



## 1.0 AUTHORITY

- *Local Government Act 2020, s9(2)*
- *Local Government Act 2020, Part 6 – Council Integrity*
- *Local Government (Governance and Integrity) Regulations 2020*
- *Public Interest Disclosure Act 2012*

## 2.0 INTENT

The purpose of this policy is to:

- Provide the Shires statement of attitude towards fraud and corruption.
- Define what constitutes fraud and corruption.
- Outline Shire staff and Councillor's obligations, roles and responsibilities in relation to fraud and corruption.
- Outline the Shire's commitment to the prevention, detection and response to fraud and corruption.
- Align the principles of AS8001:2008 Fraud and Corruption Control to actions within the Shire.

## 3.0 SCOPE

This policy applies to all Shire Staff and Councillors in the performance of all functions, duties and activities carried out by or on behalf of the Shire.

## 4.0 GOVERNANCE PRINCIPLES

Under the *Local Government Act 2020*, Council must give effect to the following overarching governance principles:

- Council decisions are to be made and actions taken in accordance with the relevant law.
- Priority is to be given to achieving the best outcomes for the municipal community, including future generations.
- The ongoing financial viability of the Shire is to be ensured.
- The transparency of the Shire decisions, actions and information is to be ensured.

## 5.0 POLICY STATEMENT

### 5.1 Statement of Attitude Towards Fraud and Corruption

The Mornington Peninsula Shire has zero tolerance to fraud and corruption and is committed to eliminating all forms of fraud and corruption and promoting a culture of honesty, trust and integrity.

#### 5.1.2 What is Fraud and Corruption?

*Australian Standard AS8001-2021* - Fraud and Corruption control defines fraud and corruption as:



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|-------------------|--|
| <b>Fraud</b>      | <i>a dishonest activity causing actual or potential gain or loss to any person or organisation including theft of money 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.</i>  |
| <b>Corruption</b> | <i>A 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/or abuses their position of trust in order to achieve personal advantage or advantage for another person or 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</i> |

### 5.2 Policy Detail

Fraud and corruption are incompatible with the Shire's values and present a risk to the achievement of our objectives. All Shire Staff and Councillors must always act with integrity and never engage in fraud and corruption when carrying out activities on behalf of the Shire.

#### 5.2.1 Roles and Responsibilities

All Shire staff play an important role in fraud and corruption control.

Responsibility for the prevention and detection of fraud and corruption, and the implementation and operation of fraud and corruption controls within their business unit, rests with all levels of Shire staff.

See Appendix A for an outline of Fraud and Corruption Control and Responsibilities

### 5.3 Prevention of Fraud and Corruption

The Shire is committed to preventing fraud and corruption. Fraud and corruption prevention strategies are the first line of defence, designed to reduce the risk of fraud and corruption from occurring in the first place.

The Shire's Fraud and Corruption Control Plan provides the framework for the fraud and corruption prevention strategies implemented by the Shire across the following categories:

- Risk Management
- Information Security Management
- Human Resource Practices
- Procedural Framework
- Training
- Audit Program
- Third Party due diligence

### 5.4 Detection of Fraud and Corruption



The Shire recognises that despite a comprehensive fraud and corruption control program, it is possible that fraud and corruption may still occur. Accordingly, the Shire has adopted strategies aimed at detecting fraud and corruption as soon as possible after it has occurred.

The Shire's detection strategies are:

- Financial Reporting
- Data Analytics
- Internal and External Audit Program
- Reporting Fraud and Corruption

## 5.4.1 Reporting Fraud and Corruption

All staff have an obligation to report any known or suspected instances of fraud and corruption.

Reports can be made to:

- A Supervisor or Manager
- The Chief Executive Officer or a Director
- The Public Interest Disclosure Coordinator
- IBAC
- Local Government Inspectorate
- Victoria Police

A supervisor, manager or director who has received a report, must notify the Public Interest Disclosure Coordinator.

Further information on the appointed Public Disclosure Coordinator and the Public Interest Disclosure process can be obtained by contacting the Governance Team at [governanceteam@mornpen.vic.gov.au](mailto:governanceteam@mornpen.vic.gov.au) or from the Public Interests Disclosures page on Knowledgebase or on the Shires website.

## 5.4.2 Reports to Independent Broad-based Anti-Corruption (IBAC) and the Local Government Inspectorate

The Chief Executive Officer has a mandatory reporting obligation under s 57 of the *Independent Broad-based Anti-Corruption Commission Act 2011* and must notify IBAC as soon as practicable, of any matter they suspect on reasonable grounds that involves corrupt conduct occurring or having occurred.

The Chief Executive Officer is also required to notify IBAC of a Public Interest Disclosure received by the Shire.

A report of fraud or corruption about the Chief Executive Officer or a Councillor should be made directly to IBAC or the Local Government Inspectorate.

