

Cessnock City Council Corruption Prevention Policy

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General Manager's foreword

The community expects Council Officials to perform our duties with honesty and in the best interest of the public. Council is committed to excellence in corporate governance and the highest standards of ethical behaviour. This policy contributes towards the achievement of accountability, integrity and transparency in the management of Council. Preventing, detecting and responding to Fraud and Corruption is a critical part of meeting our commitment to our community. We treat allegations of Fraud and Corruption seriously and have zero tolerance for such behaviour.

All Council Officials play a critical role in Council's Fraud and Corruption prevention activities. By playing our part, we ensure we maintain the highest level of integrity in local government.

Ken Liddell, General Manager of Cessnock City Council.

1. POLICY OBJECTIVES

The objectives of this policy are to:

- 1.1. Provide a framework for the prevention, detection, investigation and control of Fraud and/or Corruption activity;
- 1.2. Protect Council's resources, including Council's financial assets, information, reputation and the public interest; and
- 1.3. Protect the integrity, security and reputation of Council and Council Officials.

2. POLICY SCOPE

- 2.1. This policy applies to Councillors, members of staff, Council committee members, delegates of Council, and volunteers.
- 2.2. This policy also applies to contractors, consultants, suppliers and other entities, as well as third parties with regard to functions and operations undertaken for or on behalf of Council.
- 2.3. Reports of wrongdoing that do not amount to Fraud or Corruption should still be reported and may be dealt with in accordance with Council's Code of Conduct or other relevant policies or procedures.
- 2.4. This policy applies to Fraud and Corruption against Council as well as Fraudulent or Corrupt conduct by Council Officials.

3. POLICY STATEMENT

- 3.1. Council has zero tolerance to Fraud and Corruption and is committed to minimising the potential for Fraud and Corruption to occur by implementing and regularly reviewing a range of strategies that aim to prevent, detect and respond to Fraud and Corruption.
- 3.2. Council is committed to ensuring its Corruption Prevention Framework aligns with:
 - 3.2.1. the Australian Standards on Fraud and Corruption Control (AS8001:2021);
 - 3.2.2. the Audit Office of New South Wales's sample Fraud Control Policy which contains the 'ten attributes of fraud control'; and
 - 3.2.3. the Independent Commission Against Corruption (**ICAC**) recommendations relating to anti-fraud and anti-corruption.

4. WHAT IS FRAUD AND CORRUPTION?

- 4.1. **Fraud** includes dishonestly obtaining a financial or other benefit (either directly or indirectly) by deception. It is deliberate and premeditated deception to gain advantage from a position of trust and authority. This includes acts of omission, theft, making false statements, evasion, manipulation of information and numerous other acts of deception.
- 4.2. **Corruption**, in summary, is any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions. It is deliberate or intentional wrongdoing, not negligence or a mistake. Refer also to sections 7, 8 and 9 of the ICAC Act.

- 4.3. In practice, Fraud carried out by a Council Official in their official capacity will also be Corrupt conduct. In addition, certain Frauds perpetrated against Council by external parties could be found to be Corrupt under the ICAC Act.
- 4.4. Types of public sector conduct other than those defined in the ICAC Act, such as instances of poor administration or a personal grievance, are most likely NOT Fraud or Corruption. Such conduct is best referred to another agency such as the NSW Ombudsman or the Office of Local Government (OLG).

