



# Fraud and Corruption Prevention Policy

Adopted by Council 28 February 2011  
Policy Number 318

# 1. Background

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Parramatta City Council (*Council*) is committed to high ethical standards. Council has a responsibility to protect taxpayer funded resources and assets from fraud and corruption and to ensure that its decisions and actions are free from any corruption.

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## 2. Scope

This Policy provides guidance as to:

- Council's actions and expectations in relation to fraud and corruption.
  - The responsibilities of Councillors, Council staff and Council contractors for dealing with the risks of fraud and corruption.
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## 3. Objectives

This Policy sets out Council's strategic approach to fraud and corruption prevention, detection and investigation.

This Policy aims to reduce the likelihood of Councillors, Council staff, Council contractors and members of the public acting in a fraudulent or corrupt manner in their dealings with Council.

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## 4. Related Legislation, Policies and Strategies

The following legislation, Council adopted policies and Council adopted strategies are relevant to the interpretation and implementation of this Policy:

- Local Government Act 1993.
- Crimes Act 1900.
- Independent Commission Against Corruption Act 1988.
- Protected Disclosures Act 1994.
- Guiding Principles.
- Code of Conduct.
- Whistleblowers Protection Policy.
- Customer Compliments and Complaints Policy.
- Performance Counselling and Disciplinary Policy.
- Policy for Interaction Between Councillors and Staff.
- Criminal History Record Checks Policy
- Fraud and Corruption Prevention Strategy (currently under development).

## **5. Policy Statements**

### **5.1 Responsibilities**

#### **5.1.1 Councillors and Council staff**

Councillors and Council staff have the following responsibilities:

- Report all instances of suspected or actual fraud or corrupt conduct in accordance with Council's Code of Conduct and Internal Reporting Policy (Whistleblowers Protection Policy).
- Report behaviour that comprises an attempt or an inducement to engage in any fraud or corruption.
- Refrain from taking (or encouraging other to take) any action or engage in any conduct against any person who reports fraud, corruption, maladministration or serious and substantial waste that is detrimental to the interests of any such person.
- To the extent that they are reasonably capable of doing so, protect any person who reports fraud, corruption, maladministration or serious and substantial waste from any action or conduct that is detrimental to the interests of any such person if they become aware of the identity of a person who has made any such report.
- Operate systems of internal control that are established to prevent or detect fraud or corruption.
- Undertake relevant training relating to the prevention, detection and investigation of fraud and corruption.
- Assist in investigations undertaken in respect of any suspected or reported fraud or corruption

#### **5.1.2 Managers and Team Leaders**

Council staff that holds the position of managers or team leaders have the following responsibilities, in addition to their responsibilities as Council staff stated elsewhere in this Policy

- Take appropriate measures to ensure that their staff understand the standards of expected behaviour as outlined in the Guiding Principles, Council's Code of Conduct, and relevant policies and procedures
- Ensure that any suspected fraud or corruption, maladministration and serious and substantial wastage reported to them are referred to the Manager,

Service Audit & Review or the Chief Executive Officer without delay. If a report is received orally, they must take steps to record the report in writing.

- To the extent permitted by law, maintain the confidentiality of people making reports and the subject matter of those reports.
- Ensure that Council staff who have reported any suspected fraud or corruption, maladministration and serious and substantial wastage in accordance with this Policy are not disadvantaged or suffer detrimental action
- Take steps to identify and assess the risk of fraud or corruption occurring in their area of responsibility.
- Take steps to ensure that systems and controls are implemented to address any identified risks of fraud or corruption in their area of responsibility, and monitor the continued operation of those systems and controls.
- Demonstrate leadership in the area of ethics and the minimisation of fraud and corruption.
- undertake regular reviews and checks to detect irregularities
- use basic data mining tools to detect possible fraud and corruption
- Ensure that all Council staff in their area of responsibility have been made aware of this Policy, and that this Policy is readily available for their inspection.
- Take reasonable steps to require that Council contractors whose contracts they administer comply with this Policy to the extent that it is relevant to their contractual arrangements and adhere to the ethical standards described in this Policy.

