

PURPOSE

To outline Horsham Rural City Council's expectations for effective fraud and corruption control.

1. INTRODUCTION

The Horsham Rural City Council is committed to the prevention, deterrence and investigation of all forms of fraud and corruption. Fraud and corruption can be damaging to the Council through financial loss, loss of public confidence and adverse publicity. Council will not tolerate fraud or corruption – Councillors and Council officers shall at all times act ethically and in accordance with relevant codes of conduct.

2. SCOPE

This Policy applies to all Councillors, Council employees, contractors and volunteers engaged directly by the Horsham Rural City Council as well as its agents and contractors either engaged by Council or by an authorised contractor of the Horsham Rural City Council.

3. PRINCIPLES

- 3.1 Fraud and corruption are taken seriously at Horsham Rural City Council with zero tolerance of fraudulent activity or corrupt conduct.
- 3.2 Employees and other workplace participants must abide by the Staff Code of Conduct and must not engage in fraud and corruption. Councillors must abide by the Councillor Code of Conduct and not engage in fraud and corruption
- 3.3 Councillors, employees and other workplace participants who suspect or have knowledge of fraudulent activity or corrupt conduct have an obligation to immediately report the matter to the Independent Broad-based Anti-corruption Commission (IBAC)
- 3.4 Disclosures of fraud or corruption may attract protections under the Public Interest Disclosures Act 2012
- 3.5 No Councillor, employee or other workplace participant is to examine a case or seek evidence about fraud or corruption, other than those authorised to undertake investigations.
- 3.6 All suspected fraudulent or corrupt activities will be investigated and may attract criminal, civil, administration, or disciplinary sanctions.
- 3.7 Horsham Rural City Council has appropriate strategies and resources in place to manage its fraud and corruption risks as outlined in the Fraud and Corruption Control Framework (the Framework)
- 3.8 Horsham Rural City Council will undertake a fraud risk assessment at least every two years as part of a biennial review of the Framework.
- 3.9 This policy gives effect to Section 9 of the *Local Government Act 2020* that specifies the overarching governance principles and supporting principles that Council must adhere to in the performance of its role and functions.

4. COMMUNICATION

This policy is available on the Councillor portal, Council's Intranet, at staff induction, staff/team meetings, leadership team meetings, etc.

5. RESPONSIBILITY

Policy Owner: Director Corporate Services

This Policy will be reviewed every 2 years or earlier as required by changed circumstances including changes to legislation and plans, strategies or policies of HRCC with input from the Audit and Risk Committee as per the committee's Charter.

6. DEFINITIONS

Term	Meaning
Corruption	<p>Corruption is the misuse of public power or position. It includes where a public officer abuses their position of trust to achieve personal advantage or advantage for another person or organisation and acts contrary to the interests of the organisation.</p> <p>Corruption also occurs where a person adversely affects the honest performance of a public officer or public body in the exercise of public functions or powers. For example the manipulation of documents for a permit application may lead to unfair selection.</p>
Fraud	<p>Fraud is dishonest activity causing actual or potential gain or loss to any person or organisation (including theft of money or other property) by employees or persons external to the organisation, and/or where deception is used at the time, immediately before or immediately following the activity.</p> <p>Fraud 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 benefit.</p>
Independent Broad-based Anti-corruption Commission (IBAC)	Victoria's agency responsible for preventing and exposing public sector corruption.
Investigation	Investigation means a search for evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the criminal law or the policies and standards set by the Council.
Workplace participant	For the purpose of this policy, contractors and volunteers engaged directly by the Horsham Rural City Council as well as its agents and contractor

7. SUPPORTING DOCUMENTS

Document	Location
Councillor Code of Conduct	Councillor Portal and Website
Conflict of Interest Procedure	Intranet
Disciplinary (inc Managing Underperformance) Procedure	Intranet
Fraud and Corruption Control Framework *new (Appendix 1)	Intranet
Gifts, Benefits and Hospitality Policy	Intranet and Website
Public Interest Disclosure Procedure	Intranet and Website
Risk Management Policy	Intranet
Staff Code of Conduct	Intranet
Legislation and Guidelines	
Australian Standard on Fraud Control and Corruption Control (AS 8001:2021)	
Australian Standard in Risk Management (ISO 3100:2018)	
IBAC Guidelines	Website
Local Government Act 2020	Website
Public Interest Disclosure Act 2012	Website

8. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment	Review Date
01	09 Dec 2013	EMG	<ul style="list-style-type: none"> New Policy 	09 Dec 2016
02	09 Dec 2017	EMG	<ul style="list-style-type: none"> amended to reference the Protected Disclosure Act 2012 and align with the new policy template 	09 Dec 2020
03	26 June 2023	Council	<ul style="list-style-type: none"> Amended to reflect revised standard and the LGA 2020 Rescind procedure and include framework 	26 June 2025

FRAUD AND CORRUPTION CONTROL FRAMEWORK

Horsham Rural City Council does not tolerate fraud or improper conduct by its employees, officers or Councillors, nor the taking of reprisal against those who come forward to disclose such conduct.