Examples of Fraudulent and/or Corrupt activities

Assets	Inventory
<ul style="list-style-type: none"> ▪ Repeated and/or unexplained loss of assets – particularly portable and attractive assets such as laptops, mobiles phones, digital cameras. ▪ Unauthorised disposal of assets. 	<ul style="list-style-type: none"> ▪ Unexplained losses/theft of inventory ▪ Unexplained/unauthorised inventory charges to cost centres.
Unauthorised use of assets	Information systems
<ul style="list-style-type: none"> ▪ Use of office equipment for private purposes. ▪ Private use of external equipment such as tools, power tools, small plant. ▪ Use of Council’s resources such as paper, stationery for private purposes. ▪ Unauthorised private use of motor vehicles and fuel. 	<ul style="list-style-type: none"> ▪ Inappropriate use of computer systems i.e. access to the internet of unreasonable private usage; ▪ Access to inappropriate sites; ▪ Cyber-intrusion: theft of intellectual property or other confidential information through unauthorised system access (“phishing” or “spear-fishing”) ▪ Access to and provision of confidential information; ▪ Unauthorised access to EFT processes. ▪ A former public official selling confidential information gained while working in an official capacity.
Human Resources	Purchasing/procurement
<ul style="list-style-type: none"> ▪ Theft of time – persons using work hours to conduct a private business. ▪ Excessive and/or unsubstantiated claims for overtime. ▪ Fraudulent completion of attendance sheets and/or timesheets. ▪ Labour charges in excess of expectations. ▪ Fraudulent workers compensation and insurance claims. ▪ Accepting gifts/benefits intended to influence decision-making, the 	<ul style="list-style-type: none"> ▪ Non-compliance with Council procurement policies including bypass of the correct approval process. ▪ Undisclosed personal/pecuniary interests of staff involved in a procurement of contract process. ▪ Collusive practices between suppliers and procurement/purchasing officers. ▪ Staff obtaining quotes from the same suppliers (to comply with policy) but not effectively market testing.
	Fraudulent performance of functions

<p>performance of functions or delivery of services.</p> <ul style="list-style-type: none"> ▪ Non-compliance to HR policies (such as nepotism). 	<ul style="list-style-type: none"> ▪ Not following checks and balances when implementing decision-making. ▪ Choosing to approve sub-par grant, sponsorship, hardship and fee-waiving applications for a pecuniary or non-pecuniary loss or benefit. ▪ Voting in favour of a development in which the Councillor voting has an undisclosed financial interest.
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5. CORRUPTION PREVENTION FRAMEWORK

Council's Corruption Prevention Framework consists of:

- 5.1. Corruption Prevention Policy (this policy);
- 5.2. Corruption Control Plan (**the Plan**);
- 5.3. Fraud Risk Register (as part of Council's Enterprise Risk Management Framework);
- 5.4. Reporting Fraud and Corruption, including Council's Public Interest Disclosures (**PID**) Policy and Integrity Breach Register (used to record instances of Fraud or Corruption);
- 5.5. Fraud and Corruption prevention training and awareness.

6. CORRUPTION PREVENTION ATTRIBUTES

- 6.1. Council's approach to Fraud and Corruption prevention is based on the NSW Audit Office's ten attributes of Fraud control within the themes of prevention, detection and response:

	Attribute	Theme	Page
Attribute one	Leadership	Prevention	6
Attribute two	Ethical behaviour framework	Prevention, Detection, Response	7
Attribute three	Responsibility structures	Prevention, Detection, Response	7
Attribute four	Policy	Prevention	10
Attribute five	Prevention systems	Prevention	10
Attribute six	Fraud and Corruption awareness	Prevention, Response	12
Attribute seven	Third party management systems	Prevention, Response	13
Attribute eight	Notification system	Detection, Response	13
Attribute nine	Detection systems	Detection	13
Attribute ten	Investigation systems	Response	14

