Muswellbrook Shire Council Officials, including:

- Councillors;
- General Manager and Executive Management Team (Manex);
- Managers, Supervisors, and Team Leaders;
- All staff – permanent, temporary, full-time, part-time, casual, contractors, consultants, and volunteers.

4. Definitions

The following definitions apply:

Act	The Local Government Act (LGA) 1993
Regulation	The Local Government (General) Regulation 2021
Council Official	Includes Councillors, members of Council staff, administrators, contractors, volunteers and consultants, Council committee members, and delegates of Council
Code of Conduct	The Code of Conduct applicable to all Council officials and as required by S440 of the LGA

Fraud	<p>“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.</p> <p>Note 1 to entry: Property in this context also includes intellectual property and other intangibles such as information.</p> <p>Note 2 to entry: Fraud also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.</p> <p>Note 3 to entry: 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.</p> <p>Note 4 to entry: The concept of fraud within the meaning of this Standard can involve fraudulent conduct by internal and/or external parties targeting the organization or fraudulent or corrupt conduct by the organisation itself targeting external parties.</p> <p>(AS 8001:2021))</p>
Corruption	<p>“Dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee, or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.</p> <p>Note 1 to entry: the concept of corruption in this Standard is broader than the concept of bribe or bribery in AS ISO 37001. All acts of bribery would constitute corruption under AS 8001 but not all acts of corruption would constitute bribery under AS ISO 37001.</p> <p>Note 2 to entry: While conduct must be dishonest for it to meet the definition of corruption, the conduct does not necessarily represent a breach of the law.” (AS 8001:2021)</p>
AS 8001:2021	The Standards Australia - Fraud and Corruption Control
Fraud Control Improvement Kit	The kit developed by the Audit Office of NSW to assist organisations to manage fraud control.

5. Policy Statement

Muswellbrook Shire Council is entrusted by the community to manage its assets, people, and resources in a responsible, ethical, and efficient manner.

Council has an obligation to develop and maintain appropriate systems and procedures to minimise the opportunity for fraudulent and/or corrupt activity and to develop robust systems of detection to reduce the impact of fraudulent activity.

6. Fraud and Corruption Control Framework

The administration of this policy relies upon a multi-faceted approach to fraud and corruption control, and includes actions on the following fronts:

- Prevention – to establish and maintain a sound governance framework through well-established policies and procedures which minimise the opportunities for fraud and corruption to occur;
- Detection – sound auditing and monitoring procedures to identify transactions or activities that do not align with adopted policies and procedures;
- Response – detailed reporting and investigation procedures to deal with any potential fraud or corruption. A sound response system includes appropriate action to address reports of fraudulent or corrupt activity;
- The Audit Office of NSW's Fraud Control Improvement Kit 2015 specifies ten attributes for the sound management of fraud and corruption:
 1. Leadership;
 2. Ethical Framework;
 3. Responsibility structures;
 4. Fraud control policy;
 5. Prevention systems;
 6. Fraud awareness;
 7. Third party management systems;
 8. Notification systems;
 9. Detection systems; and
 10. Investigation systems.

Muswellbrook Shire Council's Fraud and Corruption Control Framework is guided by the ten attributes of the Audit Office of NSW's Fraud Control Improvement Kit 2015.

6.1 Leadership

A successful fraud and corruption control framework is led by a committed and accountable executive. The General Manager and Executive Management team (Manex) will lead the organisation in the development of the Fraud and Corruption Control Framework.

6.2 Ethical Framework

Council has adopted and established the following documents to guide the ethical behaviour of Council Officials:

- The [Model Code of Conduct 2020](#) as developed by the Office of Local Government;
- Council has established a set of SPIRIT Values which outline acceptable and non-acceptable behaviours.

6.3 Responsibility Structure

The General Manager and Public Officers are authorised to receive reports of fraud and corruption. If the suspected fraud or corruption relates to the General Manager, then the matter can be reported to the Mayor, as per the reporting regime for Code of Conducts.

Reports regarding suspicious and / or illegal activities can also be reported to external agencies including:

- NSW Police Force;
- Office of Local Government;
- the NSW Independent Commission Against Corruption (ICAC); and/or
- the NSW Ombudsman.

All staff are expected to report known or suspected fraud or corruption to the General Manager or Public Officers as soon as possible.

6.4 Fraud and Corruption Control Policy

This policy sets out Muswellbrook Shire Council's Fraud and Corruption Control Framework and covers the responsibilities for managing fraud and Corruption risk within Muswellbrook Shire Council.

6.5 Prevention Systems

Council's prevention system consists of the following features:

- Fraud Risk Assessments – as detailed in the Enterprise Risk Management Framework;
- Fraud and Corruption Control Plan;
- Fraud Database (to be established to record all incidents);
- Ethical workforce – pre-employment screening to ensure staff employed are of the highest ethical standard;
- Separation of duties – to ensure no one staff member controls a process entirely;
- Delegations of authority – to ensure measures are in place to control activities;
- Position descriptions, Charters for Committees – limit the level of activity Council Officials can undertake;

6.6 Fraud and Corruption Awareness

Councillors and Council officers undergo regular fraud and corruption awareness training to ensure that all Council Officials are aware of their responsibilities and obligations to prevent, detect and report instances of fraud or corruption.

