

# Plan

## Fraud and Corruption Control

2021



### INFORMATION ABOUT THIS DOCUMENT

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| Further Document Information and Relationships |  |
|--|--|
| Related Legislation                            | <p><i>Local Government Act 1993</i></p> <p><i>Local Government (General) Regulation 2005</i></p> <p><i>Independent Commission Against Corruption Act 1998</i></p> <p><i>Ombudsman Act 1974</i></p> <p><i>Public Finance and Audit Act 1983</i></p> <p><i>Public Interest Disclosure Act 1994</i></p> |
| Related Policies                               | <p>Code of Conduct 2020 (D20/10650)</p> <p>Procedures for the Administration of the Code of Conduct (D20/10652)</p> <p>Fraud and Corruption Prevention Policy 2021 (D20/2485)</p>  |
| Related Documents                              | <p>Australian Standard AS8001-2008 Fraud and Corruption Control</p> <p>Fraud Control Improvement Kit, NSW Audit Office (February 2015)</p>   |

*\*Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*

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## 1. Overview

Liverpool Plains Shire Council (“Council”) is committed to maintaining a work environment that is resistant to fraud and corruption and is dedicated to implementing effective measures to minimise fraud and corruption risks. Fraud and corruption can undermine Council’s ability to achieve its objectives, and can have detrimental consequences such as:

- Financial loss;
- Waste of resources, including management time;
- Damage to corporate reputation;
- Loss of public confidence in Council’s ability to provide strong, effective and accountable local government; and
- Impact on employee morale and subsequent effects on productivity.

Council is committed to maintaining and upholding high standards of legal and ethical behaviour and has zero-tolerance to fraud and corruption in Council’s work environment. This does not mean that all fraud and corruption can be avoided. In practice, zero-tolerance means that Council will:

- Maintain an effective fraud and corruption risk management environment to minimise and mitigate risks of fraud and corruption, which includes promoting an ethical culture;
- Promptly assess all suspected or discovered incidents of fraud and corruption to determine their nature and extent;
- Investigate and respond to all matters of fraud and corruption;
- Apply appropriate administrative or contractual penalties, including termination of engagement;
- Seek prosecution against offenders for fraudulent and corrupt activities where Council deems appropriate, including referral to the Independent Commission Against Corruption (“ICAC”) or NSW Police;
- Take reasonable measures to recover losses caused by illegal activity; and
- Implement systemic changes to reduce the likelihood of recurrence.

## 2. Objective

This Fraud and Corruption Control Plan (“this Plan”) demonstrates Council’s commitment to preventing and controlling fraud and corruption. This Plan compliments Council’s Fraud and Corruption Prevention Policy 2021 and details Council’s approach to deterring and detecting fraudulent and corrupt behaviour and provides strategies to assist Council Officials to meet their fraud and corruption prevention responsibilities. For the purpose of this policy:

## 3. Scope

This Plan applies to:

- Council Officials
- Contractors
- Volunteers

#### 4. Definitions

| Term                     | Definition  |
|--------------------------|---|
| <b>Contractors</b>       | Includes contractors, consultants and suppliers engaged by Council under contract to provide goods, services or specialist or professional advice to Council.   |
| <b>Corruption</b>        | <p>Dishonest activity in which a director, executive, manager, employer or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity. The concept of 'corruption' can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly.</p> <p><i>(AS 8001-2008 Fraud and Corruption Control, 2008)</i></p>  |
| <b>Council Officials</b> | Includes Councillors, members of staff of Council, administrators, Council committee members and delegates of Council.  |
| <b>Fraud</b>             | <p>Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity where deception is used at the time, immediately before or immediately following the activity.</p> <p>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 benefit.</p> <p>The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered 'fraud'.</p> <p><i>(AS 8001-2008 Fraud and Corruption Control, 2008)</i></p> |
| <b>Volunteers</b>        | Individuals who voluntarily assist in the provision of Council services or in the delivery of its projects, programmes and events without financial payment.  |

## 5. Strategic Control Framework

This Plan and the control framework outlined within it are modelled on *Standards Australia AS8001-2008 Fraud and Corruption Control* and the 10 attributes of fraud control contained in the NSW Audit Office's Fraud Control Improvement Kit.