7. ATTRIBUTE ONE: LEADERSHIP

- 7.1. A successful Corruption Prevention Framework is led by committed and accountable executives. The General Manager has ultimate responsibility for the implementation of the Framework and endorsing the associated activities within Council.
- 7.2. The General Manager is supported by senior management (the Executive Leadership Team (ELT)), and Council's Audit, Risk and Improvement (ARIC) Committee.
- 7.3. Both the General Manager and the ELT are expected to demonstrate a 'tone-at-the-top' approach to Fraud and Corruption prevention by refraining from corrupt conduct as well as conduct that allows, encourages or causes corrupt conduct. This includes:
- 7.3.1. Not exempt themselves from policy and procedure requirements to which other Council Officials are expected to adhere;
 - 7.3.2. Personally attend Code of Conduct, ethics and Fraud or Corruption training, even if they feel they already understand the content;
 - 7.3.3. Disclose their own conflicts of interest and visibly comply with Council's Code of Conduct;
 - 7.3.4. Devote sufficient resources to preventing, detecting and responding to Fraud and Corruption;
 - 7.3.5. Personally reward or praise staff and colleagues that behave ethically;
 - 7.3.6. Refrain from setting perverse incentives, such as formal key performance indicators that could drive unethical behaviour (for example, an unrealistic delivery date or savings target) or informal cues (for example, telling someone to *"just get it done, I don't care how"*);
 - 7.3.7. Get involved in approving and promoting key policies and frameworks such as Council's Ethical Behaviour Framework including Code of Conduct, and look for opportunities to raise ethics and anti-corruption messages outside of formal training;
 - 7.3.8. Not tolerate rationalisations that can contribute to Corrupt conduct (for example, *"It's only taxpayers' money"*, *"It's always been done this way"* or *"Nobody is getting hurt"*);
 - 7.3.9. Ensure Council's enterprise risk management framework considers the risk of Corrupt conduct;
 - 7.3.10. Encourage a "speak up" culture, where Council Officials can voice concerns about unethical conduct and suspected Corruption;
 - 7.3.11. Act on red flags such as staff refusing to take annual leave or resisting accountability;
 - 7.3.12. Expect compliance with the law, especially in relation to the use of Council's funds and resources;
 - 7.3.13. Welcome internal audit and external reviews as an opportunity to demonstrate the proper use of public resources and, where possible, improve existing processes;
 - 7.3.14. Strive for continuous improvement and efficiency and effectiveness.

8. ATTRIBUTE TWO: ETHICAL BEHAVIOUR FRAMEWORK

- 8.1. Council has an Ethical Behaviour Framework, which includes a number of documents and instruments to guide the ethical behaviour of Council Officials including:
- 8.1.1. Code of Conduct and Procedures, and associated guidance;
 - 8.1.2. Delegations and authorisations;
 - 8.1.3. Council's Values and Behaviours;
 - 8.1.4. Public Interest Disclosures Policy; and
 - 8.1.5. Statement of Business Ethics.
- 8.2. Council Officials are required to evidence their commitment to acceptable standards of ethical behaviours by acknowledging they have read and understood the Code of Conduct upon commencement of their employment/engagement and every time they attend 'refresher' training.

9. ATTRIBUTE THREE: RESPONSIBILITY STRUCTURES

The Elected Council

- 9.1. The elected Council as the governing body:
- 9.1.1. Has overall accountability and a high level of commitment in ensuring Council addresses Fraud and Corruption risks;
 - 9.1.2. Are responsible for approving, understanding and complying with this policy;
 - 9.1.3. Commit to displaying and promoting ethical behaviour in all dealings with the community and other Council Officials.

General Manager

- 9.2. The General Manager is responsible to ensure that:
- 9.2.1. Appropriate Fraud and Corruption risk management strategies are in place;
 - 9.2.2. Resources are allocated as necessary to minimise any risk of Fraud and/or Corruption that may be identified;
 - 9.2.3. Ethical standards are set and communicated throughout the organisation;
 - 9.2.4. Reported Fraud and Corruption is investigated promptly, dealt with appropriately, and that proportionate action is taken in response to established Integrity Breaches.
 - 9.2.5. All Fraud and Corruption risk management initiatives are implemented within Council;
 - 9.2.6. Relevant agencies (NSW Police and ICAC) are advised about Fraud and/or Corruption committed by Council Officials when required in accordance with the *Independent Commission Against Corruption Act 1988* (NSW).

ELT

- 9.3. The ELT are responsible for demonstrating leadership in ethical behaviour and integrity and supporting the General Manager.
- 9.4. The ELT are accountable for monitoring the implementation of the Plan.

