

## FRAUD AND CORRUPTION POLICY

<b>Approval Level:</b>	Council
<b>Policy Type:</b>	Council
<b>Approval Date:</b>	16/09/2024
<b>Review cycle:</b>	Every 4 years
<b>Review Date:</b>	16/09/2028
<b>Responsible Officer:</b>	Manager Governance
<b>Owner:</b>	Governance
<b>Responsible Director:</b>	Corporate Performance
<b>Relevant Legislation/Authority:</b>	<i>Local Government Act 2020</i> <i>Public Interest Disclosures Act 2012</i> <i>Independent Broad-based Anti-corruption Commission Act 2011</i> Fraud and Corruption Control Standard AS8001-2021 AS ISO 31000:2018 Risk Management Guidelines AS ISO 37001:2019 Anti-bribery management systems
<b>DOCSETID:</b>	2514232

### 1. PURPOSE

1.1 The purpose of this policy is to:

- 1.1.1 outline the key elements of the City's fraud prevention process being foundation, prevention, detection and response;
- 1.1.2 outline roles and responsibilities in the prevention and escalation of fraud and corruption risks and events; and
- 1.1.3 implement prevention and detection controls within the City to minimise losses through Fraud or Corruption.

### 2. BACKGROUND

- 2.1 The City is committed to acting with integrity, good governance, and transparency to maintain a financially sustainable council that manages resources effectively and efficiently.
- 2.2 The City acknowledges Fraud and Corruption conflict with the organisation's values and have the potential to cause significant financial and non-financial harm. Fraud and Corruption undermines public trust in the City and wastes public resources. As a result, the City takes a zero-tolerance approach to Fraud and Corruption.

- 2.3 This policy is to be read in conjunction with the Fraud and Corruption Control Plan endorsed by the City's Executive Management Team.

### 3. SCOPE

This policy applies to all Employees, Councillors, Consultants, Contractors, Volunteers, Council appointed Committees and Individuals representing the City and in the event of a breach will also include impacted third parties.

### 4. DEFINITIONS

**Act** means *Local Government Act 2020* (Vic)

**Assessable Disclosure** is a disclosure which has been assessed by the Public Interest Disclosure Officer/Coordinator, subject to mandatory reporting to IBAC, which satisfies one of two tests:

1. the information shows or tends to show that there is improper conduct or detrimental action; or
2. the discloser believes on reasonable grounds that the information shows or tends to show that there is improper conduct or detrimental action.

The assessment will consider the seriousness of the conduct in terms of consequences and identify that there is a link between the conduct and the official function of the City or its officer(s).

**Bribery** means offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.<sup>1</sup>

**CEO** means Chief Executive Officer.

**City** means the Greater Bendigo City Council, being a body corporate constituted as a municipal Council under the *Local Government Act 2020* (Vic).

**Corruption** means dishonest activity in which a person associated with the City e.g. CEO, Director, Manager, Employee or Contractor acts contrary to the interests of the City and abuses their position of trust to achieve some personal advantage or advantage for another person or organisation.<sup>2</sup>

**Councillor** means a person holding the office of Councillor of the City from time to time.

**Disclosure** is a report about improper conduct or detrimental action of the City or its officer(s) made by an individual or group. The conduct may have occurred in the past, is currently occurring or may happen in future. It is not a disclosure if the complaint or allegation is already in the public domain.

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<sup>1</sup> AS8001-2021: Fraud and Corruption Control

<sup>2</sup> Examples of corruption can be found in the City's Fraud and Corruption Control System document.

**Employee** means a person who receives a salary or wages from the City (employed on either a full-time, part-time or casual basis where the nature of the work is permanent/ongoing or temporary for a specified period).

**Fraud** means dishonest activity causing actual or potential gain or loss to any person or loss to any person or organisation including theft of moneys 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.<sup>3</sup>

**Fraud and Corruption Control System (FCCS)** means a framework for controlling the risks of fraud and corruption against or by an organization.

