

7.1. Audit Risk and Improvement Committee Minutes - 24 June 2022

AUTHOR: Ian Curry, Manager Council & Committee Services

ENDORSED BY: Shane Sullivan, Executive Manager Governance

ATTACHMENTS:

1. Minutes 24 June 2022 [7.1.1 - 9 pages]
2. Fraud and Corruption Prevention Policy [7.1.2 - 10 pages]

PURPOSE:

Council is required to consider the Minutes of this Committee under the Code of Meeting Practice.

EXECUTIVE SUMMARY:

This report presents the recommendations of the last meeting of the Audit, Risk and Improvement Committee held on 24 June 2022 for Council adoption. The minutes are attached for information.

FINANCIAL IMPLICATIONS:

Nil.

RECOMMENDATION:

1. **THAT** the Minutes of the 24 June 2022 Audit, Risk and Improvement Committee meeting be noted.
2. **THAT** the attached revised Fraud and Corruption Control Policy be adopted by Council.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.2 Council is well governed and customer focused

BACKGROUND

In accordance with the Audit, Risk & Improvement Committee Charter: *7. The endorsed Minutes of the Committee Meetings will be submitted to the next available Council meeting for adoption subject to any confidentiality requirements of specific items.*

CONSULTATION REQUIREMENTS

Community engagement is not required.

DETAIL

This report presents the recommendations of the last meeting of the Audit, Risk and Improvement Committee held on 24 June 2022 for Council adoption. The minutes are attached for information.

Item 5.7 Compliance and Governance Update provided a revised Fraud and Corruption Control policy. The policy is based up on the template policy provided by the Independent Commission Against Corruption.

At the meeting it was agreed that feedback on the proposed policy would be provided prior to the policy being reported to Council for adoption. This feedback was provided and incorporated into the attached draft policy. The draft policy was also provided to all Councillors in the Councillor Bulletin of 14 July 2022.



MINUTES

The Minutes of the **AUDIT RISK & IMPROVEMENT MEETING** held on Cammeraygal lands in the Supper Room, 200 Miller Street, North Sydney on Friday 24 June 2022.



1. Attendance

Chair:

Brian Hrnjak in the Chair.

Committee Members:

Ron Switzer, Independent Member
Councillor William Bourke
Councillor Godfrey Santer (Apology)

Staff:

Rob Emerson, Acting General Manager (from 10.23am)
Margaret Palmer, Director Corporate Services
Shane Sullivan, Executive Manager Governance
Christian Menday, Manager Finance

Visitors:

Susan Leahy, Head Internal Audit North Shore Councils (retired from the meeting at 10.50am)
Telman McGowan, External Audit (Prosperity)
Vipan Chauhan (Centium - Item 5.1)
Unaib Jeffrey (NSW Audit Office)

2. Apologies

Apologies received to be noted.

Apologies:

Councillor Godfrey Santer
Alex Hardy, Prosperity Advisors (External Auditor)

3. Disclosures of Interest

Brian Hrnjak and Ron Switzer noted that item 5.6 - Audit, Risk and Improvement Committee Charter included details of fees paid to Independent Members as resolved by Council. They declared an interest in this item.

There were no further new Disclosures of Interest.

4. Confirmation of Minutes

The Minutes of the previous meeting held on 14 March 2022, copies of which had been previously circulated, were taken as read and confirmed.

5. Committee Reports

5.1. Completed Internal Audit Report - Cyber Security

AUTHOR: Susan Leahy, Head of Internal Audit

To present the completed Internal Audit Cyber Security report.

An internal audit of cyber security was outsourced to Centium, who have applied the same scope of reviewing the OLG's draft 25 mandatory requirements at three other Councils of the shared service. The same audit has been completed by another provider at the remaining two councils.

The results of the audit will be presented by Vipin Chauhan, Director Cyber & IT.

RECOMMENDATION:

1. **THAT** the Cyber Security internal audit report be received and noted.

Vipin Chauhan (Centium) presented the audit findings to the Committee.

The Recommendation was moved by Ron Switzer and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

1. **THAT** the Cyber Security internal audit report be received and noted.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer

Against: Nil

Absent: Councillor Santer

5.2. Internal Audit Status Report

AUTHOR: Susan Leahy, Head of Internal Audit

This report provides a status on the Internal Audit Function in terms of resources, planned and completed audits.