Public Interest Disclosures (PID) Coordinator

- 9.5. The PID Coordinator, and PID Alternate Coordinator have a central role in dealing with reports made and have responsibility to:
- 9.5.1. Receive and assess reports of Fraud and/or Corruption, including reports that are not or do not amount to public interest disclosures and, reporting these to the General Manager where appropriate;
 - 9.5.2. Advise the People and Culture Manager of allegations of Fraud and/or Corruption that impact on employees;
 - 9.5.3. Ensure investigations are conducted thoroughly and impartially when dealing with reports that are not public interest disclosures.

Chief Financial Officer (CFO)

- 9.6. As the role responsible for overseeing the Governance Team, the CFO has responsibility to:
- 9.6.1. Administer this policy;
 - 9.6.2. Ensure this policy is reviewed and updated in accordance with its schedule below;
 - 9.6.3. Conduct a Fraud and Corruption Prevention staff awareness survey (health check) every two years;
 - 9.6.4. Oversee the implementation of a Fraud and Corruption training and awareness program;
 - 9.6.5. Ensure Council's Corruption Prevention Framework is embedded into Council processes;
 - 9.6.6. Ensure integrity recommendations arising from internal audits and external reports are incorporated into Council's Corruption Prevention Framework and Plan where practical and appropriate;
 - 9.6.7. Provide an annual status report to the ELT and ARIC on the Corruption Prevention Framework and details of any Fraud and/or Corruption investigations conducted during the year; and
 - 9.6.8. Develop and implement the Plan to ensure that key actions, responsibilities and timeframes are identified and reported on.

People and Culture Manager

- 9.7. The People and Culture Manager is responsible for ensuring the welfare of Council Officials involved in an allegation of Fraud and/or Corruption and that any breaches of conduct and behaviour are properly managed in accordance with Council's Ethical Behaviour I Framework.

Cyber Security Specialist

- 9.8. The Cyber Security Specialist is responsible for the cyber security of Council's information technology assets and implementing security solutions to ensure the protection of the organisation's data, including from Fraud and Corruption risks.

All managers, coordinators, principals and team leaders

- 9.9. All staff with managerial or supervisory responsibilities, must ensure in their area of responsibility that:
- 9.9.1. Decisions or conduct are lawful;

- 9.9.2. Decisions or conduct are consistent with Council policies/procedures and the Code of Conduct;
- 9.9.3. All conflicts of interest are disclosed and managed so that outcomes are not affected by private gain;
- 9.9.4. Decisions or conduct can be justified in terms of the public interest;
- 9.9.5. Decisions or conduct would withstand public scrutiny;
- 9.9.6. A Fraud and Corruption Risk Assessment is conducted as required but no less than every two years in accordance with clauses 11.2 - 11.3;
- 9.9.7. Appropriate Fraud and Corruption prevention controls and measures are implemented within their respective business units;
- 9.9.8. Council Officials in their area receive Fraud training and awareness; and
- 9.9.9. Suspected Fraud and/or Corruption is reported and they are aware of their responsibilities for managing Fraud and/or Corruption risks.

Safety and Risk Coordinator

9.10. The Safety and Risk Coordinator is responsible to:

- 9.10.1. Facilitate the undertaking, review and update of a Fraud and Corruption Risk Assessment with each Manager;
- 9.10.2. Develop, in consultation with key Council Officials, strategies and measures to mitigate or prevent Fraud and Corruption;
- 9.10.3. Collaborate with Managers and Council's CFO to include any relevant actions in Council's Plan arising as a result of conducting the risk assessments;
- 9.10.4. Advise management and ELT of any Fraud and Corruption risks identified within Council;
- 9.10.5. Monitor and report the results of the Fraud and Corruption Risk Assessments to the ARIC annually.

Audit, Risk and Improvement (ARIC) Committee

9.11. The ARIC Committee provides independent oversight and monitoring and provides advice on the adequacy of the Corruption Prevention Framework and the processes and systems in place to capture and effectively investigate Fraud and Corruption related information.