**IBAC** means Independent Broad-based Anti-Corruption Commission.

**IBAC Act** means *Independent Broad-based Anti-Corruption Commission Act 2011*.

**Individual** means an Employee, volunteer, student, trainee, apprentice, contractor, subcontractor or consultant.

**Information Security Management System (ISMS)** means part of the overall management system, based on business risk approach, that establishes, implements, operates, monitors, reviews, maintains and improves information security.<sup>4</sup>

**Misconduct** means conduct that may justify the imposition of a disciplinary sanction, such as a written warning or termination (with notice). Refer to Managing Misconduct Procedure for examples.

**Public Interest disclosure** means a complaint, allegation or disclosure made in accordance with Part 2 of the *Public Interest Disclosures Act 2012* (Vic).

**Public Interest Disclosure complaint** means a disclosure that has been determined by the IBAC under section 26 of the *Public Interest Disclosures Act 2012* (Vic) to be a public interest disclosure complaint.

**Serious Misconduct** is behaviour that warrants summary (immediate) dismissal.<sup>5</sup>

## 5. PRINCIPLES

- 5.1 The City is committed to a zero-tolerance approach to the management of fraudulent or corrupt conduct.
- 5.2 All Individuals and Councillors who represent the City are responsible for the prevention and detection of Fraud and Corruption.
- 5.3 The City supports and promotes a culture of disclosure and encourages individuals to speak up and raise concerns.

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<sup>3</sup> AS8001-2021: Fraud and Corruption Control; Examples of Fraud can be found in the City's Fraud and Corruption Control System document.

<sup>4</sup> AS8001-2021: Fraud and Corruption Control

<sup>5</sup> Refer to Managing Misconduct Procedure for examples.

**5.4 The City will minimise fraud and corruption by:**

- 5.4.1 promoting good governance and an organisational culture that encourages and supports all Individuals and Councillors to be accountable for their actions to the community and act with integrity, trust, honesty and respect;
- 5.4.2 managing the risk of opportunistic fraud, by continually reviewing the effectiveness of our internal controls in line with the City's Risk Management Framework and to ensure that the City's business processes are streamlined and that complexities are minimised;
- 5.4.3 undertaking audits (internal and external) and risk assessments to help identify system vulnerabilities that may not have been detected through regular monitoring processes;
- 5.4.4 educating Employees and Councillors about the key elements of a robust fraud control framework, including policy, legal and governance requirements;
- 5.4.5 adopting clearly defined roles and responsibilities for controlling fraud and corruption for all officers, including but not limited to the Council, CEO, Directors, People Managers, Employees, Contractors and Volunteers; and
- 5.4.6 ensuring individuals understand their responsibilities regarding identification and reporting of any suspected fraudulent or corrupt behaviour.

## **6. POLICY**

### **6.1 Foundations for Fraud and Corruption control**

- 6.1.1 The City recognises that Fraud and Corruption is a serious threat and will allocate adequate resources to manage exposure including specialist resources (internal or external) with the requisite skills, experience and up-to-date training.
- 6.1.2 The City will implement a fraud and corruption awareness raising program and ensure all to whom this policy applies complete the required Fraud awareness training on commencement and undertake awareness training at least every three years.
- 6.1.3 The City will encourage a positive culture of disclosure by ensuring understanding of this policy, the Public Interest Disclosure Procedure and protections for people who make disclosures about improper conduct in the public sector (also known as whistleblowers).
- 6.1.4 The City will develop, document, promote, monitor and maintain a Fraud and Corruption Control System, which is aligned with the Fraud and Corruption Control Standards (AS 8001-2021).
- 6.1.5 The City will implement an Information Security Management System.

6.1.6 The City promotes good governance through the Good Governance Framework

## 6.2 Preventing Fraud and Corruption

6.2.1 The City proactively prevents fraud and corruption including by:

- managing conflicts of interest and risks connected to gifts, hospitality and similar benefits;
- designing effective internal controls to reduce the opportunity to commit Fraud and detect its occurrence should the preventative controls not be designed or operating effectively;
- implementing processes for effective and relevant workforce screening relevant to the risk exposure of a position;
- managing fraud and corruption risk exposure from relationships with external parties through an effective Procurement Policy;
- preventing technology-enabled fraud within the City's overarching approach to managing information security and cyber risks through the implementation of an Information Security Management System;
- protection of the City's tangible assets, including plant and machinery and other equipment through appropriate measures to prevent theft.