The internal audit plan for the 18-month period from 1/1/2021 to 30/6/2022 is attached (1) and is considered to be complete.

- A cyber security review was outsourced to Centium. The full report is provided separately.
- A detailed audit universe (i.e., the range of activities, programs and systems that could potentially be subject to an audit taking into account other assurance

activities) has been completed. This will help inform the development of the 2022/23 internal audit plan.

- The fraud and corruption review assessed against the AONSW's 10 attributes is underway with a workshop scheduled for 21 June 2022.
- Under the International Professional Practices Framework (IPPF), Internal Audit is required to have an external quality assessment completed every 5 years and this was approved to take place in 2021. However, with Covid lockdowns and resource limitations as well as finalising the direction of the shared service this has been deferred.

RECOMMENDATION:

- 1. THAT** the report be received and noted with respect to the:
 - a. 2021-22 (18 month) internal audit plan and resourcing.
 - b. Consider future internal audit planning for 2022/23 after further discussion.
 - c. OLG status and performance reporting summaries

A Motion was moved by Ron Switzer and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

- 1. THAT** the report be received and noted with respect to the:
 - a. 2021-22 (18 month) internal audit plan and resourcing.
 - b. Consider future internal audit planning for 2022/23 after further discussion.
 - c. OLG status and performance reporting summaries
- 2. THAT** an in camera meeting be held with Council's internal and external Auditors and the Committee prior to the next Audit, Risk and Improvement Committee.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer

Against: Nil

Absent: Councillor Santer

5.3. Internal and External Audit Recommendations Status Report

AUTHOR: Susan Leahy, Head of Internal Audit

To report on the progress of previous internal and external audit recommendations made. At the completion of each audit, an Action Plan for Implementation of Report Recommendations is provided to Council management for comment and determination of accountabilities. Prior to each Audit & Risk Committee (ARIC) meeting an updated status is sought from management. The status – is linked to 'traffic light' reporting .

RECOMMENDATION:

- 1. THAT** the status of past internal audit recommendations be received and noted.

The Motion was moved by Ron Switzer and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

1. THAT the status of past internal audit recommendations be received and noted.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer

Against: Nil

Absent: Councillor Santer

A verbal report was provided by Unaib Jeoffrey (NSW Audit Office) as to the interim external audit report and its progression.

The Motion was moved by Ron Switzer and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

1. THAT the verbal update provided be noted.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer

Against: Nil

Absent: Councillor Santer

5.4. Financial Overview

AUTHOR: Margaret Palmer, Director Corporate Services

To provide an overview of the 2022/23 Draft Budget, Capital Works Program and Long Term Financial Plan (LTFP)

The Annual Audit Risk and Improvement Committee agenda outlines a number of responsibilities for Finance Services. This report aims to provide a brief summary of the Draft 2022/23 Budget and LTFP for 2022/23 to 2031/32.

The information contained within the attachment to this report, for consistency reasons, is an abridged version of the information presented and discussed at a Councillor Briefing held on 9 May 2022.

The Draft Budget and LTFP are included in the Draft Operational Plan, Delivery Program and Resourcing Strategy. These documents were endorsed by Council for public exhibition for 28 days after the meeting held on 23 May 2022.

After completion of the public exhibition period all three documents, inclusive of any recommended amendments, will be referred to Council for adoption on 27 June 2022.

The Draft 2022/23 Operating Budget forecasts a surplus of \$296,032 before capital grants and contributions. Modest surpluses before capital grants and contributions are forecast for the subsequent years of the LTFP.

The forecast balance of cash and investments should be sufficient to fund the services and capital works projects included in the Delivery Program 2022/23 to 2025/26.

However, the budget and LTFP will need to be closely monitored as forecast unrestricted and internally restricted cash balances are not sufficient to absorb the impact of any future major economic shocks, an urgent need to replace failing infrastructure in a given year or increase existing service levels.

RECOMMENDATION:

1. THAT the Committee note the information in the attachment to this report.

The Recommendation was moved by Brian Hrnjak and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

1. THAT the Committee note the information in the attachment to this report.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer

Against: Nil

Absent: Councillor Santer

5.5. Draft Resourcing Strategy 2022-2032

AUTHOR: Margaret Palmer, Director Corporate Services

To provide ARIC with the Draft Resourcing Strategy (including Long Term Financial Plan) as reported to Council on 23 May 2022. ARIC is being provided the report provided to Council. The report and attachments to Council are attached.