Refer to the following websites for further information:

- IBAC [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)
- Local Government Inspectorate [www.lgi.vic.gov.au](http://www.lgi.vic.gov.au)



## 5.5 Response to Fraud and Corruption

The Shires response to a fraud and corruption event may involve:

- An Investigation
- External Notification
- Recovery

The Shire has established reporting mechanisms in place to enable and encourage staff and external parties, to report suspected fraud and corruption.

The Shire will investigate all reports of fraud and corruption and take appropriate action, which may include reporting the matter to an external law enforcement agency, taking disciplinary action, and/or recovery of loss.

### 5.5.1 Investigation

All investigations into fraud and corruption will be conducted by a suitably qualified and experienced Investigator, and will be timely, transparent and carried out in accordance with principles of procedural fairness.

### 5.5.2 Reprisal

In addition to the legal protections provided under the *Public Interest Disclosure Act 2012*, The Shire will not tolerate any detrimental action taken towards a person who reports fraud and corruption and will take all reasonable steps to protect the reporting person from victimisation and discrimination.

### 5.5.3 External Notification, Disciplinary Action and Recovery

The Shire will cooperate with an investigation into fraud and corruption conducted by an external law enforcement agency.

Subject to a risk assessment, a third party impacted by a fraud and corruption event involving the Shire may be notified.

The Shire may commence civil proceedings against an employee or other individuals involved in the fraud and corruption event to recover losses incurred by Shire.

The Shire will notify their insurer of the fraud and corruption event, who may seek to recover the Shires loss.

## 5.6 Review

Where a fraud and corruption event has occurred, the Shire will conduct a review to assess the adequacy of internal controls, identify deficiencies and to enable continuous improvement of the fraud and corruption framework.

The Shires Fraud and Corruption Risk Register will be updated to ensure an appropriate record of the fraud and corruption is maintained.



## 5.7 Confidentiality

The Shire is committed to maintaining confidentiality of persons reporting fraud and corruption, however there may be circumstances where it is necessary for information to be disclosed that may identify the reporting individual.

This information will only be disclosed where:

- The Shire is required to do so under law.
- It is necessary for the matter to be investigated.
- The reporting individual gives written consent.
- The reporting individual has voluntarily identified themselves to others as
- the person who made the disclosure.
- It is in the public interest to do so.

The *Public Interest Disclosures Act 2012* imposes additional confidentiality obligations in and subject to certain statutory exceptions, disclosure of the identify of a person making a disclosure under the Public Interest Disclosures Act is a criminal offence.

## 5.8 Non-Compliance with Policy

Non-compliance with this Policy will result in disciplinary action being taken by the Shire. Employees who fail to comply with this Policy may face disciplinary action and, in serious cases, termination of their employment or engagement.

## 6.0 HUMAN RIGHTS CHARTER COMPATIBILITY

This policy has been assessed as being compatible with *the Charter of Human Rights and Responsibilities Act 2006 (Vic)*.

## 7.0 ASSOCIATED DOCUMENTS

- Business Continuity Management Policy
- Cash Handling and Banking Policy
- Common Seal Policy
- Community Grants and Subsidies Framework and Guidelines
- Councillor Code of Conduct
- Councillor Expense Reimbursement Resources and Facilities Policy
- Councillor Gift Policy
- Employee Code of Conduct
- Employee Conflict of Interest Policy
- Employee Disciplinary Policy and Procedures
- Employee Gift Policy
- Employee Use of Information Communication Technology Policy
- Employment Checks Policy
- Fraud and Corruption Control Plan
- Governance Rules



- Procedure for Making and Handling Public Interest Disclosures
- Procurement Policy
- Respect in the Workplace Policies
- Risk Management Framework

## 8.0 DEFINITIONS

|   |  |
|---|--|
| <b>External Fraud</b>                         | Fraud where no perpetrator is employed by or has a close connection with the target organisation   |
| <b>Fraud and Corruption Event</b>             | Instance of fraudulent or corrupt activity against or by an organisation.  |
| <b>Information Security</b>                   | Preservation of confidentiality, integrity and availability of information.  |
| <b>Information Security Management System</b> | Part of an overall management system, based on a business risk approach, that establishes, implements, operates, monitors, reviews maintains and improves information security.                        |
| <b>Internal Controls</b>                      | Internal systems, processes and procedures designed to minimise risk.  |
| <b>Internal Fraud</b>                         | Fraud where at least one perpetrator is employed or has a close association with the target organisation and has detailed internal knowledge of the organisation's operations, systems and procedures. |
| <b>Shire Activities</b>                       | Work performed and duties carried out for the Shire, including work-related functions, travel, conferences and any other circumstances where a person is representing the Shire.                       |
| <b>Shire Staff</b>                            | Employees, contractors, sub-contractors and volunteers.  |
| <b>Suspect on Reasonable Grounds</b>          | There is a real possibility of corrupt conduct. "Suspicion" is less than belief but requires more than idle speculation.   |

## 9.0 POLICY SPONSOR

The Governance Manager is responsible for overseeing the application and review of the Fraud and Corruption Policy and Fraud and Corruption Control Plan.