Council is committed to providing an organisational culture supported by appropriate policies and procedures to prevent fraud and corruption.

The Fraud and Corruption Control Framework provides a high-level overview of the mechanisms in place to prevent, detect and respond to fraud and corruption incidents, demonstrating compliance with the Standard.



**Leadership
and Culture**

**Policy, Legislation
and Governance**

**Prevent
Detect
Respond**

**Monitor
Evaluate
Report**

1. FOUNDATIONS OF FRAUD AND CORRUPTION CONTROL: PLANNING AND RESOURCING



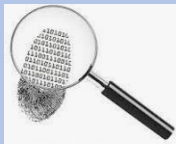
Prevent

Proactive elements
to prevent fraud and
corruption

Ethical culture: All Councillors and Staff are responsible for the development and maintenance of an ethical culture. The Codes of Conduct detail the ethical values and principles that are expected of all staff and Councillors of Horsham Rural City Council.

Fraud and Corruption Policy and Framework: Council ensures that it has Fraud and Corruption Control Policy and Framework in place. Line Managers shall set the example in regard to exercising and demonstrating high levels of integrity in the execution of their roles and functions by regularly reminding employees of the importance of complying with the Code of Conduct, the Fraud and Corruption Control Policy and Framework. The Audit and Risk Committee will periodically monitor, review and provide advice on fraud and corruption prevention systems and controls.

Raising awareness: Induction, Governance Onboarding and online training is Council's method for ensuring that all employees and Councillors are aware of their responsibilities and the expectations for ethical behaviour while representing Council in their duties. Fraud and Corruption controls are available to staff and Councillors through Council's intranet including links to all relevant documents, any substantive changes in the policy, framework or Codes of Conduct will be communicated to all staff and Councillors.



Detect

Actions to increase
the likelihood of
detecting fraud and
corruption

External Audits: Auditors can detect material misstatements in Councils financial records due to fraud or error. Auditors meet quarterly with the Audit and Risk Committee where they report on the audit methodology and present a closing report.

Reporting: Council encourages all Councillors and Staff to maintain awareness and vigilance in regard to fraud and corruption. No individual reporting suspected fraud or otherwise participating in the investigation of fraud will be discriminated against. Public Interest Disclosure Procedure is available to all Councillors and Staff and includes all avenues for reporting.

Mandatory Reporting: The CEO will notify IBAC of any matter they suspect on reasonable grounds to involve corrupt conduct occurring or having occurred.



Respond

Actions to respond to
detected fraud and
corruption incidents

Internal Investigations: Upon receipt of a report of fraudulent or corrupt behaviour, or suspected behaviour, Council will as soon as practicable ensure that an investigation is conducted into the alleged misconduct. A disclosure about a Councillor must be made directly to the Independent broad-based anti-corruption commission (IBAC) or the Ombudsman.

External Investigations: The trigger for external investigation will be any matter that has clear evidence of criminal activity or cannot be adequately resourced internally either by way of complexity or drain on internal resources.

Council's responses to investigations may include disciplinary action, reporting to Victoria Police and/or Civil Action to recover losses.

2. FRAUD AND CORRUPTION CONTROL FRAMEWORK ELEMENTS

This framework forms the foundation of fraud and corruption control at Council and is to be read in conjunction with policies and procedures listed below.

COMMUNICATION INTENT	IDENTIFYING RISKS	LIMITING OPPORTUNITIES	RAISING AWARENESS	MONITORING
<ul style="list-style-type: none"> • Fraud and Corruption Control Policy • Fraud and Corruption Control Framework • Employee Code of Conduct • Councillor Code of Conduct • HRCC Workplace Values • Procurement Policy • Procurement Procedure • Procurement Evaluation Tools • Public Interest Disclosure Procedure (including mandatory reporting by CEO) • Gifts, Benefits and Hospitality Policy 	<ul style="list-style-type: none"> • Risk Assessments / Risk Register • Risk Management Framework • Biannual Procurement Reports • Recruitment Vetting (Police Checks, Referees, Qualifications, Conflict of Interest etc) • Supplier / Customer Vetting (Financial Checks – Risk & Failure Reports for larger contracts) • The IBAC / VAGO / Ombudsman publications 	<ul style="list-style-type: none"> • Internal controls including but not limited to: system controls (Finance, Human Resources, Secure sign in, eProcure, Risk Register) • Internal Audit actions Compliance Review actions • Recruitment Policy and Recruitment Procedure • Delegations, Authorisation procedures • Conflict of Interest Procedure, declaration and register, Gift register • IT system access controls • Exemption reporting i.e. Payroll, accounts payable etc • Segregation of duties • Vendor Master file cleansing • Dual authorisation payroll EFT payments 	<ul style="list-style-type: none"> • Online learning modules, Fraud and Corruption Awareness • Mandatory specific training for all financial delegation holders • Organisational induction and onboarding training • Governance onboarding • Contractor Induction Training 	<ul style="list-style-type: none"> • Risk Management Committee • Internal Auditor, Plan and ad hoc audits • External Audit, VAGO • Audit and Risk Committee • EMT Monitoring i.e. excess staff leave balance

3. RESPONSIBILITY

Responsibility for the prevention and detection of fraud and corruption and for the implementation and operation of controls that minimise fraudulent and corrupt activity within their areas of responsibility rests with all level of managements, Councillors, staff, volunteers and agency or contract staff who represent Council.

