



Hawkesbury City Council

attachment 1
to
item 232

Fraud and Corruption
Prevention Policy

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Hawkesbury City Council

Policy

Fraud and Corruption

Prevention Policy

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HAWKESBURY CITY COUNCIL POLICY
DRAFT Fraud and Corruption Prevention Policy

PART 1 INTRODUCTION

1.1 TITLE

This Policy is to be known as Hawkesbury City Council's Fraud and Corruption Prevention Policy.

1.2 PURPOSE

This Policy outlines Hawkesbury City Council's commitment to the prevention, deterrence, detection and investigation of all forms of fraud and corrupt conduct. It ensures the appropriate mechanisms are in place to protect the integrity, security and reputation of Council.

1.3 OBJECTIVES

- a) To encourage and promote professional and ethical business practices by all Council employees, Councillors, committee members, contractors, consultants, volunteers, and other people who perform functions on behalf of Council.
- b) To identify fraud and corruption risks and any weaknesses in Council's control processes through regular review of Council's operations.
- c) To clearly communicate how suspected instances of fraud and corruption can be reported.
- d) To outline the processes in place to address suspected instances of fraud and corruption.

1.4 MAKING AND ADOPTION OF THE POLICY

This Policy is made in response to recommendations released by the Independent Commission Against Corruption (ICAC), following that agency's investigation into the former City of Botany Bay Council (Operation Ricco) whereby ICAC advised all NSW local councils to assess their corruption prevention framework and operations to ensure that they remain resistant to corrupt conduct. As outlined in ICAC's *Foundations for corruption prevention* page published on the ICAC website, policy frameworks are a key tool for facilitating corruption prevention.

1.5 REPORTING REQUIREMENTS

The General Manager has ultimate responsibility for managing fraud and corruption risks within Council. In accordance with the *Independent Commission Against Corruption Act 1988* and Council's Code of Conduct, the General Manager is obliged to report any matter to the ICAC or relevant external agency such as the Office of Local Government, the NSW Ombudsman or the Police, that they suspect on reasonable grounds concerns, or may concern, corrupt conduct whether on the part of Council officials or any party with whom it conducts business. In cases of complaints against the General Manager, the Mayor or Administrator assumes the aforementioned responsibilities.

In accordance with the *Public Interest Disclosures Act 1994*, such reports must be made to an investigating authority, including:

- the Independent Commission Against Corruption (ICAC) – for corrupt conduct
- the NSW Ombudsman – for maladministration
- the Law Enforcement Crime Commission (LECC) – for law enforcement misconduct
- the Privacy Information Commission (PIC) Inspector – for disclosures about the PIC or its staff
- the Office of Local Government, Department of Premier and Cabinet – for serious and substantial waste in local government
- the ICAC Inspector – for disclosures about the ICAC or its staff
- the Information Commissioner – for disclosures about a government information contravention.

All Council officials are bound by Council's Code of Conduct. Council Officials have an obligation to report cases of suspected fraud or corrupt conduct either through Council's internal reporting procedure in accordance with Council's Protected Interest Disclosures Policy, or directly to the ICAC or relevant external agency.



1.6 OTHER GOVERNMENT POLICY PROVISIONS

- Australian Standard for Fraud and Corruption Control AS 8001:2008
- Hawkesbury City Council Code of Conduct
- Hawkesbury City Council Complaints Policy
- Hawkesbury City Council Gifts and Benefits Policy
- Hawkesbury City Council Internal Audit Management Plan 2017-2020
- Hawkesbury City Council Public Interest Disclosures Policy
- Hawkesbury City Council Statement of Business Ethics
- *Independent Commission Against Corruption Act 1988*
- *Local Government Act 1993* Chapter 14 – Honesty and Disclosure of Interests
- *Local Government General Regulation 2005*
- NSW Ombudsman publications
- Office of Local Government, Department of Premier and Cabinet Circulars to councils
- Other ICAC publications
- *Public Interest Disclosures Act 1994*

1.7 DEFINITIONS

Fraud

Fraud can be defined as a deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The type of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception.

Corruption

The deliberate, dishonest or preferential use of power or position, a breach of public trust or the misuse of information or material acquired in the course of official functions. The *Independent Commission Against Corruption Act 1988* (the ICAC Act), further defines corruption.

