

POLICY LOCATION	Corporate Services	POLICY TITLE	Fraud and Corruption Policy
POLICY NUMBER	CA17	DATE ADOPTED	July 2025
REVISION NUMBER	4	REVISION DATE	July 2027

Purpose

Buloke Shire Council is committed to maintaining the highest standards of ethics, integrity and accountability and ensuring that good governance practices are implemented across all levels of the organisation.

Fraud and corruption are incompatible with these core values and will not be tolerated by Council.

Council is also committed to developing an organisational culture that prevents, detects and responds to reported instances of fraud and corruption in order to ensure that public funds and Council assets are not compromised to the detriment of the local community.

The purpose of this Policy is to:

- Confirm Council's commitment to protecting Council property, assets and public money against internal and external fraud and corruption;
- Provide a framework for the mitigation and control of fraud and corruption; and
- Facilitate reporting to Council of suspected fraudulent and corrupt activities.

Scope

This Policy applies to all 'Workers' which is a term defined under this Policy to include –

- Councillors;
- Council employees;
- Persons engaged by Council as contractors or sub-contractors;
- Persons who act as volunteers for or on behalf of Council; and
- External parties who supply goods, provide services or carry out works for Council.

Definitions

In this Policy –

Conflict of interest means a situation where a Worker's private interests interfere with or may be seen to interfere with their professional duties owed to Council.

Corruption means a dishonest activity in which a person acts against the interests of Council and abuses their position of trust in order to achieve personal advantage for themselves or another person to the disadvantage of Council.

Examples of corruption include:

- Asking for payment of or receiving money, gifts or bribes for personal gain;
- Accepting favours for preferential treatment;
- A conflict of interest that is not managed and which may influence a decision;
- Manipulation of procurement processes so as to favour one tenderer over another; and
- Nepotism, where an individual is appointed to a role due to their existing relationships, rather than on merit.

Fraud means a dishonest activity causing actual or potential financial loss to Council, including theft of moneys or other property.

Examples of fraud include, but are not limited to:

- Misappropriation of Council revenue in the form of cash, money orders, cheques or electronic funds transfer;
- Misuse of position to gain a financial advantage, including improperly obtaining allowances;
- Misuse or theft of Council data and information, including selling information;
- Private use of Council property, buildings, plant, equipment, vehicles or other Council assets and inventory;
- Misuse of fleet or corporate cards;
- Theft of Council assets such as property, plant, equipment or vehicles;
- Falsifying travel expenses and overtime claims on timesheets;
- False invoicing of goods or services not received or delivered, or inflating the value of the goods and services;
- Alteration or destruction or forgery of data for fraudulent purposes or misappropriation of software owned or licensed by Council;
- Business identity fraud which occurs when commercially sensitive information is used without permission to obtain credit, goods or other services fraudulently;
- Misuse of one's position to gain a financial advantage; and
- Misrepresentation of qualifications in order to secure a particular position of employment.

Workers includes Councillors, Council employees, Council contractors and sub-contractors, Council volunteers and external parties who supply goods, provide services or carry out works for Council.

Policy Statement

Council acknowledges the importance of demonstrating to the local community that it is managing its operations efficiently, effectively and ethically to deliver results, including through:

- The adoption of a risk management approach to fraud and corruption;
- The minimization, deterrence, detection and investigation of fraud and corruption, including taking disciplinary action where required; and
- The promotion and maintenance of a high standard of ethical behaviour and fraud and corruption awareness amongst its Workers.

Fraud and corruption control is concerned with the effective utilisation of resources in order to prevent, detect and respond to fraudulent or corrupt activity.

Measures to mitigate fraud and corruption are continually monitored, reviewed and developed by Council, particularly as new systems or arrangements are introduced or modified.

Council will actively seek to minimise and deter fraud and corruption at its origin through an effective integrity framework. This framework provides oversight on matters including but not limited to conflicts of interest, employment, procurement, misuse of information, assets and resources, the exercise of delegations and authority, and unlawful or inappropriate conduct.

Fraud and corruption flourishes in an environment where there are insufficient controls to mitigate waste, abuse and mismanagement. Council believes an emphasis on fraud and corruption mitigation, rather than investigation, will lead to a reduction in these opportunities.

Prompt action needs to be taken when fraud or corruption are detected, both to bring the conduct to an end and to discourage others who may be inclined to commit similar actions.

This Policy is committed to and is guided by the principles of:

- The highest standards of legal, ethical and moral behaviour;
- Ensuring the organisational culture and embedded controls effectively mitigate fraud and corruption;
- Natural justice; and
- Ensuring compliance with the *Public Interest Disclosures Act 2012* and Council's Public Interest Policy and Procedures.

Council is committed to protecting property, assets and public money against internal and external fraud and corruption.