The Standard views fraud and corruption control as a holistic concept involving implementation and continuous monitoring across three key themes:

- **Fraud and corruption prevention:** strategies designed to prevent fraud and corruption from occurring in the first instance or to mitigate the effect of potential fraud.
- **Fraud and corruption detection:** strategies to discover fraud and corruption as soon as possible after it has occurred.
- **Fraud and corruption response:** systems and processes that assist an organisation to respond appropriately to an alleged fraud and corruption incident when it is detected.



Within these three themes sit the 10 attributes of fraud control identified by the NSW Audit Office:

1. Leadership;
2. Ethical framework;
3. Responsibility structures;
4. Fraud control policy;
5. Prevention systems;
6. Fraud awareness;
7. Third party management systems;
8. Notification systems;
9. Detection systems; and
10. Investigation systems.

Monitoring and review of fraud and corruption controls, alongside reporting and evaluation of their effectiveness is key to providing assurance that legislative responsibilities are being met. This also promotes accountability by providing information which demonstrates compliance with specific fraud and corruption control strategies.

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Management oversight through sound governance arrangements ensures that each strategy does not operate in isolation and that interdependencies are effectively identified and managed appropriately.

## 6. Fraud and Corruption Prevention

Council recognises that despite a comprehensive fraud and corruption control plan, it is possible that fraud and corruption may still occur. Council has adopted strategies aimed at mitigation of fraud and corruption risks.

### 6.1 Objectives

The objectives of the relevant strategies are:

- Policies, systems and procedures are in place to encourage the reporting of suspect behaviours;
- Fraud and corruption notification systems give the complainant the opportunity to report the suspect behaviours anonymously;
- Protection under Public Interest Disclosures;
- Policies, systems and procedures give equal opportunities to managers, staff, contractors, consultants and customers to notify Council of suspect behaviour; and
- Data is monitored to ensure that irregularities are identified and investigated.

### 6.2 Reporting Fraud and Corruption

Council Officials are required to report all instances of suspected fraud and corruption and Council will strongly support all Council Officials who report genuinely held suspicions of fraudulent or corrupt conduct. Council has developed the Public Interest Disclosure Reporting Policy which is compatible with the *Public Interest Disclosures Act 1994*.

Internal reports can be made to the Disclosure Coordinator, a nominated Disclosure Officer, the General Manager or the Mayor in accordance with the Public Interest Disclosures Policy.

Council is committed to:

- Creating a climate of trust where staff are comfortable and confident about reporting wrongdoing;
- Encouraging staff to report wrongdoing;
- Maintaining the confidentiality of a report of wrongdoing; and
- Protecting staff who disclose wrongdoing from reprisals

### 6.3 Internal Audit Program

Council has developed a program of internal audits to provide assurance that internal controls are implemented and are effective in achieving the desired objectives including the prevention and detection of fraud and corruption.

The internal audits will be conducted or coordinated by the Internal Auditor with consideration of the fraud and corruption risk assessments, fraud and corruption incidents (either at Council or similar entities) and the results of previous internal audits.

The Audit, Risk and Improvement Committee approves the annual Internal Audit Plan and is responsible for monitoring the results and implementation of approved recommendations arising from internal audits.

#### 6.4 Exit Interviews

The Manager Human Resources will ensure that when conducting exit interviews, enquiries are made as to whether any fraud or corruption has caused the resignation of the employee and whether there are any fraud and corruption risks requiring management.

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## 7. Fraud and Corruption Response

Response strategies are designed to ensure that any suspected fraud or corruption is investigated thoroughly, and appropriate action taken.

### 7.1 Objectives

Objectives of this strategy are to ensure:

- Procedures and other appropriate support (including training, where required) is provided to staff undertaking investigation activity on behalf of the Council;
- Investigation actions undertaken are consistent with the principles of procedural fairness and natural justice;
- Where appropriate expertise is not available internally, then external assistance will be sought;
- All investigations consider what improvements can be made to policies, systems and procedures within the organisation;
- Employees understand that fraud and corruption will not be tolerated and that perpetrators will face disciplinary action;
- Council has policies, which clearly identify the nature of suspect actions, which may require reporting to the NSW Police and the NSW Independent Commission Against Corruption (“ICAC”).