RECOMMENDATION:

1. THAT ARIC note the Draft Resourcing Strategy as adopted by Council for the purpose of Public Exhibition on 23 May 2022

The Recommendation was moved by Ron Switzer and seconded by Brian Hrnjak.

The Motion was put and **Carried**.

Resolved to Recommend:

1. THAT ARIC note the Draft Resourcing Strategy as adopted by Council for the purpose of Public Exhibition on 23 May 2022

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer
Against: Nil
Absent: Councillor Santer

5.6. Audit, Risk and Improvement Committee Charter

AUTHOR: Shane Sullivan, Executive Manager Governance

The purpose of this report is for the Committee to review and assess the adequacy of the Audit, Risk and Improvement Committee Charter as required every two years under the adopted agenda schedule.

The Audit, Risk and Improvement Committee Charter has been reviewed as attached to align to the draft Model Terms of Reference for local government audit, risk and improvement committees as included in the draft guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW.

It is noted that the guideline have still not been made and it is understood that this has now been delayed due to challenges related to the requirement for pre-qualification under the NSW Government's Prequalification Scheme. However, it would be appropriate for Council to move towards alignment with the draft guidelines as currently published.

It is also noted that Council recently resolved to appoint a third independent member to the Committee and the attached amended Charter reflects this change.

RECOMMENDATION:

1.THAT the Committee endorse the attached revised Audit, Risk and Improvement Committee Charter.

2.THAT the Committee recommends that the attached revised Audit, Risk and Improvement Committee Charter be adopted by Council.

A Motion was moved by Ron Switzer and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

1.THAT the attached revised Audit, Risk and Improvement Committee Charter be circulated for further comment and reported to the next ordinary Audit, Risk and Improvement Committee meeting.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer
Against: Nil

Absent: Councillor Santer

5.7. Compliance and Governance update

AUTHOR: Shane Sullivan, Executive Manager Governance

In accordance with Part F of the Annual Audit, Risk and Improvement Committee Agenda, the purpose of this report is to provide the Committee with an update on:

- Compliance matters generally
- Any examinations by regulatory agencies

Further in accordance with Part C of the Annual Audit, Risk and Improvement Committee Agenda this report provides information on:

- Review instances of fraud or possible illegal acts

In addition, information regarding general governance, improvement and risk matters are also included in this report.

A number of policies have been reviewed by Council for adoption prior to the end of the period 12 months following the election, including the Code of Conduct.

Work continues updating and reviewing Council's Operational Risk Register in alignment with the recently adopted Enterprise Risk Management Framework. It is expected that it will be possible to provide a report to the next meeting of ARIC against the new framework.

A revised Fraud and Corruption Control Policy has been developed and is provided to the Committee for any comment before presenting it to Council for consideration. The Policy is based upon the template policy provided by the Independent Commission Against Corruption.

A Continuous Improvement Project has been commenced to centralise the recording, reporting and management of External Audit actions, Internal Audit actions and other actions identified through adopted action plans.

RECOMMENDATION:

1.THAT the Committee endorse the attached Fraud and Corruption Control Policy.

2.THAT the Committee recommends that the attached revised Fraud and Corruption Control Policy be adopted by Council.

The Recommendation was moved by Ron Switzer and seconded by Councillor Bourke.

The Motion was put and **Carried**.

Resolved to Recommend:

1.THAT the Committee endorse the attached Fraud and Corruption Control Policy noting small amendments provided.

2.THAT the Committee recommends that the revised Fraud and Corruption Control Policy be adopted by Council.

Voting was as follows:

For/Against 3 / 0

For: Brian Hrnjak, Councillor Bourke and Ron Switzer

Against: Nil

Absent: Councillor Santer

6. Closure

The meeting concluded at 11:58 am.