ROLE	RESPONSIBILITY
Councillors	<p>As part of their sworn oath (or affirmation) as elected representatives, Councillors have a duty to ensure that Council assets and resources are safeguarded from fraudulent and corrupt conduct, and to ensure that Council's powers, duties and responsibilities are exercised in an open, fair and proper manner to the highest standards of probity.</p> <p>Councillors must lead by example and genuinely commit to fraud and corruption control by raising awareness and ensuring that associated risks are considered in their dealing with the CEO, Council Officers and members of the public.</p> <p>Councillors are responsible for reporting any suspected fraud and corruption of the CEO to IBAC.</p>
Chief Executive Officer	<p>The Chief Executive Officer (CEO) has ultimate accountability for fraud and corruption control within Council and ensuring policies, procedures are followed, and that appropriate governance structures are in place and are effective.</p> <p>Expeditiously reporting to IBAC, relevant agencies and the Audit and Risk Committee in accordance with this policy.</p>
Executive Management Team	<p>Ensuring Fraud and Corruption Control is embedded into enterprise risk management.</p> <p>Monitoring the implementation of this policy.</p> <p>Reviewing the annual risk assessment and assisting in establishing a Fraud and Corruption Control Plan.</p> <p>Championing ethical behaviour and fraud and corruption awareness within Council.</p> <p>Assisting with the handling of any incidents as appropriate.</p> <p>Working in partnership with the Manager People, Culture and Performance in relation to training and awareness of fraud and corruption across the organisation.</p> <p>Monitoring compliance with associated codes of conduct, policies and procedures.</p> <p>Receiving reports on actual incidences of fraud and corruption.</p>
Audit & Risk Committee	<p>Reviewing and endorsing this Policy and reviewing the mechanisms in place to comply with the Policy including an annual risk assessment and control plan.</p> <p>Considering the adequacy of actions taken to prevent, detect and respond to fraud and corruption.</p> <p>Receiving reports on actual incidences of fraud and corruption.</p> <p>Ensuring fraud and corruption control is adequately considered in the Internal Audit Strategic Plan.</p>

External Auditors (VAGO) role in the detection of fraud and corruption	<p>The Victorian Auditor General's Office (VAGO) is the external auditor for Horsham Rural City Council. VAGO has an obligation to consider the risk of fraud and corruption in performing the external audit. Council will engage with VAGO in an open and collaborative manner to assist VAGO in the discharge of its obligations including:</p> <ul style="list-style-type: none"> - Sharing findings of Council's fraud and corruption risk assessments and the results of any investigations undertaken into fraudulent or corrupt behaviour - Providing VAGO with Council's Fraud and Corruption Control Framework focussing on the importance Council places on fraud and corruption - Offering such assistance as the auditor may require enabling a more comprehensive understanding of Council's approach to fraud and corruption management.
Public Interest Disclosure Co-ordinator and Officers	<p>Receiving allegations of fraud and corruption (where the disclosure falls within the <i>Protected Disclosure Act 2012</i>). Please refer to Horsham Rural City Council's Public Interest Disclosure Procedure, including the Roles and Responsibilities.</p> <p>Council's Public Interest Disclosure Co-ordinator is the Chief Executive Officer and the Public Interest Disclosure Officer is the Director Corporate Services.</p>
Managers, Co-ordinators and Team Leaders	<p>Complying with this Policy and promoting awareness and compliance with this Policy to staff, contractors and volunteers who fall within the area of responsibility of their Department.</p> <p>Identifying and documenting fraud and corruption risk as business as usual and after organisational change.</p> <p>Ensuring strong fraud and corruption risk control exist, are recorded on their respective departmental operational risk registers and are complied with by all staff and frequently reviewed.</p> <p>Educating their staff about fraud and corruption controls and procedures following the detection of fraud and corruption.</p> <p>Continuously promoting ethical behaviour by their actions and advice.</p>
Governance Co-ordinator	<p>Responsible for reviewing and updating Council's Fraud and Corruption Control Policy.</p> <p>Responsible for maintaining Council's confidential Fraud and Corruption Incident Register.</p> <p>Support the CEO in expeditiously reporting to IBAC, relevant agencies and the Audit and Risk Committee in accordance with this policy.</p>
IT Co-ordinator	<p>Ensuring the security of electronic records secured against unauthorised access or use, audit actual use of those records and reporting any irregular transactions or misuse of IT services and equipment.</p> <p>Co-ordinate access to IT records, equipment and service for matters that require investigation.</p>
Council staff, contractors and volunteers	<p>To be aware of and understand their obligations in identifying and reporting any risks, exposures or suspected fraudulent activities.</p>