### 7.2 Investigations

The investigation of suspicions of fraud and corruption can be a complex and at times technical process. The consequences of a poorly conducted investigation include:

- Denial of natural justice;
- Denial of inadmissibility of evidence;
- Potential inability to commence criminal or civil proceedings for the recovery of assets and adverse publicity; and
- Erosion of Council’s reputation and community confidence in Council.

The General Manager may appoint an appropriately skilled, experienced and independent manager to conduct or coordinate an investigation into suspected fraud or corruption. The manager appointed to conduct or coordinate the investigation will consult the Director Corporate and Community Services on technical aspects of the investigation and seek assistance where required.

### 7.3 External Investigative Resources

Where appropriate, external expertise may be sought to conduct an investigation. The decision to obtain such external expertise will be at the discretion of the General Manager.

### 7.4 Disciplinary Procedures

Any breach of the Council policies or procedures will be considered as serious and disciplinary action may follow. The disciplinary process will be conducted in accordance with applicable legislation, guidance and the principles of natural justice.

## 7.5 Reporting to ICAC

Under section 11 of the *Independent Commission Against Corruption Act 1988* (“ICAC Act”), the General Manager is required to report actual corrupt conduct or any matter that the General Manager suspects on reasonable grounds concerns or may concern corrupt conduct to the ICAC and to respond to any referral requiring the Council to investigate or take other specified action.

## 7.6 Reporting to NSW Police or other regulators

The General Manager (subject to the requirements of ICAC) may report to Police or other regulators, any circumstances in which there is evidence giving rise to a suspicion on reasonable grounds, of fraud or corruption.

Where an allegation of fraud has been investigated and sufficient evidence to prove the allegation has been obtained, the matter may be reported to Police for investigation (subject to the directions of ICAC).

For matters not involving ICAC, the General Manager has the discretion of reporting to Police and may report to Police, unless exceptional circumstances warrant the matter not being reported. Any decision by the General Manager to not report a reasonable suspicion of fraudulent or corrupt conduct to Police will be documented.

## 7.7 Recovery of the Proceeds of Fraud and Corruption

Council will actively pursue the recovery of any money or property lost through fraud or corruption, provided there is a strong prospect of a net benefit from such action.

Civil action for the recovery may, at the discretion of the General Manager, extend to seeking a Garnishee Order or the appointment of a Trustee in Bankruptcy to the estate of the person against whom an order for restitution has been obtained but not satisfied.

## 7.8 Processional Indemnity and Combined Crime Insurance

Council’s insurance largely reflects the risks posed to Council and its operations including fraud and corruption and the applicable policies are in place.

## 7.9 External Communications

Council is committed to preserving its reputation in the event of any incidence of fraud or corruption. Should an incident be suspected, the General Manager will assess the need for, and management of, all media releases. An appropriate spokesperson will be assigned to address all questions in relation to the incident.

Council Officials will be briefed on how to respond to questions from the media or general public.

## 7.10 Internal Control Review

In each instance where fraud or corruption is detected, the Director Corporate and Community Services and the relevant Manager will reassess the adequacy of the internal control environment (particularly those controls directly impacting on the incident and potentially allowing it to occur) and consider whether improvements are required. Where improvements are required, these should be implemented as soon as practicable.

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### 7.11 Annual Reporting Requirements

In addition to the reporting of individual incidents of fraud and corruption, the Director Corporate and Community Services will provide the following information to the Audit, Risk and Improvement Committee at each financial-year end:

- Details of all instances of proven or suspected fraud and corruption;
- The number of cases of fraud referred to the Police for investigation;
- The reasons of any decisions not to report suspicions of fraud and corruption to the Police;
- A summary of the results of any completed prosecution action;
- The number of cases reported to the regulators;
- The number of cases resolved using administrative remedies only (i.e. dismissal of an employee);
- The amount of monies recovered, both by administrative action and the use of the judicial process;
- Whether external investigation resources have been used in carrying out the investigations; and
- Changes to the internal control environment subsequent to each case reported during the year (to allow the ARIC to assess whether internal control enhancements made will be effective in preventing fraud or corruption of that type in the future).