Corrupt Conduct

Corrupt conduct, as defined in the ICAC Act, is deliberate or intentional wrongdoing, not negligence or a mistake. It has to involve or affect a NSW public official or public sector organisation.

Council Official

For the purpose of this Policy, Councillors, staff, members of Council committees and delegates of Council are Council officials.

1.8 ROLES AND RESPONSIBILITIES

Authorised Officer	Roles and Responsibilities
Council officer, Councillors, committee members, contractors, consultants and volunteers representing Council in an official capacity	<ul style="list-style-type: none">• Follow Council's Policy on Fraud and Corruption at all times.• Support Council's commitment to preventing fraud and corruption through reporting suspicious behaviour in accordance with the Code of Conduct.• Observe Council's Statement of Business Ethics, comply with Council policies and refrain from engaging in fraudulent and corrupt conduct.
Manager Corporate Services & Governance	<ul style="list-style-type: none">• Review policy at appropriate times in accordance with Council's Code of Conduct and changes to related legislation.
General Manager/Mayor	<ul style="list-style-type: none">• Report any allegations of fraud and corruption to the relevant authority and/or conduct investigations as required.



PART 2 POLICY

2.1 POLICY STATEMENT

- a) Council is committed to upholding an ethical culture supported by appropriate policies, procedures and strategies that prevent fraudulent and corrupt behaviour.
- b) As such, Council will not tolerate misconduct, fraudulent or corrupt conduct by any Council official.

2.2 PRINCIPLES

Council is committed to building a corruption resistant culture through:

- a) The prevention and deterrence of an opportunity for fraudulent or corrupt conduct by employees, Councillors, members of the public, contractors and clients.
- b) The detection, investigation and disciplining and/or prosecuting fraudulent or corrupt conduct.
- c) The reporting of any fraud or corrupt conduct to the Independent Commission Against Corruption (ICAC) and other authorities where appropriate.

Council's commitment to preventing fraudulent or corrupt activity, and avoiding or managing conflicts of interests, will be addressed through implementing appropriate staff education and auditing systems to deter and identify corrupt activities.

2.3 RESPONSIBILITIES FOR PREVENTION OF CORRUPT CONDUCT

- a) Council will ensure that significant risks to Council officials which may result in fraudulent or corrupt conduct are identified and evaluated.
- b) Council will monitor relevant legal obligations to ensure that operating procedures meet these obligations.
- c) Council will ensure that this Policy, the Code of Conduct, and other relevant documentation are up to date and available to Council officials and members of the public
- d) Council will ensure that Council officials are trained in the relevant Council policies and other documentation as a deterrent to fraudulent or corrupt conduct, and to ensure that Council officials are empowered to report fraudulent or corrupt conduct that they may suspect
- e) Council will ensure that appropriate fraud and corruption prevention and detection controls are incorporated into computer systems and other business systems

2.4 PROCEDURES FOR REPORTING SUSPECTED CORRUPT CONDUCT

- a) Council will ensure that Council officials are aware of fraud and corruption reporting procedures, including this Policy, and that officials are actively encouraged to report suspected fraud and corruption through the appropriate channels.
- b) Council officials are required by Section 8.11 of the Code of Conduct to report corrupt or fraudulent conduct.
- c) All information received by Council in relation to suspected fraudulent or corrupt conduct will be collected, classified and handled appropriately, with regard to privacy, confidentiality, legal professional privilege, and the requirements of natural justice.
- d) If a report is made to Council of suspected fraudulent or corrupt conduct, the General Manager will be responsible for making all decisions regarding actions taken by Council in relation to the accusation.



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- e) In cases of complaints against the General Manager, the Mayor or Administrator will assume responsibility for making the abovementioned decisions.
- f) Reports of corrupt or fraudulent conduct by a Councillor, the General Manager, or an Administrator are to be made to the Office of Local Government.
- g) Reports of corrupt or fraudulent conduct by other Council officials are to be made to the General Manager.
- h) As outlined in Part 1, Section 1.5 above, the General Manager is responsible for reporting any suspected fraudulent or corrupt conduct to the appropriate external agency.
- i) Council will make use of the adopted Records Management System to demonstrate that correct processes have been followed for all actions and decisions made regarding reports of suspected fraudulent or corrupt conduct.
- j) All records relating to reports and investigations of suspected fraudulent or corrupt conduct will be retained in accordance with the *State Records Act 1998*, and will be treated as subject to Council's Access to Information and Privacy policies.