Internal Audit

9.12. Council's Internal Auditor is to:

- 9.12.1. Ensure Council's Corruption Prevention Framework resources are periodically subjected to controls and testing through internal audit activities;
- 9.12.2. Assist in the identification and deterrence of Fraud and/or Corruption by examining and evaluating the adequacy and the effectiveness of the system of internal control, commensurate with the extent of the potential exposure/risk in the various segments of Council's operations;
- 9.12.3. Inform the appropriate authorities within Council in line with existing Council policies and procedures of suspected wrongdoing and recommend investigation as appropriate;
- 9.12.4. Ensure high risk Fraud and Corruption areas, such as procurement and payroll, are included in the strategic four-year internal audit plan;

- 9.12.5. Make recommendations to improve Council's processes to mitigate the risk of Fraud and Corruption and provide these to Council's CFO for inclusion into Council's Corruption Prevention Framework.

All Council Officials

- 9.13. Each Council Official has a responsibility to:

- 9.13.1. Adhere to ethical behaviour and standards;
- 9.13.2. Observe and support the requirements of the relevant Council policies and procedures;
- 9.13.3. Report all suspected Fraud, Corruption and suspected wrongdoing in accordance with Council's PID policy and other policies and procedures.

10. ATTRIBUTE FOUR: CORRUPTION PREVENTION POLICY

This policy sets out Council's Corruption Prevention Framework and covers the responsibilities for managing Fraud and Corruption at Council.

11. ATTRIBUTE FIVE: PREVENTION SYSTEMS

- 11.1. Council's prevention system consists of the following elements:

- 11.1.1. Corruption Prevention Framework;
- 11.1.2. Ethical Behaviour Framework;
- 11.1.3. Enterprise Risk Management Framework;
- 11.1.4. Ethical workforce and culture;
- 11.1.5. Digital Strategy.

Fraud and Corruption Risk Assessments

- 11.2. The Fraud and Corruption Risk Assessments are a proactive effort to:

- 11.2.1. Identify areas where Fraud or Corruption risks exist;
- 11.2.2. Evaluate how effective controls are to mitigate those risks; and
- 11.2.3. Determine actions necessary to eliminate any gaps.

- 11.3. The Fraud and Corruption Risk Assessments include responsibilities and timeframes for action and reporting, and as such are carried out when there is a substantial change in the function, structure or activities of Council and at minimum annually. The standards tested by these risk assessments are to align with the latest recommendations made by ICAC.

Fraud and Corruption Prevention Control Plan

- 11.4. The Plan contains all the key Fraud and Corruption prevention activities of Council, responsibilities and timeframes for action and information on review mechanisms. It is linked to the Fraud and Corruption Risk Assessment and other Fraud control activities (such as the Fraud and Corruption Prevention staff awareness survey) and contains details of the high-level risks requiring treatment, controls and mitigation strategies in place.

- 11.5. The Plan is regularly reviewed and updated every two years. Outcomes and results are reported to the ARIC Committee annually.

Fraud and Corruption incident management

- 11.6. Council uses Content Manager as its Integrity Breach Register to record all incidents of Fraud and Corruption affecting Council, including actions taken and the outcomes. It is regularly reviewed to identify any systematic issues that need attention.
- 11.7. Following any incident, Council will analyse reports of Integrity Breaches to identify potential weaknesses in internal controls and inform Council's training and awareness program.

