

Purpose

This policy outlines the approach taken by the Wodonga Council in the prevention, detection and the correct management of fraudulent activity. Fraud can be damaging to the council and could result in financial loss, decrease in public confidence and adverse publicity.

The council's commitment to fraud prevention shall be met by ensuring an environment in which fraudulent activity is discouraged and conflicts of interest are avoided. The council is also committed to the organisational values of trust, integrity, respect and learning, and believes this policy is a demonstration of its transparent approach to managing the risk of fraud.

Scope

This policy applies to all councillors, employees, volunteers, authorised agents and contractors of the council. It applies at all levels of the organisation.

Definitions

Fraud Dishonest activity causing actual or potential financial loss to any person or entity including theft of monies or other property by employees or persons external to the entity and where 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 a normal business purpose or the improper use of information or position for personal financial benefit¹

Examples of fraud include:

- Theft of plant and equipment by employees;
- Theft of inventory by employees;
- False invoicing (involving a staff member of the entity or a person external to the entity creating a fictitious invoice claiming payment for goods or services

¹ AS 8001-2008 Fraud and Corruption Control

not delivered or exaggerating the value of goods delivered or services provided);

- Theft of funds other than by way of false invoicing;
- Theft of cash usually involving some form of concealment, e.g. lapping;
- Accounts receivable fraud (misappropriation or misdirection of remittances received by an entity from a debtor);
- Credit card fraud involving the unauthorised use of a credit card or credit card number issued to another person or the use of stolen or fraudulently generated credit card numbers by merchants;
- Lending fraud (loan application made in a false name and supported by false documentation); and,
- Theft of intellectual property or other confidential information.

Policy

The council shall not tolerate any fraudulent activity at any time by any person

The council shall implement processes to ensure that any conflicts of interest will be properly disclosed and dealt with in an appropriate manner.

The council shall implement effective controls to either eliminate or reduce the possibility of fraud occurring. This shall include, but not limited to a fraud control plan, fraud risk assessment and auditing.

The council shall utilise available resources to:

- Implement effective fraud controls;
- Conduct any investigations and analysis of fraudulent activities; and,
- Conduct appropriate awareness training for staff.

The council shall assign responsibility and authority to the Audit Committee to:

- Review processes in the prevention and management of fraudulent activity; and,
- Review reports of fraud from management, the status of ongoing investigations and recommendations to improve fraud controls.

The council shall encourage all councillors, employees, authorised agents, contractors and members of the community to report any suspicion of fraudulent activities.

The council shall provide a fair mechanism to ensure that:

- Those who have become aware of, or who suspect that fraudulent activity may be occurring, are not victimised or disadvantaged for making allegations as per the council's Protected Disclosure Procedure;
- There is a fair process in place for staff against whom allegations are made; and,
- All matters concerning the suspicion of fraud are treated with strictest of confidence.

This policy is supported by a fraud control plan.

Attachments

Nil

Related policies

Essentially, this policy is directly linked to all other policies in the council that apply to staff where there is the possibility for fraud. However, the main policies that are most directly related are listed below:

- *Risk & Opportunity Management Policy;*
- *Privacy Policy;*
- *Councillor Support and Expenses Policy;*
- *Gifts and Hospitality Policy;*
- *Staff Code of Conduct;*
- *Governance Code, incorporating the Councillors' Code of Conduct;*
- *Investment Policy; and,*
- *All Council Policies where deceptive conduct may occur.*

Related legislation

- *Local Government Act 1989;*
- *Financial Management and Accountability Act 1997;*
- *Public Service Act 1999;*
- *Protected Disclosure Act 2012;*
- *Privacy and Data Protection Act 2014; and,*
- *Crimes Act 1958.*

References

- *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines;*
- *AS 8001-2008 Fraud and Corruption Control;*
- *Conflict of Interest Guide for Staff – October 2011;*
- *Australian National Audit Office - Fraud Control in Australian Government Entities – Better Practice Guide – March 2011; and,*
- *VAGO – Fraud prevention strategies in Local Government – June 2012.*

Review

Council may review this policy at any time but unless otherwise requested at least every four years from date of adoption. Minor amendments to the policy may be authorised by the CEO at any time where such changes do not alter the substance of the policy e.g.: typographical errors, a change to the name of a related policy, or a change to the name of legislation.

Title:	Fraud prevention and management policy
Reference No:	00317
Business Unit:	Governance and Customer Focus
Category:	Policy
Version:	Two
Approved By:	Council at its meeting of September 21, 2015
Next Review:	September 21, 2019