## 6.3 Detecting Fraud and Corruption

6.3.1 The City will implement initiatives to proactively detect fraud and corruption within the Fraud and Corruption Control System including the following detection actions:

- review of transactions after they have been processed by Individuals not involved in the preparation or authorisation of the transaction;
- analysis of management accounting reports;
- developing a program for detection of incidents of fraud and corruption through understanding early warning signs and applying data analytics;
- implementing an effective complaint management system and escalating matters alleging Fraud or Corruption to the Manager Governance.

## 6.4 Reporting Fraud and Corruption

6.4.1 The *Public Interest Disclosures Act 2012* (Vic), provides protections for people who make disclosures about improper conduct in the public sector (also known as whistleblowers).

6.4.2 Any person to whom this policy applies, having knowledge of a Fraud or Corruption incident (which may involve other Employees or Councillors), or has reason to suspect that Fraud or Corruption has occurred, has an obligation to immediately report the matter.

6.4.3 Individuals must maintain strict confidentiality when reporting Fraud or Corruption.

6.4.4 Individuals must not knowingly make false allegations of Fraud or Corruption.

6.4.5 The City will manage reports of Fraud or Corruption in accordance with the Public Interest Disclosure Procedure.

#### 6.4.6 Reporting Internally

- Notify your line manager or the manager of the person who is the subject of your disclosure (for City Employees only). The manager will then bring the matter to the attention of the Public Interest Disclosure Coordinator for appropriate action;
- Notify the Manager Governance, who is the Public Interest Disclosure Coordinator;
- Notify the Coordinator Legal Services who is the Public Interest Disclosure Officer; or
- Notify the CEO.

#### 6.4.7 Public Interest Disclosure

All Individuals engaged by the City, Councillors or other persons who wish to make a Public Interest Disclosure may make that disclosure (for further information refer to the Public Interest Disclosure Procedure) to:

- Public Interest Disclosure Coordinator, Manager Governance;
- Public Interest Disclosure Officer, Coordinator Legal Services;
- CEO (the CEO must notify IBAC of any matter where they suspect on reasonable grounds corrupt conduct has occurred or is occurring);
- IBAC  
Level 1, North Tower  
459 Collins Street  
Melbourne Vic 3000  
Telephone: 1300 735 135  
Postal address: GPO Box 24234, Melbourne Vic 3001  
Website: <https://www.ibac.vic.gov.au/home>

### 6.5 **Responding to Fraud and Corruption events**

- 6.5.1 The City will fully investigate all alleged or suspected acts of potential or actual Fraud or Corruption. Action will be taken regardless of the position, title and length of service or relationship with the City, or any party who might be or becomes involved in or becomes/is the subject of such investigation.
- 6.5.2 Where an investigation into Fraud or Corruption is required, any investigation and resulting disciplinary proceedings will be conducted confidentially and in accordance with the rules of natural justice.
- 6.5.3 In all circumstances, where there are reasonable grounds to indicate that Corruption has taken place, the matter must be reported to IBAC and with their guidance, notification made to Victoria Police as outlined in the Public Interest Disclosures Procedure.
- 6.5.4 Following findings that an incident of fraud or corruption has occurred the relevant Director will review systems and processes in place with a view to implementing changes to prevent future occurrences.
- 6.5.5 The Internal Auditor will be engaged to conduct an audit within 12 months of the outcome to ensure that the Director's recommendations have been satisfactorily implemented.

- 6.5.6 All incidents of fraud or corruption will be noted in the City's Fraud and Corruption Incident Register.

## **7. ROLES AND RESPONSIBILITIES**

- 7.1 Prevention of Fraud and Corruption is everyone's responsibility, specific high-level accountabilities and responsibilities related to roles are outlined below.

### **7.2 Individuals**

- 7.2.1 To perform their role in line with the City's values and the Code of Conduct.
- 7.2.2 To undertake Fraud and Corruption awareness training as required.
- 7.2.3 To be aware of fraud and corruption indicators, relevant to their role, and to immediately report actual or suspected improper conduct to their manager. Where an Individual suspects their manager is involved or impacted by allegations of fraud or corruption, they must immediately notify the CEO or Manager Governance.