## 8. Fraud and Corruption Control Responsibilities

Realisation of fraud and corruption risks in a number of high-profile government programs has highlighted the need for strong leadership to support effective risk management practice and culture. Poor leadership can lead to a culture of complacency or give rise to situations where fraud and corruption incidents are only addressed after they emerge. Organisational commitment is required to ensure effective implementation of the fraud and corruption plan.

Council's General Manager has ultimate responsibility for Council's fraud and corruption risk management environment and endorses and supports effective risk management, practice and culture and the control activities and objectives outlined in this Plan.

While overall responsibility for this Plan rests with the General Manager, effective implementation of this Plan is dependent on the active participation of all who are subject to its guidelines. This includes use of the risk-based approach for fraud and corruption control, compliance with the internal control systems and extends to the correct procedures for reporting instances of suspected fraud and corruption.

Appropriate governance structures are critical to the effective operation of fraud and corruption control. Implementing an effective control environment for fraud and corruption prevention is a practical demonstration that Council is serious about its commitment to ethical practice

### 8.1 Mayor and Councillors

As Council's governing body, the Mayor and Councillors are responsible for:

- Leading and developing a culture of ethical behaviour;
- Overseeing and promoting Council's overall approach to fraud and corruption control; and
- Approving and adopting fraud and corruption control policies and procedures.

### 8.2 General Manager

The General Manager has the primary responsibility for the prevention and detection of fraud and corruption, and for the governance of Council. This involves a commitment to creating and maintaining a culture of honesty and ethical behavior. The General Manager is responsible for ensuring that appropriate resources are dedicated to fraud and corruption control in proportion to the size and risk profile of the organisation, including allocating a budget and assigning specific responsibilities.

The General Manager is responsible for:

- Demonstrating leadership and commitment to fraud control and prevention by endorsing and promoting the plan and associated tools and procedures;
- Council's compliance with relevant legislation and regulation;
- Ensuring those subject to the Plan are aware of their responsibilities under the Plan and the consequences of fraud and corruption;
- Ensuring effective internal controls and risk assessment and management systems are in place
- Ensuring identified fraud and corruption risks are fully addressed;
- Approving and monitoring systems of control and accountability for Council;

- Receiving reports on suspected cases of fraud and corruption and approving any further action plans or activities relating to the handling of matters; and
- Reporting instances of suspected fraud and corruption to ICAC in accordance with the *Independent Commission Against Corruption Act 1988* and, where appropriate, to the NSW Police.

### 8.3 Executive Management Team

The Executive Management Team (“EMT”) has a leadership role in developing and promoting an ethical culture, and shares responsibility for prevention and detection of fraud and corruption, governance of the Council and risk management. Directors are responsible for ensuring that specific and ongoing training is provided for staff primarily engaged in fraud and corruption control activities and staff working in high risk fraud and corruption areas.

The EMT considers strategic issues impacting their respective divisions, including any ongoing or emerging fraud and corruption risks, and monitors performance in delivering outcomes.

The EMT is responsible for:

- Championing the fraud control plan and procedures and promoting and sustaining ethical behaviour and culture;
- Ensuring implementation of the Plan and compliance with relevant codes, legislation and Council’s policies and procedures relating to their area;
- Ensuring risk management internal control systems are operating effectively;
- Ensuring employees are aware of the Plan and their responsibilities as part of the Plan;
- Identifying risks and developing appropriate internal risk mitigation control systems;
- Considering new and emerging risks on a regular basis and where necessary adjusting systems for control of these risks;
- Ensuring employees understand the purpose of and comply with internal controls; and
- Reporting suspected fraud and corruption through the appropriate channels.

### 8.4 Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee provides independent assurance and assistance to Council on risk management, compliance, control, governance, internal audit, fraud control, strategic plan implementation, organisational performance and improvement, and external accountability responsibilities.