## **5.2 Risk Assessment Reviews**

Council staff that hold the position of managers or team leaders:

- are primarily responsible for fraud and corruption prevention and detection in their areas of responsibility;
- should conduct fraud and corruption risk assessments in their area of responsibility. .
- implement systems and controls to minimise fraud or corruption risks to an extent consistent with the objective of this Policy;
- On a biannual basis undertake assessments of fraud or corruption risks in their area of responsibility respect of fraud or corruption, and more frequently

in areas that are considered to have a higher risk of fraud or corruption. Assessments must be conducted in accordance with best practice, prevailing domestic and international standards (such ISO 31000) and laws relating to fraud and corruption prevention.

These risk assessments will be reviewed, periodically by an appropriately qualified risk management professional.

The implementation of systems and controls too minimise fraud or corruption together with the assessment of fraud or corruption risks must:

- be undertaken in consultation with the Manager, Service Audit & Review; or General Counsel, and
- comply with any directions or guidelines issued from time to time by the Chief Executive Officer, the Manager, Service Audit & Review or General Counsel relating to any such assessments.

### **5.3 Councillor and Council Staff Awareness**

Councillors and Council staff must participate in training and education provided by Council that is directed towards to communicating to them that fraud or corruption are unacceptable. Fraud and corruption control is the responsibility of every person.

Council staff that hold the position of managers or team leaders must be proactive in identifying behaviours that could result in corruption, either real or perceived.

Council will provide training and education to assist Councillors and Council staff in being able to identify and prevent fraud or corruption in accordance with this Policy.

### **5.4 Customer and Community Awareness**

Council must promote awareness among the community, customers, contractors, suppliers and other third parties that fraud or corruption in any dealings with Council is unacceptable.

Council staff that holds the position of managers or team leaders must assist third parties to report any suspected fraud or corruption.

### **5.5 Reporting Suspected Fraud or Corruption**

Ignoring fraud or corruption is tantamount to endorsing it. Ignoring fraud or corruption and turning “a blind eye” can lead to it becoming acceptable behaviour that can taint whole sections of the organisation. Reporting fraud and corruption is an obligation imposed by honesty.

Councillors, Council staff and Council contractors are required to report any suspected fraud or corruption in accordance with the procedures set out in the Code of Conduct or the Whistleblower's Protection Policy or both. Reports of suspected fraud or corruption can be report to Council's disclosure hot-line on **1300 30 45 50**.

Council staff who hold the position of managers or team leaders must ensure that Council staff are supported in reporting suspected fraud and corruption, and facilitate the reporting of any suspected fraud or corruption in accordance with the procedures set out in the Code of Conduct or the Internal Reporting Policy or both.

## **5.6 Detection Systems**

Managers are responsible for establishing, documenting and maintaining appropriate fraud and corruption controls and detection systems in their areas. Regular internal audits are also undertaken to detect fraud and corruption.

## **5.7 External Notification**

Crimes committed against the Council will be reported to the police and any corruption will be reported to the Independent Commission Against Corruption. Other external authorities will be notified of fraudulent or corrupt conduct as considered appropriate by the Manager, Service Audit & Review , the Chief Executive Officer, or the General Counsel.

## **5.8 Investigations**

All suspected or alleged fraud or corruption will be investigated. Councillors, Council staff and Council contractors must cooperate fully in such investigations.

Investigations will be undertaken under the direct authority of the Chief Executive Officer in accordance with appropriate investigation standards and the principles of natural justice.

## **5.9 Conduct and Discipline**

Councillors and Council staff must carefully read, understand and observe the Code of Conduct.

Fraud or corruption is unacceptable and offenders will face disciplinary action in accordance with the Code of Conduct.

Council may seek criminal prosecution for any fraud or corruption.

Council may institute civil or administrative legal proceedings in respect of fraud or corruption. as considered appropriate by the CEO or General Counsel.

## 6. Definitions

### 6.1 Fraud is:

dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for normal business purposes or the improper use of information or position.

### 6.2 Corrupt Conduct is:

- conduct of a 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
- the misuse of information or material acquired in the course of a public official's functions.

Additionally corrupt conduct can also be 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, forgery and various other crimes.

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

- a criminal offence; or
- a disciplinary offence; or
- reasonable grounds for dismissal or dispensing or terminating the Councils of a public official.

## **7. Administration**

### **7.1 Authorisation**

This policy was adopted by Council on 28/02/2011.

### **7.2 Review**

This policy is scheduled for review eighteen months after its authorization, and every twelve months thereafter.

### **7.3 Version**

0.1

### **7.4 Owner**

The Service Audit & Review Unit is responsible for this policy