FRAUD AND CORRUPTION PREVENTION CONTROL POLICY

D5-30

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Policy Owner: ~~Director Corporate Services~~ **Executive Manager, Governance**

Direction: 5. Our Civic Leadership

1. STATEMENT OF INTENT

1.1. The public, our fellow Council Officials and other people we deal with are entitled to expect each of us to act with integrity and to protect resources, information, revenues, reputation and the public interest. Therefore, North Sydney Council is committed to an honest and ethical environment that minimises fraud and corruption. Fraud and corruption are incompatible with our values and present a risk to the achievement of our objectives and the provision of our services to the public. North Sydney Council has a zero-tolerance approach to fraud and corruption.

1.2. North Sydney Council is committed to high ethical standards and aims to have a framework of policies, systems and culture that effectively minimise the risk of fraud and corruption by:

- a) demonstrably influencing culture and behaviour within a testable fraud control environment;
- b) maintaining employee morale and public confidence in Council;
- c) protecting Council's assets;
- d) encouraging Council Officials and others to report suspected or detected fraud or corruption;
- e) providing standards to report and deal fairly with matters pertaining to fraud;
- f) ensuring that fraud and corruption prevention is a living element of Council's culture; and
- g) ensuring that a tangible fraud prevention environment is apparent at all levels and in all work areas of Council.

~~1.3. This policy complements Council's Enterprise Risk Management Policy.~~

1.4. This policy applies to fraud and corruption against North Sydney Council as well as fraudulent or corrupt conduct by its Council Officials.

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2. ELIGIBILITY

- 2.1. This policy applies to all ~~Councillors, employees of Council~~ North Sydney Council officials, volunteers, consultants, contractors, outsourced service providers, any external entity providing goods or services to Council, and to any user of Council services or facilities.

3. DEFINITIONS

- 3.1. Corruption: In broad terms, corruption is deliberate, serious wrongdoing that involves dishonest or partial conduct, a breach of public trust or the misuse of information or material. A more detailed definition is found in ss 7, 8 and 9 of the Independent Commission Against Corruption Act 1988.

Some examples of corruption that could affect North Sydney Council include:

- The offer of inducements to influence decisions with regard to planning or compliance matters to obtain a favourable outcome
- The acceptance of monies, gifts or benefits in return for selection as a successful tenderer

3.2. Corruption is:

- a) Any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or
- b) Any conduct of a public official or former public official that:
 - i) constitutes or involves a breach of public trust, or
 - ii) involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.
- c) Any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly:
 - i) the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or
 - ii) the exercise of official functions by any public official, any group or body of public officials or any public authority and which could involve any of the following matters:

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- official misconduct (including breach of trust, fraud in office, nonfeasance, misfeasance, malfeasance, oppression, extortion or imposition),
- bribery,
- blackmail,
- obtaining or offering secret commissions,
- fraud,
- theft,
- perverting the course of justice,
- embezzlement,
- election bribery,
- election funding offences,
- election fraud,
- treating,
- tax evasion,
- revenue evasion,
- currency violations,
- illegal drug dealings,
- illegal gambling,
- obtaining financial benefit by vice engaged in by others,
- bankruptcy and company violations,
- harbouring criminals,
- forgery,
- treason or other offences against the Sovereign,
- homicide or violence,
- matters of the same or a similar nature to any listed above,
- any conspiracy or attempt in relation to any of the above.

3.3. Limitation on nature of corrupt conduct (See also Section 9 of the *Independent Commission Against Corruption Act 1988*):

- a) Despite clause 3.1 conduct does not amount to corrupt conduct unless it could constitute or involve:
 - i) a criminal offence, or
 - ii) a disciplinary offence, or
 - iii) reasonable grounds for dismissing, dispensing with the services of or otherwise terminating the services of a public official.

3.4. Fraud - **Fraud refers to dishonestly obtaining a benefit, or causing a loss, by deception or other means. It is the** deliberate and premeditated use of deception to gain advantage from a position of trust and authority. It includes acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other actions of deception.

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Some examples of fraud that could affect North Sydney Council include:

- The falsification of timesheets used to calculate payment of salaries
- Providing false information regarding educational qualifications and experience to gain employment

3.5. Prompt - Done immediately and without delay.

3.6. Council Official – includes councillors, members of staff, administrators, council committee members and delegates of council.

4. PROVISIONS

4.1. North Sydney Council is committed to minimising fraud and corruption in the workplace. To achieve this, Council will adopt and resource a fraud and corruption control framework that aligns to better practice.