The Audit, Risk and Improvement Committee ensures, assesses and advises whether there are adequate and effective systems of internal control in place throughout Council and assists in the implementation of the internal and external audit plans. The Audit, Risk and Improvement Committee also provides information to Council for the purpose of improving Council’s performance of its functions.

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## 8.5 Council Officials, Contractors and Volunteers

All Council Officials, Contractors and Volunteers are responsible for:

- Fulfilling their responsibilities under this Plan;
- Conducting themselves and performing their duties in accordance with the principles of the Code of Conduct and Council's values;
- Complying with Council's internal control systems, policies and procedures; and
- Reporting suspected fraud and corruption through the appropriate channels.

## 9. Appendix A: Reporting Fraud and Corruption

A report of wrongdoing can be made in writing or verbally to your line Manager or to a Disclosure Officer. A Council Officer who suspects that fraudulent activity is occurring should observe the following steps:

### 1. Note observations:

- Do not jump to conclusions;
- Carefully observe and note the suspected conduct;
- Document your own actions; and
- Keep any documents as possible evidence and do not alter them, and ensure they are stored securely.

### 2. Report concerns:

- To your line Manager or a Disclosure Officer who is available to provide advice on a confidential basis.

### 3. Inform only those who need to know:

- To prevent possible destruction of evidence by those involved in the fraud and
- As protection against any pressure from those at the centre of the allegations.

### 4. Maintain confidentiality:

- To protect the rights of a person suspected of a fraudulent activity who may, in fact, be innocent.

Additionally, the following external agencies can provide advice or receive reports of wrongdoing at Council:

| Independent Commission Against Corruption (ICAC) |            |  |
|--|------------|--|
| Contact regarding alleged corruption             | Telephone: | 1800 463 909   |
|  | Email:     | <a href="mailto:icac@icac.nsw.gov.au">icac@icac.nsw.gov.au</a>       |
| Office of Local Government - OLG                 |            |  |
| Contact regarding serious and substantial waste  | Telephone: | (02) 4428 4100   |
|  | Email:     | <a href="mailto:olg@olg.nsw.gov.au">olg@olg.nsw.gov.au</a>           |
| NSW Ombudsman                                    |            |  |
| Contact about alleged maladministration          | Telephone: | (02) 9286 1000   |
|  | Email:     | <a href="mailto:nswombo@ombo.nsw.gov.au">nswombo@ombo.nsw.gov.au</a> |
| Information and Privacy Commission NSW (IPC)     |            |  |
| Contact about alleged information breaches       | Telephone: | 1800 472 679   |
|  | Email:     | <a href="mailto:ipcinfo@ipc.nsw.gov.au">ipcinfo@ipc.nsw.gov.au</a>   |

## 10. Appendix B: Fraud and Corruption Action Plan

| NSW Audit Office Fraud Control and Corruption Framework Linkage   |               | Action  | Responsible Person   | 20/21 | 21/22 | 22/23 |
|---|---------------|---|--|-------|-------|-------|
| Framework Attribute   | Checklist No. |   |  |       |       |       |
| <b>PREVENTION</b>   |               |   |  |       |       |       |
| Leadership - GM and senior management commitment to fraud control   | 1             | Include a quarterly fraud and corruption message in periodic addresses to staff and any other relevant staff engagement opportunities | General Manager  | ✓     | ✓     | ✓     |
| Leadership - clearly defined GM and senior management accountability and responsibility                       | 2             | Senior managers' individual performance agreements contain performance measures and indicators relating to successful fraud control   | General Manager  | ✓     | ✓     | ✓     |
| Responsibility structures - management and all staff have clearly defined responsibilities for managing fraud | 6             | Review the Fraud and Control Corruption Control Plan and report to General Manager  | Director Corporate and Community Services & Director Infrastructure and Environmental Services | ✓     | ✓     | ✓     |
| Responsibility structures - management and all staff have clearly defined responsibilities for managing fraud | 6             | Responsibilities for fraud control are contained in role descriptions, where appropriate  | Manager Human Resources  | ✓     | ✓     | ✓     |