Key elements of this involve:

- Implementing effective internal control structures and procedures which aim to eliminate the opportunity for fraud and corruption to occur. This can be achieved by analysing operational risks to proactively identify potential opportunities for fraudulent acts and implementing internal controls and separating roles and functions;

- Development and maintenance of Council's risk register and fraud register in documenting risks to Council and current and proposed controls;
- Requiring all new Employees to undertake fraud and corruption awareness training during their induction and facilitating ongoing fraud awareness training modules on a regular basis;
- Encouraging all Workers to report suspected fraud or corruption-related activity or behaviour
- Ensuring that Workers are aware of the confidentiality requirements and protection which applies to a person reporting suspected fraud or corruption in accordance with the *Public Interest Disclosures Act 2012*;
- Confirming Council's ongoing commitment to a policy of minimisation and deterrence, detection and investigation including formal disciplinary proceedings and/or referral to the Victorian Police and/or IBAC (where applicable); and
- Establishing reporting protocols which require all Workers to report suspected fraud and corruption.

Roles and Responsibilities

1. The Councillor Code of Conduct and Staff Code of Conduct provides guidance to Workers regarding accepted practices and behaviours. Council values also reinforce ethical behaviour.
2. The Chief Executive Officer is the Officer responsible for fraud and corruption control within Council.
3. Councillors, the Chief Executive Officer and Senior Managers are responsible for creating an environment within their respective departments which makes active fraud and corruption control a responsibility of all Workers.
4. Councillors, the Chief Executive Officer and Senior Managers are responsible for ensuring there are clear standards and procedures to minimise and deter fraud and corruption.
5. Senior Managers have responsibility for undertaking a risk assessment and identifying potential risk areas within their Department and establishing and monitoring controls to eliminate or reduce the fraud and corruption risk. Such controls must be documented and reviewed.
6. Senior Managers are to display a commitment to help set high standards, be vigilant about identifying problems and ethical dilemmas, and will request Workers to come forward about potential problems or concerns in a supportive environment without fear of reprisal.
7. Senior Managers and Supervisors will ensure all contractors engaged within their department are aware of Council's Fraud and Corruption Reporting Policy and Procedures and reference to these are incorporated into contracts to ensure contractors and their employees are aware of their responsibilities and acceptable behaviours.
8. All Workers must familiarise themselves with this Policy and associated Procedures.
9. All Workers have a responsibility to safeguard Council assets against misuse or improper use or the appearance of misuse or improper use and must not use their position with Council to improperly gain personal advantage or confer advantage or disadvantage on any other person.

Reporting Fraud and Corruption

1. All Workers have a responsibility to prevent fraud and corruption as far as practicable. This includes identifying risks and promptly reporting incidents of suspected fraud or corruption.
2. Any Worker who becomes aware, or has grounds to suspect, fraud or corruption has been carried out by another Worker, must report the matter as soon as possible to the Protected Interest Disclosure Coordinator in accordance with Council's Public Interest Disclosure Policy and associated procedures.
3. Any Worker who becomes aware, or has grounds to suspect, fraud or corruption has been carried out by the Chief Executive Officer, must report the matter as soon as possible to the Mayor.
4. Any Worker who becomes aware, or has grounds to suspect, fraud or corruption has been carried out by a Councillor, must report the matter as soon as possible to the Chief Executive Officer or the Mayor.
5. In the event of an alleged fraudulent or corrupt activity, the person against whom the allegations are made shall be notified at the earliest available opportunity. Any such person shall have a support person and/or receive assistance and support under Council's Employee Assistance Program Policy and procedures during an investigation into any such conduct but is not obliged to receive such assistance if it is not required.
6. Workers may also report suspected fraud or corruption directly to an external agency such as IBAC, Victoria Police or the Victoria Local Government Inspectorate.
7. Where a member of the public reports alleged fraudulent or corrupt activities of a Worker, such report shall be treated in accordance with Council's Public Interest Disclosures Policy and any associated procedures.

Investigating Fraud and Corruption

1. The Chief Executive Officer or their delegate will decide how an investigation into fraud or corruption will be conducted, including whether any external assistance is to be sought. Where an allegation is made against the Chief Executive Officer into fraud or corruption, the Mayor is responsible for investigating such allegations. All decisions shall be recorded and the response (if any) recorded. The provisions of the *Public Interest Disclosures Act 2012* will otherwise be followed, as appropriate.
2. Council respects the civil rights of individuals, including Workers, and is committed to natural justice and the protection afforded to those making protected disclosures. In circumstances where an allegation of fraud or corruption is made, a Worker's right to silence shall be recognised.

Breach of this Policy

Suspected breaches of this policy by a Workers will be referred to the Chief Executive Officer for investigation.

Council may take disciplinary action against an Employee who is found to have breached this Policy and its associated procedures in accordance with Council's Disciplinary Action Policy. Such disciplinary action will be separate to any actions taken by external agencies such as Victoria Police or IBAC.

Policy Review

A review of this Policy and an evaluation of fraud and corruption control arrangements will be undertaken every two years as a minimum, or earlier if required.

Related Policies and Legislation

- *Charter of Human Rights and Responsibilities Act 2006*
- *Crimes Act 1958*
- *Freedom of Information Act 1982*
- *Independent Broad-based Anti-corruption Commission Act 2011*
- *Local Government Act 2020*
- *Privacy and Data Protection Act 2014*
- *Public Interest Disclosures Act 2012*
- *Public Interest Disclosures Regulations 2019*
- Buloke Shire Public Interest Disclosure Framework
- Buloke Shire Councillor Code of Conduct
- Buloke Shire Council Staff Code of Conduct
- Buloke Shire Council Employee Assistance Program Policy
- Buloke Shire Council Procurement Policy