

FIN007 - Fraud Protection Policy

1. POLICY CERTIFICATION

Policy title:	Fraud Protection Policy
Policy number:	FIN007
Category:	Policy
Classification:	Finance
Status:	In-Force

2. PURPOSE

Roper Gulf Regional Council (Council) is required to establish and maintain a fraud protection plan in accordance with the *Local Government (General) Regulations 2021* in order to detect and prevent fraud from within and outside of Council.

3. ORGANISATIONAL SCOPE

This Policy relates to all Elected Members, employees, and contractors irrespective of position or length of service.

4. POLICY STATEMENT

Council considers fraud to be a serious offence and that all Elected Members and employees have an obligation to ensure strong and effective fraud control. The Council will endeavor to:

- Reduce losses through fraud by developing and implementing financial and operating asset protection procedures
- Foster a working environment which promotes honesty and integrity
- Be committed to detecting, investigating and prosecuting individual cases of criminal behaviour, including fraud.

Fraudulent acts against Council are unacceptable, may constitute a criminal offence and may be legally prosecuted. Prompt action needs to be taken when fraudulent activity is detected. This will assist in preventing fraud both by bringing the fraudulent activity to an end, and to discourage the future actions of others who may be inclined to commit similar conduct. Transparency is the foundation of public accountability and organisational fraud prevention.

5. DEFINITIONS

Fraud	<p>For the purpose of this policy, fraud against Council is described as: <i>“The willful misuse of Council’s resources or using one’s position and power for personal gain.”</i></p> <p>A basic test for fraud could include the following questions:</p> <ul style="list-style-type: none"> ▪ Was benefit gained through deceit? ▪ Was the action illegal? ▪ Did the action result in money or other benefits being received by a person to which he or she was not entitled? ▪ Was there a deliberate attempt to gain benefit from an action to
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	which that person was not entitled?
Theft	Being the dishonest appropriation of the Council’s property with intent to deprive the Council of it permanently.
Corruption	The use of bribery, fraud or the irregular alteration and or distortion of records to conceal and/or misappropriate assets of the Council.
Whistle blowing	Action by an employee to disclose malpractice in the form of irregularity, wrong-doing or serious failures of standards at work.

6. PRINCIPLES

6.1 COUNCIL EXPECTATIONS

Asset protection and fraud prevention goes beyond monitoring the effectiveness of financial controls. It also requires maintaining an ethical climate which encourages all staff to be active in protecting Council’s funds and assets, and in reporting any breaches of accepted standards.

Council expects its Elected Members and staff to maintain a high standard of ethical conduct in all activities, in particular with respect to Council resources, information and authority. The community rightly expects Council to conduct its business in a fair and honest manner.

Council management (including Chief Executive Officer (CEO), General Managers, Managers and Supervisors) are expected to play a leadership role in promoting fraud prevention and ethical behaviour, and are responsible for:

- Fostering an environment within their areas of responsibility which makes asset protection a responsibility of all staff,
- Issuing clear standards and developing and implementing procedures to minimise the potential for fraud.

All staff are expected to develop, encourage, insist upon and implement sound financial, legal and ethical decision making within their responsibility levels. Measures to prevent fraud will be continually monitored, reviewed and developed.

Council’s COR006 Code of Conduct (Employee and Contractor) policy outlines what Council considers to be the acceptable behavioural standards of its employee and contractors. Council expects all staff to be familiar with and act in accordance with COR006 Code of Conduct (Employee and Contractor) policy.

The Mayor and Elected Members are expected to comply with the Code of Conduct as per Schedule 1 of the *Local Government Act 2019*.

6.2 FRAUD PREVENTION

The Council believes that an emphasis on fraud prevention rather than fraud investigation will lead to a reduction of these opportunities. Preventative measures include the pre-employment screening, and information and technology security systems thereby reducing the potential for opportunistic fraud.

Upholding Council's values and code of conduct is central to the Council's fraud prevention. However, in the event that these values and ethics are not upheld, the public and staff need to understand that fraudulent acts against Council are unacceptable and may constitute a criminal offence. Any effective asset protection strategy must recognise that prompt action needs to be taken when fraud is detected, both to bring the fraud to an end and to discourage others who may be inclined to commit similar conduct.

6.3 PROMOTION OF FRAUD PREVENTION

The promotion of the Fraud Prevention Policy may include activities such as:

- Training awareness seminars,
- Development and implementation of procedures and policies across all operational and financial activities of the Roper Gulf Region,
- Regular review and promotion of Council's Code of Conduct
- Encouragement of anti-fraud reporting processes, and
- Immediate investigative and/or disciplinary action taken against all reported fraudulent activities.