4.2. North Sydney Council will adopt an agency-wide fraud and corruption control framework that is consistent with the NSW Fraud and Corruption Control Policy (Treasury Circular 18-02). In particular, it is also the policy of Council to:

- a) as part of its framework, implement internal controls that prevent, detect and respond to fraud and corruption
- b) assess its fraud and corruption risks at least every two years
- c) ensure all Council Officials, including contractors, are aware of relevant fraud and corruption risks and are trained to understand Council's values, codes, policies and expectations of behaviour
- d) report annually to the Audit, Risk and Improvement Committee on the status of the fraud and corruption control framework
- e) treat all complaints about, and instances of, fraud and corruption seriously. Council will cooperate with all relevant investigative and regulatory bodies and will take fair, proportionate disciplinary action against any employee or third party found to have engaged in fraud or corruption
- f) wherever practical, align to better practice advice issued by organisations such as the NSW Independent Commission Against Corruption, the NSW Ombudsman, the Office of Local Government and Audit Office of NSW.

4.3. Expectations:

- a) ~~Councillors and Council staff~~ Council Officials are expected to maintain a high standard of ethical conduct in all activities, particularly with respect to

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- resources, information, decision-making and authority.
- b) ~~All staff~~ Council Officials are expected to develop, encourage, insist upon and implement sound financial, legal and ethical decision-making within their responsibility levels.
 - c) ~~All staff and Councillors~~ Council Officials are expected to be familiar with and act in accordance with Council's *Code of Conduct - Councillors and Staff*. Council expects similar standards from the people and organisations that do business with Council.
 - d) ~~All staff and Councillors~~ Council Officials must declare any interests in relation to matters they are currently considering, investigating or making a decision on.
 - e) Fraudulent acts against Council are unacceptable and may constitute a criminal offence.
- 4.4. Council's Enterprise Risk Management Framework facilitates a holistic approach to the risk of fraud and corruption.
 - 4.5. Council will rely on fraud-specific best practice authorities to identify and assess fraud risk in keeping with its Enterprise Risk Management Framework.
 - 4.6. The three elements for prevention of fraud covered by this Policy come from the *Australian Standard AS8001-2008-21, Fraud and Corruption Control* are:
 - a) Structural elements - sound ethical culture, senior management commitment, periodic assessments of fraud and corruption risks, councillor, management and staff awareness, and fraud and corruption control planning;
 - b) Operational elements - internal controls, fraud detection programmes, mechanisms for reporting suspicions of fraud or corruption, dealing with detected or suspected fraud or corruption, line management accountability for the control of fraud and corruption risk, internal audit strategy, policy for the protection of whistleblowers (protected disclosures), allocation of resources to control fraud and corruption risks, screening and ongoing management of business associates, management of performance based targets, management of conflicts of interest, insurance and pre-employment screening; and
 - c) Maintenance elements - review of the effectiveness of the fraud and corruption control strategies, ongoing monitoring of the ethical culture and review and adjustment of the fraud and corruption control plan.
 - 4.7. Council's internal ~~Counselling and Disciplinary~~ Human Resource Policies Policy provides an equitable, fair and consistent approach to managing staff misconduct.
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It allows for the imposition of penalties including, but not limited to, formal warning, demotion, suspension without pay, and termination.

5. RESPONSIBILITY / ACCOUNTABILITY

- 5.1. Councillors are responsible for Council's strategic approach to fraud and corruption prevention and for modelling the highest standards of ethical behaviour and ensuring compliance with all relevant legal obligations.
- 5.2. The General Manager is responsible for ensuring that an agency-wide fraud and corruption control framework is in place, modelling the highest standards of ethical behaviour and ensuring compliance with all relevant legal obligations.
- 5.3. The Executive Manager, Governance is the owner of this policy and is responsible for coordinating and documenting Council's overall fraud and corruption control framework.
- 5.4. Council's Audit, and Risk and Improvement Committee and/or Senior Management Team (MANEX) are responsible for Fraud Control Health Checks from time to time, and for the instigation of improved control initiatives. The Audit, and Risk and Improvement Committee, in consultation with the General Manager, establishes regular and systematic audit reviews of Council's key and at risk systems, procedures and operations, fraud and corruption prevention framework, with a particular focus on risks identified in the Enterprise Risk Register. The Committee is responsible for giving advice about this policy and monitoring the fraud and corruption control framework.
- 5.5. The Internal Auditor may be directed or requested to conduct investigations.
- ~~5.6. Council's Chief Operating Officer is responsible for ensuring that this Policy is maintained and regularly reviewed.~~
- 5.7. Managers and Supervisors are expected to lead by example and to demonstrate integrity and fairness in decision making and be open and honest in their dealings with others.
- 5.8. Managers must ensure that the following fraud prevention elements are evident in the workplace (see also clause 4.6):
 - a) Positive attitude towards internal control, as expressed through interest, involvement, policies and procedures;
 - b) Enhanced performance and control through the selection, leadership and development of staff; and
 - c) Monitoring of systems, whether informal information gathering, active supervision or formal information systems.

