

2.7 FRAUD PROTECTION PLAN

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Document History

Version	Date Amended	Details Comments e.g. Resolution Number
16/07/2013/006	14/10/15	Added Fraud Investigation Procedures

INTRODUCTION

Pursuant to the Local Government (Accounting) Regulations 10 (2) (a) The Coomalie Community Government Council (Council) is committed to protecting its revenue, expenditure and property from any attempt, either by members of the public, contractors, elected members or its own employees, to gain by deceit, financial or other benefits.

OBJECTIVE

To protect public funds and other assets, protect the integrity, security and reputation of the Council and its employees and assist in maintaining high levels of services to the community.

The Council's aims of this plan are to:

1. Reduce losses through fraud by developing and implementing an Asset Protection Plan within a working environment which promotes honesty and integrity
2. Be committed to detecting, investigating and prosecuting individual cases of criminal behaviour, including fraud.

POLICY STATEMENT

1. Council Expectations

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, Managers and Team Leaders) is responsible for fostering an environment within their areas of responsibility which makes asset protection a responsibility of all staff, for issuing clear standards and developing and implanting 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 expects all staff to be familiar with and act in accordance with Council's Code of Conduct. Unacceptable behaviours and guidelines for appropriate behaviour for staff are contained in the

Code. Council expects similar standards from the people, agencies or organisations that do business with Council.

The President and Elected members are expected to comply with the Code of Conduct for Elected Members.

Decision making processes are to be as open and public as possible.

Fraudulent conduct breeds in an environment where systems, standards and procedures are open to exploitation. It is in the best interest of asset protection for decision making to be visible and unambiguous to staff, elected members and the community as a whole. Visibility is the corner stone of public accountability.

Asset protection is concerned ultimately with the effective use of resources and minimizing waste, mismanagement and fraud. Effective accountability for the use of Council resources helps strengthen the asset protection environment of the Council.

2. Asset Protection Plan

All staff are to be involved in developing and implementing asset protection procedures for activities within their areas which will form part of Council's Asset Protection Plan.

The promotion of this Plan will include activities such as:

- Training awareness seminars
- Regular review and promotion of Council's Code of Conduct(s).
- Articles in staff newsletters and information bulletins

3. Ethics

Ethics is defined as:

"A system of moral principles by which human actions and proposals may be judged good or bad or right or wrong."

Council's Code of Conduct guides members and staff in what is accepted practice and behaviour and sets out ethical standards at a level above the law.

Asset protection 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.

Management must be mindful of their responsibility to foster and develop the high standards of ethical behaviour and commitment to a highly ethical workforce culture.

4. Definition of Fraud

For the purpose of this Plan, fraud against Council is described as:

"The wilful misuse of Council's resources or using one's position and power for personal gain."

A basic test for fraud could include the following questions.

- Was deceit used?
- Was the action unlawful?

- Did it result in money or other benefits being received to which the person was not entitled?
- Was an attempt made to do this?

5. Fraud Prevention

Fraud flourishes in an administrative environment where opportunities exist for waste, abuse and mismanagement. Council believes that an emphasis on fraud prevention rather than fraud investigation will lead to a reduction of these opportunities.

The underlying thrust of Council's Plan on fraud prevention is to encourage the public and staff to understand that fraudulent acts against Council are unacceptable, may constitute a criminal offence and may be prosecuted.

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. Reporting Fraud

Council supports and upholds the Whistleblower Legislation and principles.

This provides protection to people reporting "public interest information" to the appropriate authority in accordance with the *Public Interest Disclosure Act 2008*.

FRAUD INVESTIGATION PROCEDURES

INITIAL REPORTING

Any employee, contractor or consultant who has reason to suspect that a fraud has occurred should immediately notify the CEO. Should the alleged fraud incident relate to the CEO, the Shire President should be notified.

PRELIMINARY INVESTIGATION

The CEO shall carry out a preliminary investigation to determine the validity of the alleged fraud. The CEO will determine if appropriate that the matter should be investigated internally, referred to an independent investigator or if it is considered a criminal offence has occurred referred to the police.

A crime may be:

Theft
 Obtaining benefit by deception
 Embezzlement and misappropriation of Money
 Bribery of a public official or employee.

If the allegation is against the CEO the Shire President will carry out the preliminary investigation.

INVESTIGATION

If the Preliminary investigator finds evidence of fraud, the matter should initially be referred to an external investigator (forensic auditor). At any stage during the investigation that it is considered a crime has been committed, then the matter should be reported to the Police.

FINDINGS

The findings of the investigation will be detailed in a final report. The report will be tabled to Council for consideration.