

EC3 – Adoption of Fraud and Corruption Control Policy

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TRIM 9087

EXECUTIVE SUMMARY

- The Fraud and Corruption Control Policy has been written to combine Council's existing fraud control practices into a new Fraud Control Framework.
- The developed Framework reflects best practice recommendations from the NSW Audit Office.
- It is recommended that Council adopt the draft Fraud and Corruption Control Policy.

REPORT

Local Government reforms have introduced a number of changes to legislation and regulation.

Some of these changes include implementation of mandatory Audit, Risk and Improvement Committees (ARICs) within Councils. The ARICs will keep under review aspects of Council's operations, which includes amongst other things, fraud control.

Council has previously established an Audit Committee prior to the mandatory requirements.

Under the Local Government Reforms, the NSW Auditor General has been appointed as the external audit body for local government. The NSW Audit Office has developed a Fraud Control Improvement Kit which makes a number of recommendations for the State public sector to implement an effective Fraud Control Framework. The Fraud and Corruption Control Policy has adopted these recommendations.

Council staff are proactive in taking steps to implement a sound fraud control framework in 2018. Under the framework, Fraud and Corruption Management will be further enhanced and integrated within Council's core business. The framework will enhance Council's existing practices and complement future legislated changes once they commence.

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The Framework will deliver a number of improved initiatives which include:

- Mandatory Fraud and Corruption Training for all Staff.
- Corruption Prevention Workshop for Managers facilitated by ICAC.
- Identification of High Risk Fraud Positions and Risk Management strategies.
- Section Fraud Control Health Check, Fraud and Corruption Risk Assessments and Control Plans.
- Fraud and Corruption Responsibilities in Council's Code of Conduct.
- Clearly defined Fraud and Corruption responsibilities within all staff position descriptions.

The Council's Fraud and Corruption Control Policy includes 10 key attributes within the themes of Prevention, Detection and Response as recommended by the NSW Audit Office.

These attributes are interrelated and are:

1. Leadership
2. Ethical Framework
3. Responsibility structure
4. Corruption and fraud control policy
5. Prevention systems
6. Fraud awareness
7. Third party management systems
8. Notification systems
9. Detection systems
10. Investigation systems.

CONSULTATION

NSW Audit Office
Independent Commission Against Corruption
Office of Local Government

FINANCIAL IMPLICATIONS

This matter has no financial impact on Council's adopted budget or forward estimates.

ATTACHMENTS INCLUDED IN SEPARATE BOOKLET

1. DRAFT Fraud and Corruption Control Policy.

RECOMMENDATION

That Council adopt the draft Fraud and Corruption Control Policy.