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5.9. Managers are also expected to:

- a) ensure all agreed controls aimed at preventing, detecting and responding to fraud and corruption are in place
- b) alert the policy owner [or other suitable person] of any undocumented or emerging fraud and corruption risks
- c) ensure suppliers and contractors are aware of Council's policies and expectations in relation to fraud and corruption
- d) ensure all staff complete relevant training and are aware of fraud and corruption risks

5.10. In addition to complying with all integrity-related policies including the Code of Conduct, Council Officials are expected to cooperate with all initiatives aimed at preventing, detecting and responding to fraud and corruption. This includes risk assessments, training and education, audits and investigations and the design and implementation of controls.

5.11. Any Council Officials Councillor or staff member who suspects or detects fraud or corruption must report it in accordance with Council's *Code of Conduct - Councillors and Staff*. Staff must also promptly report it to the Department Manager(s), Director(s), General Manager, and/or Public Officer.

5.12. Department Manager(s), Director(s), General Manager, and/or Public Officer must act promptly to investigate and mitigate risk when fraud or corruption is suspected or detected.

5.13. Council must report annually on fraud and corruption related code of conduct complaints in accordance with Council's *Code of Conduct - Councillors and Staff*.

6. RELATED POLICIES / DOCUMENTS / LEGISLATION

The Policy should be read in conjunction with the following Council policies and documents:

- Audit, and Risk and Improvement Committee Charter
- Code of Conduct - Councillors and Staff
- Code of Conduct - Contractors, their Staff and Business Associates
- Code of Conduct - Precinct Office Bearers and Members
- Code of Conduct - Volunteers and Community Representatives
- Counselling and Disciplinary Policy (staff policy)
- Delegations of Authority Manual
- Enterprise Risk Management Policy
- Fraud Prevention Policy Guidelines (Appendix A)
- Gifts and Benefits Policy

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- Internal Audit Charter
- Internal Reporting - Public Interest Disclosures Policy
- Procurement Policy
- Procurement Manual (internal)
- Social Media Policy (staff policy)
- Web Access and Email Policy (staff policy)

The Policy should be read in conjunction with the following documents/legislation:

- Australian Auditing Standard ASA 240
- Australian Standard AS8001-2008~~21~~ Fraud and Corruption Control
- Australian Standard AS/NZS ISO 31000:2009~~18~~, Risk management - Principles and guidelines
- “Governance Health Check” issued jointly by the LGMA and the ICAC
- ICAC “Practical Guide to Corruption Prevention” ISBN 0 7310 7206 5 (and [Sample fraud and corruption control policy- ICAC](#))
- Independent Commission Against Corruption Act 1988
- Local Government Act 1993
- Local Government (General) Regulation 2005
- Local Government Tendering Guidelines for Local Government January 2006
- Model Code of Conduct and Procedures (~~March 2013~~), Office of Local Government
- NSW Audit Office Fraud Control Improvement Kit
- Privacy and Personal Information Protection Act 1998
- Public Interest Disclosures Act 1994

Version	Date Approved	Approved by	Resolution No.	Review Date
1	4 June 2007	Council	348	2008/09
2	16 February 2009	Council	61	2012/13
4	18 February 2013	Council	61	2016/17
5	15 September 2014	Council	394	2016/17
6	19 September 2016	Council	308	2020/21
7	25 June 2018	Council	214	2020/21
8		ARIC Council		

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APPENDIX A: FRAUD AND CORRUPTION PREVENTION POLICY GUIDELINES

1. Purpose of these guidelines

These guidelines explain how Council ensures:

- successful implementation of the Fraud and Corruption Prevention Policy; and
- continuous improvement of the associated fraud and corruption prevention framework.