### **7.3 Managers and Coordinators**

- 7.3.1 Must ensure they are aware, informed and accountable for their responsibilities related to the prevention and detection of Fraud and Corruption.
- 7.3.2 To identify areas of risk and ensure business processes, activities and functions within their area have effective controls in place to manage fraud and corruption risks.
- 7.3.3 To manage any excessive outstanding leave.
- 7.3.4 To ensure Individuals in their team have undertaken mandatory Fraud and Corruption awareness training and understand this policy and associated procedures.
- 7.3.5 To ensure in each instance where Fraud or Corruption is detected, the manager responsible reassesses the adequacy of the internal control environment and considers and implements improvements required.
- 7.3.6 To immediately notify the Manager Governance, Director Corporate Performance or CEO upon receiving notification of suspected or actual Fraud or Corruption in accordance with the requirements of clause 6.2 of this policy. Managers and Coordinators must not attempt to investigate the allegation or to discuss the matter with anyone other than the person to whom the matter was reported by and to notify the Public Interest Disclosure Coordinator/Officer.
- 7.3.7 To encourage all people to raise risks and improvement opportunities and act to address them in a timely manner.
- 7.3.8 To elevate all fraud and corruption concerns to the appropriate channels in accordance with this policy including to refer all disclosures to the Public Interest Disclosure Coordinator/Officer while maintaining confidentiality.



- 7.3.9 To ensure all Individuals within their team complete awareness of Fraud and Corruption training in accordance with this policy.

#### **7.4 Manager Governance / Risk and Assurance Team**

- 7.4.1 To oversee the development, implementation and delivery of the framework to manage Fraud and Corruption risks including:
- Fraud and Corruption Control Plan
  - Fraud and Corruption Communication Plan
  - Fraud and Corruption Training Program across the City
  - Fraud Reporting Resources
- 7.4.2 To receive reports and manage investigations into allegations of Fraud or Corruption in accordance with this policy, the Public Interest Disclosures Procedure and relevant legislation. Where the allegations relate to conduct by City Employees to consult with the Manager People and Culture pursuant to the City's Managing Misconduct Procedure.
- 7.4.3 To notify appropriate agencies including IBAC and Victoria Police of allegations of Fraud or Corruption and to act as the conduit between the City, insurers and investigators where fraud is suspected.
- 7.4.4 To maintain records of investigations and a register of Fraud and Corruption incidents.
- 7.4.5 To facilitate an audit by the Internal Auditor of the implementation of Director's recommendations following an incident of fraud or corruption in accordance with 6.5.5.

#### **7.5 Manager People and Culture**

- 7.5.1 To provide advice on allegations of fraud or corruption concerning Employees that require investigation pursuant to the City's Managing Misconduct Procedure.

#### **7.6 Manager Information Technology / Cyber Security Team**

- 7.6.1 To oversee the development and implementation of an Information Security Management System in accordance with best state and national practice.
- 7.6.2 To provide advice on and develop information technology initiatives to proactively detect fraud and corruption in accordance with clause 6.3 Detecting Fraud and Corruption.

#### **7.7 Manager Financial Strategy**

- 7.7.1 To provide advice on and develop financial process, procedures and reporting to proactively detect fraud and corruption in accordance with clause 6.3 Detecting Fraud and Corruption.



## **7.8 Public Interest Disclosure Coordinator/Officer**

- 7.8.1 Ensure appropriate communication, information, advice and support in relation to disclosure management is provided internally and externally in line with legal requirements;
- 7.8.2 Ensure the City maintains secure information management systems for the receipt, storage, assessment and notification of potential public interest disclosures;
- 7.8.3 Receive disclosures directly from internal and external individuals and indirectly through City's Employees authorised to receive such disclosures;
- 7.8.4 Review disclosures and refer those deemed an Assessable Disclosure directly to IBAC. Where disclosures are not found to be an Assessable Disclosure, or IBAC have determined it is not a Public Interest Disclosure, facilitate internal processes.