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| Leadership - clearly defined GM and senior management accountability and responsibility                       | 2 | Approve the Fraud and Corruption Control Plan and report to the Audit, Risk and Improvement Committee | General Manager                           | ✓ | ✓ | ✓ |
| Responsibility structures - management and all staff have clearly defined responsibilities for managing fraud | 6 |   |   |   |   |   |
| Leadership - clearly defined GM and senior management accountability and responsibility                       | 2 | Implementation of the Fraud and Corruption Control Plan   | Director Corporate and Community Services | ✓ | ✓ | ✓ |
| Responsibility structures - management and all staff have clearly defined responsibilities for managing fraud | 6 |   |   |   |   |   |
| Leadership - clearly defined GM and senior management accountability and responsibility                       | 2 | Ensure all action items of the Fraud and Corruption Control Action Plan are undertaken                | Governance and Risk Coordinator           | ✓ | ✓ | ✓ |
| Responsibility structures - management and all staff have clearly defined responsibilities for managing fraud | 6 |   |   |   |   |   |

|  |    |   |                                 |   |   |   |
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| Ethical framework - clear policies setting out acceptable standards of ethical behaviour                               | 3  | Ensure all relevant policies and procedures are available to staff as referenced in the plan.<br><br>Policies should be readily accessible on the intranet and accessible to outdoor staff.                               | Governance and Risk Coordinator | ✓ | ✓ | ✓ |
| Ethical framework - demonstrated compliance with the ethical framework   | 4  | All employees annually attest their adherence to the Code of Conduct or to report any breaches  | Manager Human Resources         | ✓ | ✓ | ✓ |
| Fraud awareness - staff awareness of fraud control responsibilities  | 20 |   |                                 |   |   |   |
| Ethical framework - employees can articulate obligations to ethical behaviour and the organisation's position on fraud | 5  | Acknowledge an understanding of the Code of Conduct, commitment to terms and conditions of employment and the Council's zero tolerance towards fraud, incorporating reporting through anonymous staff surveys if required | Council Officials               | ✓ | ✓ | ✓ |
| Fraud awareness - staff awareness of fraud control responsibilities  | 20 |   |                                 |   |   |   |
| Responsibility structures - fraud management is integrated with core business  | 7  | Strategic/operational plans, policies and procedures will consider incorporating the management of fraud and corruption risks and controls as appropriate   | Executive Management Team       | ✓ | ✓ | ✓ |
| Responsibility structures - resources are allocated to managing fraud  | 8  | Responsible for fraud and corruption control and central point of contact for all staff   | Governance and Risk Coordinator | ✓ | ✓ | ✓ |

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| Responsibility structures - clearly defined roles for audit and risk committee  | 9  | Oversee and monitor the progress of Fraud and Corruption Control Plan   | General Manager<br>Audit, Risk and Improvement Committee | ✓ | ✓ | ✓ |   |   |   |
| Responsibility structures - staff with responsibility for fraud control and staff in high risk fraud areas are provided with training | 10 | Coordinate performance assessments, gap analysis and needs analysis for support programs and fraud and corruption awareness training for existing employees and new employees during induction. | Manager Human Resources                                  |   |   |   |   |   |   |
| Staff awareness - comprehensive staff education and awareness program   | 19 |   |  |   |   |   | ✓ | ✓ | ✓ |
| Third-party management systems - targeted training and education for staff  | 22 |   |  |   |   |   |   |   |   |
| Fraud control policy - risk-based policies appropriate to the organisation  | 11 | Ensure all policies and procedures reflect the assessed fraud and corruption risks faced by Council   | Governance and Risk Coordinator                          |   |   |   |   |   |   |
| Fraud control policy - holistic and integrated  | 12 |   |  |   |   |   | ✓ | ✓ | ✓ |
| Fraud control policy – regularly reviewed, current and implemented  | 13 | Annually review the Fraud and Corruption Control Policy to ensure it reflects relevant changes within the organisation  | Director Corporate and Community Services                | ✓ | ✓ | ✓ |   |   |   |
| Prevention systems – proactive and integrated fraud risk assessment   | 14 | Co-ordinate the Fraud and Corruption Risk Assessment, at least every two years or more frequently if there is substantial change in the function, structure, or activities of the Council       | Governance and Risk Coordinator                          |   | ✓ |   |   |   |   |