6.7 Third Party Management Systems

Council establishes appropriate controls, segregation of duties, and delegations of authority to deal with third parties.

Council will establish a Business Ethics Policy to reinforce the expected standards of behaviour for Council Officials.

6.8 Notification Systems

All staff are required to report suspected fraudulent or corrupt activity. Members of the public are encouraged to report suspected fraudulent or corrupt activity.

Staff and members of the public can make a Public Interest Disclosure and protect their identity if they so desire. Council's Internal Reporting and Public Interest Disclosures Policy outlines the procedure for making a Public Interest Disclosure.

Reporting directly to Council is an option for staff and the community. Reporting to an external entity as detailed under the "Responsibility Structure" is also available.

6.9 Detection Systems

Various internal control measures have been established to help detect fraud and corruption, including:

- financial reconciliations;
- management reviews; and
- internal and external audits.

6.10 Investigation Systems

When an allegation of fraud or corruption is made against an employee, the General Manager and/or Public Officer will discuss the matter with the person making the allegation. This person may be asked to make a written statement regarding the allegations.

The staff member alleged to have committed fraud or corruption may be interviewed during this preliminary stage. Staff members can be accompanied during the interview by their manager or other nominated member of staff.

The applicable Manex Team member will organise a preliminary assessment of the allegation and provide details to the General Manager on the findings.

If the allegation is serious enough and/or the evidence is compelling, then the matter may warrant a full investigation.

If a full investigation is to be followed, the General Manager will need to determine whether the matter is referred to an external agency such as

the Police, ICAC, or the Ombudsman. The General Manager may wish to refer it to Human Resources (HR) and have the matter investigated under the Code of Conduct Investigation procedures. If the matter relates to HR, it will be investigated by the General Manager.

7. Disciplinary Procedures

The determination of an investigation, whether it be a preliminary or full investigation, will be referred to the General Manager if it is a staffing matter.

For Councillors, the matter will follow the Code of Conduct procedures.

Any matter may still be referred to or dealt with by an external agency, in addition to a matter considered in the above two matters. For instance, a staff matter, dealt with by the General Manager may still be referred to the Police for further action.

8. Privacy and Access to Information

Information provided through any allegation and subsequent investigation will be handled confidentially. This is designed to help prevent any action being taken against staff for reporting suspected fraud. However, there may be situations where confidentiality may not be possible or appropriate. This will be discussed with the staff member making the report.

While anonymous reports are not encouraged, there may be situations where someone may not want to identify themselves. Council will accept anonymous reports; however, anonymity may limit the Council's ability to seek further information to assess the report adequately. When the identity of the person making the allegation is known, Council is able to obtain any further necessary information, provide the person with protection and support, and give feedback about the outcome of any investigation into the allegations.

9. Training & Communication

This Policy will be communicated to staff through Council's internal communication methods, including, but not limited to, staff newsletters, General Manager's newsletters, and All Staff emails. The issue will be discussed at staff meetings including MANEX and Managers' meetings.

10. Breach of The Policy

A breach of this policy may lead to disciplinary action being taken. This will depend on the severity of the incident. A breach of this policy could also lead to criminal action.

Any report that turns out to be vexatious, frivolous, or misleading will result in disciplinary action against the Council Official making the allegation.

Disclaimer:

This Policy was formulated to be consistent with Council's legislative obligations and within the scope of Council's powers. The Policy should be read in conjunction with relevant legislation, standards, guidelines, and codes of practice. In the case of any discrepancies, current legislation should prevail. This Policy does not constitute legal advice. Legal advice should be sought in relation to particular circumstances, and liability will not be accepted for losses incurred as a result of reliance on this Policy.

11. Delegations and Dispute Resolution

The General Manager is the sole interpreter of this policy.

Any breaches of this Policy will be referred to the General Manager for appropriate action. Or, in the case of a breach by the General Manager, this will be referred to the Mayor.

12. Related Documents

Legislation and Guidelines

- The Local Government Act (LGA) 1993
- The Local Government (General) Regulation 2021
- Public Interest Disclosures Act 2022
- Independent Commission Against Corruption Act 1988
- AS8001:2021 -The Standards Australia Fraud and Corruption Control Standards
- Local Government (State) Award

Policies and Procedures

- Model Code of Conduct
- Model Code of Meeting Practice
- Fraud and Corruption Prevention Strategy
- Fraud and Corruption Control Plan
- Public Interest Disclosures Policy
- Disciplinary Procedures
- Governance Policy

Other Supporting Documents

- N/A

13. Version History

This section identifies authors who reviewed the Policy and the date that it became effective.

Version No.	Date changed	Modified by	Amendments/Previous adoption details
1	28/06/2021	Melissa Cleary	Adopted by Council 28/06/2021, Minute No.364, following public exhibition conclusion on 29/07/2021.
2	8/9/2021	Melissa Cleary	Corrected authorisation date to 29 June 2021
3	20/11/2023	Governance Officer	Revised version, updated legislation years, Australian Standard version and formatting. Public exhibition of draft policy 21/12/2023 – 01/02/2024. Adopted by Council 27/02/2024, Minute No. 294.