## **7.9 Directors**

- 7.9.1 To demonstrate, model and foster the highest standards of ethical behaviour.
- 7.9.2 To immediately notify the CEO and the Manager Governance upon becoming aware of any allegation or suspicion of Fraud or Corruption. Directors must not attempt to investigate the allegation or to discuss the matter with anyone other than the person to whom the matter was reported by and to notify the Public Interest Disclosure Coordinator/Officer or CEO.
- 7.9.3 To take overarching responsibility for the governance of Fraud and Corruption prevention and control in their Directorate and to ensure Fraud risk exposures are managed.
- 7.9.4 Following an incident of fraud or corruption to review systems and processes in place with a view to implementing changes to prevent future occurrences.
- 7.9.5 To approve the Fraud and Corruption Control Plan.

## **7.10 Chief Executive Officer (CEO)**

- 7.10.1 To demonstrate, model and foster the highest standards of ethical behaviour.
- 7.10.2 Primary responsibility for governing the City in a way that promotes the proper use of public resources and for oversight of actions outlined in this policy.
- 7.10.3 Principal Officer under the *IBAC Act* with mandated responsibilities under that legislation including to make notifications to IBAC in accordance with section 57 of any matter of which the Principal Officer/CEO suspects in reasonable grounds involved corrupt conduct occurring or having occurred.

7.10.4 Following a finding that Fraud or Corruption has occurred to determine whether to pursue recovery of Council losses from the offender, or other appropriate source(s), including court ordered restitution.

7.10.5 The CEO will consult, as appropriate, with the Director Corporate Performance, Manager Governance and the Manager People and Culture in relation to the application of this policy.

## **7.11 Audit and Risk Committee**

7.11.1 In accordance with section 54(2)(c) of the Act to monitor and provide advice on risk management and fraud and prevention systems and controls.

7.11.2 To escalate concerns to Council in accordance with the Audit and Risk Committee Charter.

## **7.12 Councillors**

7.12.1 To demonstrate, model and foster the highest standards of ethical behaviour.

1.1.1 Any Councillor who has knowledge of an occurrence of irregular conduct or has reason to suspect that Fraud or Corruption has occurred, or is occurring, must immediately notify the CEO. If the Councillor has reason to believe another Councillor or the CEO may be involved, the Councillor must immediately notify IBAC.

## **8. RELATED DOCUMENTS**

Readers are encouraged to access relevant documents and/or resources which are available as per the below.

These include:

[Borrowing Policy](#)  
[Cash Handling and Payment Reconciliation Policy](#)  
[Communications and Media Policy](#)  
[Conflict of Interest Guide](#)  
[Corporate Purchasing Card Policy](#)  
[Councillor Code of Conduct](#)  
[Employee Code of Conduct](#)  
[Employee Mobile Device Policy](#)  
[Fraud and Corruption Control Plan](#)  
[General IT Use Policy](#)  
[Gifts, Benefits and Hospitality Policy](#)  
[Good Governance Framework](#)  
[Investment Policy](#)  
[Loan Guarantee and Joint Funding Arrangements Policy](#)  
[Portable and Attractive Assets Policy](#)  
[Pricing Policy](#)  
[Procurement Policy](#)  
[Procurement Procedures Manual](#)  
[Public Interest Disclosure Procedure](#)  
[Revenue and Debt Collection Policy](#)  
Risk Management Framework  
[Risk Management Policy](#)

**Related Legislation/ Standards:**

*Local Government Act 1989 (Vic)*

*Local Government Act 2020 (Vic)*

*Public Interest Disclosures Act 2012 (Vic)*

AS8001-2021: Fraud and Corruption Control

AS ISO 37001:2019 Anti-bribery Management Systems – Requirements with guidance for use

Further information or advice on this policy should be directed to Governance

## 9. HUMAN RIGHTS COMPATIBILITY

The implications of this policy have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## 10. 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, such a change may be made administratively. Examples include a change to the name of a City unit, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be made through consultation with the staff Consultative Committee and with the approval of EMT or where required, resolution of Council.

## 11. DOCUMENT HISTORY

Date Approved	Responsible Officer	Unit	Change Type	Version	Next Review Date
July 2015	JS	Governance	Review	7	July 2017
November 2019	AC	Governance	Significant Review	8	November 2021
December, 2019	JN	Governance	Administrative – edited Doc Set ID number	9	November 2021
July 2020	AC	Governance	Administrative – updated Legislation to Public Interest Disclosure Act	10	November 2021
Sept 2024	RM	Governance	Significant Review	11	September 2028