2. Fraud and corruption prevention framework

Council's framework is modelled on the attributes set out in the *Fraud Control Improvement Kit* published by the Audit Office of New South Wales:

- a) Leadership - The General Manager and Directors are committed to fraud and corruption prevention, and work with the Audit, ~~and~~ Risk and Improvement Committee, Internal Audit and staff to ensure successful implementation of the Policy and framework.
- b) Ethical framework - Council's Fraud and Corruption ~~Prevention~~ Control Policy and related policies set out acceptable standards of ethical behaviour. They make clear that fraud and corruption are not tolerated by Council, and that unethical behaviour may meet with disciplinary action. These policies are readily available to Council Officials and are included in the induction process.
- c) Responsibility structures – Councillors, senior management, the Audit, ~~and~~ Risk and Improvement Committee, the Internal Auditor and staff have clearly defined responsibilities for fraud and corruption prevention. Fraud and corruption prevention is accounted for in Council's business plans and is supported with adequate resources and training.
- d) Fraud and Corruption Prevention Policy - The Policy takes a holistic, enterprise-wide approach to fraud and corruption risk management. It has strong links to Council's other policies on ethical behaviour and is reviewed regularly for continuous improvement.
- e) Prevention systems - Fraud and corruption risk assessment is part of Council's enterprise risk management process, and is regularly reviewed and reported to the Audit, ~~and~~ Risk and Improvement Committee. Detected fraud and corruption is recorded in Council's Risk Event register for remedial action and insurance purposes. Council undertakes pre-employment screening. Council's Information Technology strategy is aligned with organisational objectives and IT risks are included in the Enterprise Risk Register.
- f) Fraud awareness - Council Official are provided with a comprehensive awareness programme to ensure appreciation and understanding of responsibilities for preventing, detecting and reporting fraud and corruption. This begins with the induction process and is reinforced with periodic refresher training and circulars. Customers and the community are encouraged to report suspicions of fraud and corruption and are provided with easy to use channels to make reports. Council's codes of conduct set out ethical standards and mutual

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obligations for customers and the community.

- g) Third party management systems - Staff are given targeted training and education for dealing with contractors and suppliers. Council's contract management system includes structured risk-based due diligence and standardised contract wordings that make clear Council's commitment to fraud and corruption prevention. Council's codes of conduct set out ethical standards and mutual obligations for contractors and suppliers. Contractors and suppliers are encouraged to report suspicions of fraud and corruption and are provided with easy to use channels to make reports. Staff are regularly required to disclose conflicts of interest and secondary employment.
- h) Notification systems - Council supports **Council Official** who report fraud and corruption, and supports managers acting on those reports. There are well-publicised, clear and consistent options reporting fraud and corruption internally and externally. **Council Officials** can feel confident of protection from reprisal and demonstrated action will be taken in response to reports. Council's policies, systems and procedures support reporting and ensure appropriate reporting to senior management and the Audit and Risk Committee.
- i) Detection systems - Council has well documented risk-based internal controls to prevent, detect and correct fraud and corruption. Routine checks and audits are undertaken of activities, processes controls and transactions. Data is monitored and reviewed for early detection and intervention. Council has a well developed risk-based internal audit programme for fraud and corruption prevention, with audit recommendations assigned to responsible officers with timeframes for response.
- j) Investigation systems - Reports of fraud and corruption must be investigated promptly and to the highest standards. Investigations will be allocated sufficient resources and will be conducted by appropriately qualified and experienced personnel, and referred to an independent investigator where warranted. The investigation and decision-making process must be properly documented and proportionate to the scale of the fraud or corruption. The *Counselling and Disciplinary Policy* provides an equitable, fair and consistent approach to managing staff misconduct, including the imposition of penalties. Council will hold fidelity guarantee or equivalent insurance to protect against the financial consequences of fraud.

3. Enterprise Risk Management

The Policy relies on Council's Enterprise Risk Management process to systematically identify, assess and control fraud and corruption risks. Information is compiled from many sources, including event reports and internal audits. Assessments, controls and treatment plans are recorded in the Enterprise Risk Register and reported regularly to the Audit, ~~and Risk~~ **and Improvement** Committee.

Re-adopted by Council 25 June 2018