Delegations and authorisations

- 11.8. As part of its commitment to combating Fraud and Corruption, Council's practices when allocating delegations and authorisations are as follows:
- 11.8.1. Requests for delegations and/or authorisations are peer reviewed by the Governance team only after managerial approval has been provided;
- 11.8.2. Delegations are allocated to positions rather than incumbents, except when legislation requires otherwise;
- 11.8.3. Subordinates will not be given delegations and/or authorisations that would enable them to do more than their superiors;
- 11.8.4. Incumbents attest that the delegations and authorisations given to them are supported by the relevant skills, experience, qualifications and education. Managers are required to check that such statements are true and accurate;
- 11.8.5. Delegations and authorisations that imply a necessity to procure or expend money in order to perform the functions in question (i.e. commence court proceedings to recover costs, or take immediate corrective action to minimise risk to life and safety) are imposed limitations linked to the financial authorisations allocated to the role requesting those delegations/authorisations. In other words, a role can only perform functions to the extent that their financial authorisations allow them, otherwise they will be required to have their supervisor sign off on higher expenditures;
- 11.8.6. Delegations and authorisations documents are sent for review and approval by the relevant Manager, Director and the General Manager to ensure probity is integrated in the process. Final documents are easily accessible by staff as they are kept in Council's records management system and can be provided to members of the public in accordance with the *Government Information (Public Access) Act 2009* (NSW);
- 11.8.7. Council subscribes to a database that provides advice with respect to any legislative or regulatory amendments, allowing Council to regularly review its delegations and authorisations for currency;
- 11.8.8. Policies and other documents are peer reviewed for any authorisations they might derive to ensure these do not conflict with legislative delegations and authorisations.

Ethical workforce and culture

- 11.9. Council is committed to engaging Council Officials and involving external representatives in our committees and other bodies/groups that support Council Values.
- 11.10. Council's approach to recruitment is that positions are filled on a merit basis by implementing the measures outlined in the Plan.

- 11.11. Council's values of ethical culture are incorporated in Council's performance development plans as a criterion in periodic reviews.
- 11.12. Council's controlled documents framework is developed to promote effective Fraud and Corruption prevention by implementing the following measures:
 - 11.12.1. Council values are embedded in the development, review and implementation of policies and supporting documents to achieve consistent decision-making and appropriate resolution of ethical dilemmas even when there are no rules to follow. This in turn aids in the prevention and/or control of Fraud and Corruption;
 - 11.12.2. Accountability is implemented through policies and procedures that require record-keeping and reporting.

Digital Strategy

- 11.13. Council is committed to driving digital innovation to improve interaction with Council Officials and the community with an end goal of delivering better outcomes whilst ensuring the security and integrity of delivery capability.
- 11.14. Council's Digital Strategy outlines Council over-arching commitment to 'Driving Digital' whereas Council's Cyber Security Plan outlines the security measures Council implements to proactively address ongoing cyber security, and with that, Fraud and Corruption risks. Some of these security measures include, but are not limited to:
 - 11.14.1. Enhanced audit activity;
 - 11.14.2. Enhanced monitoring of specific transactions;
 - 11.14.3. Internal control augmentation;
 - 11.14.4. Delivery channel revaluation;
 - 11.14.5. Augmented identity checking.

12. ATTRIBUTE SIX: FRAUD AND CORRUPTION AWARENESS

- 12.1. A key element of this policy is:
 - 12.1.1. Creating awareness about the different aspects of Fraud and Corruption prevention measures among Council Officials, and the community;
 - 12.1.2. Creating awareness about what activities are considered Fraudulent or Corrupt;
 - 12.1.3. Providing information on how to respond if Fraud or Corruption is suspected.

Staff awareness

- 12.2. Staff need to understand Fraud and Corruption is not tolerated and the consequences of committing Fraud and Corruption. They need to be aware of:
 - 12.2.1. what Fraud and Corruption is,
 - 12.2.2. common types of Fraud and Corruption they may encounter,
 - 12.2.3. their responsibilities,
 - 12.2.4. how to report suspected Fraud and Corruption,
- 12.3. Staff have a responsibility to contribute to eliminating Fraud and Corruption.

Staff training

- 12.4. Staff will be made aware of this policy and ethical conduct expectations through:
- 12.4.1. Council's induction training for new staff,
 - 12.4.2. Periodic 'refresher' training.