## 10.0 DOCUMENT CONTROLS

The Shire will review this policy every four years or earlier if required.



A review can be triggered at any time by changes in the *Australian Standard for Fraud and Corruption Control*, the *2016 Standing Directions of the Minister for Finance*, by other legislative requirements, or by other operational requirements.

### **Administrative Updates**

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Shire department, the change to an existing policy or document referred to in this policy, and minor updates to legislation and the like which does not have a material impact. However, any change or update which materially alters the document must be by endorsement of the Executive Team.

### APPENDIX A – Table of Roles and Responsibilities for Fraud and Corruption

| Role   | Responsibilities  |
|--|---|
| <b>All Staff and Councillors</b>               | <ul style="list-style-type: none"> <li>Act ethically, lawfully and in accordance with the Staff Code of Conduct or Councillor Code of Conduct.</li> <li>Report suspicions of fraud and corruption.</li> <li>Minimise the possibility of fraud and corruption within their role.</li> <li>Cooperate with fraud and corruption investigations</li> </ul>  |
| <b>Chief Executive Officer</b>                 | <ul style="list-style-type: none"> <li>Principal responsibility for fraud and corruption control by ensuring appropriate governance structures are in place across the organisation.</li> <li>Promote and foster a culture of honesty, trust and integrity.</li> </ul>  |
| <b>Chief Financial Officer</b>                 | <ul style="list-style-type: none"> <li>Provides oversight and compliance with key financial policies, procedural framework and processes.</li> <li>Maintain financial delegations</li> <li>Facilitate immediate action steps where a fraud and corruption event has been detected.</li> </ul>   |
| <b>Team Leaders, Coordinators and Managers</b> | <p><b>In addition to the responsibilities of all staff:</b></p> <ul style="list-style-type: none"> <li>Manage fraud risks within their team/business unit</li> <li>Review Risk Register for changes and emerging risks.</li> <li>Support staff to attend Fraud Awareness Training and report any significant organisational changes in their area of responsibility that may result in new fraud risks</li> </ul>   |
| <b>Public Interest Disclosure Coordinator</b>  | <ul style="list-style-type: none"> <li>Receive and manage the Shires Public Interest Disclosures in accordance with the <i>Public Interest Disclosures Act 2012</i>.</li> </ul>   |
| <b>Governance Unit</b>                         | <p>Support the Shire to ensure appropriate governance structures are in place by:</p> <ul style="list-style-type: none"> <li>Maintain oversight and review of the Fraud and Corruption Policy and Control Plan</li> <li>Maintain oversight of investigations conducted by the Ombudsman, IBAC and other relevant external agencies.</li> <li>Manage the Shire's Registers of Authorisation and Delegations.</li> <li>Co-ordinate annual declarations of interest as required by the <i>Local Government Act 2020</i></li> </ul> |





| Role                               | Responsibilities   |
|------------------------------------|--|
|                                    | <ul style="list-style-type: none"> <li>• Arrange relevant Integrity Training</li> <li>• Maintain the Fraud Register</li> <li>• Maintain the Shires Policy Register</li> </ul>  |
| <b>Legal and Insurance Unit</b>    | <ul style="list-style-type: none"> <li>• Management and annual renewal of the Shires Insurance policy</li> </ul>   |
| <b>Risk Management Committee</b>   | <ul style="list-style-type: none"> <li>• Oversight of Council's Risk Management Program.</li> </ul>  |
| <b>Audit and Risk Committee</b>    | <ul style="list-style-type: none"> <li>• Monitors and assesses Council's financial and governance compliance, audit activities, risk management and internal controls.</li> </ul>  |
| <b>People and Culture Unit</b>     | <ul style="list-style-type: none"> <li>• Maintain HR Policies by utilising recruitment practices such as workforce screening, Police checks, confirmation of employee details, induction training and exit Interviews.</li> <li>• Facilitate employee training across the organisation.</li> <li>• Develop, implement and maintain the Shires Risk Management Framework and the Shires Business Continuity Plan.</li> <li>• Appoint a Welfare Manager to support a Public Interest Discloser.</li> </ul> |
| <b>Information Management Team</b> | <ul style="list-style-type: none"> <li>• Maintain and implement information technology policies and standards for the organisation with regard to systems, equipment and processes</li> <li>• Provide a range of network and communication hardware and software solutions, to protect the Shire from the threat of data breaches, malware or cyber crime</li> <li>• Provide education and support to staff and Councillors on how to manage cyber threats</li> </ul>                                    |
| <b>Internal Auditors</b>           | <ul style="list-style-type: none"> <li>• Provide advice to Shire Officers on all matters within the Internal Audit Charter.</li> </ul>   |