|   |    |   |   |   |   |   |
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| Prevention systems – planning, follow up and accountability   | 15 | Approve the Fraud and Corruption Control Plan and report to Audit, Risk and Improvement Committee   | General Manager                           | ✓ | ✓ | ✓ |
| Prevention systems – planning, follow up and accountability   | 15 | Co-ordinate the implementation of the Fraud and Corruption Control Plan   | Director Corporate and Community Services | ✓ | ✓ | ✓ |
| Prevention systems – planning, follow up and accountability   | 15 | Ensure all action items of the Fraud and Corruption Control Action Plan are undertaken  | Governance and Risk Coordinator           | ✓ | ✓ | ✓ |
| Prevention systems – ethical workforce  | 17 | Conducting pre-employment screening and background checks on all applicants selected for positions Recruitment Policy to comply with AS 4811-2006 – Employment Screening on due diligence to be performed for internal promotions and transfers   | Manager Human Resources                   | ✓ | ✓ | ✓ |
| Prevention systems – IT security strategy   | 18 | Create and maintain an IT security strategy that includes a record of all IT security incidents   | Manager Customer and Information Services | ✓ | ✓ | ✓ |
| Third party management systems – third party due diligence and clear contractual obligations and accountabilities | 23 | <p>Conducting pre-contract screening of contractors and third parties and ensuring all procurement documentation appropriately addresses the risk of fraud and corruption</p> <p>Structured risk-based due diligence before engaging contractors or third parties</p> <p>Contracts and service level agreements include clear accountabilities for managing the risk of fraud</p> <p>Position descriptions for staff with responsibilities for managing third parties</p> | Chief Financial Officer                   | ✓ | ✓ | ✓ |

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|   |    | include accountabilities for managing fraud risks   |  |   |   |   |
| Third party management systems – third party awareness of reporting                                   | 25 | Council's Statement of Business Ethics to be provided to all third parties with procurement documentation   | Procurement and Contracts Coordinator                          | ✓ | ✓ | ✓ |
| Third party management systems – staff disclosure of conflicts of interested and secondary employment | 26 | Maintain a Conflicts of Interest and Secondary Employment register which is reviewed and updated annually<br><br>Staff will be asked to complete a Conflict of Interest declaration annually and to confirm/reconfirm secondary employment when change occurs<br><br>The procedure for the Management of Conflict of Interest could reflect either a standalone form, or email notification, to ensure declaration is done annually and approved in advance of secondary employment | Manager Human Resources<br><br>Governance and Risk Coordinator | ✓ | ✓ | ✓ |
| Detection systems – risk-based internal audit   | 33 | Maintain a risk based Internal Audit Program that considers the results of the fraud and corruption risk assessment in its annual planning program  | Internal Auditor   | ✓ | ✓ | ✓ |

| NSW Audit Office Fraud Control and Corruption Framework Linkage               |               | Action   | Responsible Person  | 21/20       | 21/22       | 22/23       |
|---|---------------|--|---|-------------|-------------|-------------|
| Framework Attribute   | Checklist No. |  |   |             |             |             |
| <b>DETECTION</b>  |               |  |   |             |             |             |
| Responsibility structures – fraud management is integrated with core business | 7             | Providing advice of fraud and corruption risks and internal control issues   | Internal Auditor  |             |             |             |
| Responsibility structures – resources are allocated to managing fraud         | 8             | Make available information including financial statements to external auditor appointed by the NSW Audit Office  | Chief Financial Officer<br>Manager Customer and Information Services<br>Governance and Risk Coordinator | As required | As required | As required |
| Fraud awareness – staff awareness of fraud control responsibilities           | 20            | Identifying potential risks of fraud in systems and processes in their area and reporting all suspicions of fraud and corruption   | Council Officials   | ✓           | ✓           | ✓           |
| Fraud awareness – customer and community awareness                            | 21            | Maintain mechanisms promoting the awareness and reporting of fraud by the community as appropriate<br>Make adjustments to the Council's website in regard to how the community report suspicions of fraud and corruption | Governance and Risk Coordinator<br>Communications and Media Officer                                     | ✓           | ✓           | ✓           |