6.4 AUTHORISED DELEGATIONS

The OCEO002 Financial Delegations Manual has been approved by Council and all amendments to this manual must be approved by Council. The Financial Delegations Manual lists all financial authorisations associated with positions in Council. It also expresses the limits of these authorisations qualitatively and quantitatively.

The electronic Financial Management System allows for the limits on authorisations associated with position allocated to employees. The signing of cheques requires dual signatures and the electronic banking requires two authorisations. The Financial Delegations Manual defines the authorising positions.

6.5 INVESTIGATION

The CEO has over-riding responsibility for the investigation of suspected fraud within Council, however may delegate this to other Management Staff. If the matter involves the CEO the investigation will be managed by the Council. It is a requirement of this policy that all Elected Members and employees report any suspected fraudulent behaviour and assist with any investigation if required.

6.6 THE REPORTING PROCEDURE

1. Suspected or known fraudulent activity shall be reported to a General Manager or the CEO. If the employee has reason to believe that their General Manager may be involved, the employee shall notify the CEO.
2. General Managers shall communicate any suspected or known fraudulent act to the CEO. The CEO may initiate internal investigative actions of the suspected act.
3. General Managers shall:
 - take no action without consulting the CEO, recommend an appropriate temporary disciplinary action when there is evidence of wrong-doing, and if suspension or termination is recommended, consult with the Human Resources Department.

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4. All participants in a fraud investigation shall keep the details and results of the investigation confidential.
5. No person acting on behalf of Council shall dismiss or threaten to dismiss an employee; discipline or suspend or threaten to discipline or suspend an employee, impose any penalty upon an employee; or intimidate or coerce an employee because the employee has reported suspected fraud. Any violation of this section may result in disciplinary action up to and including termination of employment.
6. Reports by the public of suspected fraud will be immediately referred to the CEO.
7. Any staff member who knows or is aware of fraudulent activity and fails to report will be subject to disciplinary action.
8. The CEO or Delegated Officer will report all instances of fraudulent activity to the Independent Commissioner for Corruption (ICAC) as required under the ICAC Mandatory reporting requirements.

6.7 PROTECTION OF WHISTLE BLOWERS

1. An employee who suspects or reports suspected dishonest activity or any such activity witnessed may remain anonymous should he/she so require.
2. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud.
3. All managers should discourage employees or other parties from making allegations, which are false and made with malicious intentions. Deliberate false allegations with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.

6.8 CORRECTIVE ACTIONS AND DISCIPLINE

Appropriate and timely action will be taken against those proven to have committed a fraudulent act. The form of action taken will depend on the level and circumstances of each case. The form of action may include, but not limited to:

1. Disciplinary action (where the Council elects to take corrective or disciplinary action, it will proceed under the procedures in place under policy or under the Local Government Industry Award).
2. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
3. Forwarding information to the appropriate authorities for criminal prosecution.
4. Institution of civil action to recover losses.

6.9 CONFIDENTIALITY

All investigations will be conducted in confidence. The name or names of those communicating information about fraudulent activity and the name or names of those suspected of fraudulent activity will only be revealed when required by law in conjunction with the investigation or legal action.

6.10 POLICE INVOLVEMENT

In accordance with Regulation 27 of the *Local Government (General) Regulations 2021*, the CEO is required to report to Police any loss or damage (attributable to fraud) if;

- (a) The loss of money exceeds \$500;
- (b) The loss or damage of an asset or assets exceeds \$2,000.

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6.11 MEDIA

All media enquiries will be referred to the CEO. At no point is an employee to broadcast or communicate Council business with the media unless sanctioned by the CEO.

7. REFERENCES

Acknowledgements (original author/source documents)	<ul style="list-style-type: none"> • <i>Local Government Act 2019</i>; and • <i>Local Government (General) Regulations 2021</i>.
Related Policies	<ul style="list-style-type: none"> • SCH1-LGA2019 Members Code of Conduct; • OCEO002 Financial Delegations Manual; • FIN003 Purchasing and Payments Policy; • COR006 Employee and Contractor Code of Conduct; and • HR003 Employee Discipline Policy
Related Publications	

8. DOCUMENT CONTROL

Policy number	FIN007
Policy Owner	Finance Manager
Endorsed by	FCM
Date approved	25/07/2012 OCM
InfoXpert ID	673953
Amendments	September 2016 22 February 2023
Next revision due	February 2027

9. CONTACT PERSON

Position

Manager Corporate Compliance