|   |                     |  |  |   |   |   |
|---|---------------------|--|--|---|---|---|
| Third party management systems – effective third-party controls   | 24                  | <p>Conduct regular reviews of third-party dealings</p> <p>Devise specific internal controls relating to third parties</p> <p>Utilise supply vetting processes</p>  | Procurement and Contracts Coordinator  | ✓ | ✓ | ✓ |
| Notification systems – culture that supports staff reporting fraud and management acting on those reports | 27                  | <p>Publish the options available for staff to report fraud</p> <p>Fraud prevention and reporting training to be provided</p>   | <p>Governance and Risk Coordinator</p> <p>Procurement and Contracts Coordinator</p> <p>Manager Human Resources</p> | ✓ | ✓ | ✓ |
| <p>Detection systems – robust internal controls</p> <p>Detection systems – monitoring and review</p>      | <p>31</p> <p>32</p> | <p>Identifying potential risks of fraud in systems and processes under their control and implementing systems and controls to prevent and detect instances (e.g. post transaction reviews, proactive data analytics, strategic analysis of the management accounts and the role of Internal Audit)</p> | <p>Senior Management</p> <p>Chief Financial Officer</p> <p>Internal Auditor</p>                                    | ✓ | ✓ | ✓ |
| Detection systems – robust internal controls  | 31                  | Ensuring exit interviews include questions regarding fraud and corruption risks and any suspected fraudulent or unethical conduct  | Manager Human Resources  | ✓ | ✓ | ✓ |

| NSW Audit Office Fraud Control and Corruption Framework Linkage                |               | Action  | Responsible Person   | 21/20       | 21/22       | 22/23       |
|--|---------------|---|--|-------------|-------------|-------------|
| Framework Attribute  | Checklist No. |   |  |             |             |             |
| <b>RESPONSE</b>  |               |   |  |             |             |             |
| Prevention systems – planning, follow up and accountability                    | 15            | Co-ordinating a review of internal controls following a fraud or corruption incident  | Governance and Risk Coordinator                              | As required | As required | As required |
| Prevention systems – analysis of and reporting on suspected and actual frauds  | 16            | Providing a report to the Audit, Risk and Improvement Committee summarising the fraud incidents, actions taken, and outcomes  | Governance and Risk Coordinator                              | ✓           | ✓           | ✓           |
| Notification systems – processes to support upward reporting                   | 29            |   |  |             |             |             |
| Notification systems – policies, systems and procedures that support reporting | 28            |   |  |             |             |             |
| Notification systems – processes to support upward reporting                   | 29            |   |  |             |             |             |
| Investigation systems – clearly documented investigation procedures            | 34            | Providing a central referral point for allegations of incidents of fraud acts, inclusive of ensuring that all matters are appropriately recorded, independently and promptly investigated, referred (where and when appropriate) and reported | Communications and Media Officer<br>General Manager<br>Mayor | As required | As required | As required |

|   |    |   |                                 |             |             |             |
|---|----|---|---------------------------------|-------------|-------------|-------------|
| Investigation systems – investigations conducted by qualified and experienced staff | 35 |   |                                 |             |             |             |
| Investigation systems – decision-making protocols                                   | 36 |   |                                 |             |             |             |
| Investigation systems – disciplinary systems  | 37 |   |                                 |             |             |             |
| Notification systems – processes to support upward reporting                        | 29 | Managing media interest in any relevant incident  | General Manager                 | As required | As required | As required |
| Notification systems – external reporting   | 30 | Reporting a fraud or corruption incident to the ICAC, the Police, regulators, and other external parties  | General Manager                 | As required | As required | As required |
| Investigation systems – Insurance   | 38 | Notifying Councils insurers of a fraud incident and related or potential claim and pursuing recovery of losses associated with fraud and corruption | Governance and Risk Coordinator | As required | As required | As required |

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**11. Appendix C: NSW Audit Office Fraud Control Checklist**