13. ATTRIBUTE SEVEN: THIRD PARTY MANAGEMENT SYSTEMS

- 13.1. Council is committed to ensuring our community is aware of Council's commitment to ethical behaviour. Council has established appropriate internal controls, segregation of duties and delegation of authority to deal with third parties.
- 13.2. Council has established a Statement of Business Ethics to reinforce the expected standards of behaviour for suppliers and is published on Council's website and Vendor Panel for easy access.
- 13.3. Council also has a responsibility under the *Public Interest Disclosures Act 2022* (NSW) to ensure that third parties that provide a service on behalf of Council are aware of Council's PID Policy.
- 13.4. Third party management also includes managing Council Officials' conflict of interests. Council's Code of Conduct outlines the process of managing conflict of interests, including making declarations appropriately and in a timely manner, and declaring secondary employment.

14. ATTRIBUTE EIGHT: NOTIFICATION SYSTEMS

- 14.1. Council requires Council Officials and encourages the community to report known or suspected Fraud, Corruption or unethical behaviour.
- 14.2. Council Officials should be aware of the provision in section 316(1) of the *Crimes Act 1900* (NSW) in that a failure to report a serious offence including Fraud, is an offence.
- 14.3. Members of the community can and are encouraged to report suspected Fraud and/or Corruption in line with the information published on Council's website, outlining the process and the relevant form.
- 14.4. Any Fraud will be referred to the relevant external body, the NSW Police Force, the Crown Solicitor, the Director of Public Prosecutions, the NSW Ombudsman or the ICAC. Where, on reasonable grounds, there is suspicion that Corrupt conduct has occurred, the General Manager has a duty under section 11 of the *Independent Commission against Corruption Act 1988* (NSW) to report it to the ICAC as soon as the suspicion arises. This is irrespective of how insignificant or minor the allegation.

15. ATTRIBUTE NINE: DETECTION SYSTEMS

- 15.1. The early detection of Fraud and Corruption is an essential element for Council to prevent, minimise and eliminate it.
- 15.2. A risk-based internal audit program implemented by the Internal Auditor is a strategy that regularly examines processes across Council which may detect irregularities.
- 15.3. The following internal control measures are designed to eliminate or detect and deter Fraud and Corruption:

- 15.3.1. Segregations of duties;
- 15.3.2. Approvals and authorisation;
- 15.3.3. Verification;
- 15.3.4. Reconciliations and reviews;
- 15.3.5. Non-conformance monitoring and reporting;
- 15.3.6. Management reviews;
- 15.3.7. Risk assessments;
- 15.3.8. Physical security;
- 15.3.9. Job rotation;
- 15.3.10. Internal and external audits.

15.4. The following are behaviours that may indicate concerns in relation to ethical conduct:

- 15.4.1. Staff being first to arrive in the morning and/or last to leave at night;
- 15.4.2. Egotistical (e.g. scornful of system controls);
- 15.4.3. A risk taker or rule breaker;
- 15.4.4. Reluctance to take leave;
- 15.4.5. Refusal of promotion;
- 15.4.6. Unexplained wealth;
- 15.4.7. Sudden change of lifestyle;
- 15.4.8. New staff resigning quickly;
- 15.4.9. Cosy relationship with suppliers/contractors;
- 15.4.10. Suppliers/contractors who insist on dealing with one particular member of staff;
- 15.4.11. Staff who are disgruntled at work;
- 15.4.12. Greedy or has genuine financial need.

16. ATTRIBUTE TEN: INVESTIGATION SYSTEMS

- 16.1.** Council is committed to implementing appropriate mechanisms for investigating or otherwise responding to allegations of Fraud or Corruption. Such allegations will be investigated promptly and to the highest standard – suspected Fraud or Corruption incidents will not be investigated by the individuals who are the subject of such suspicions.

Assessment

- 16.2.** When an allegation of Fraud or Corruption is made as a Public Interest Disclosure (PID), the Disclosures Coordinator will undertake a preliminary assessment and may recommend that the matter be referred to an external body or that a full investigation be conducted. The complainant will be advised and action taken as appropriate in accordance with Council's PID Policy.

Response

- 16.3.** Allegations of Fraud or Corruption that are not deemed **PIDs** will be investigated in line with the following principles:
- 16.3.1. Personnel investigating Fraud or Corruption must be appropriately qualified and competent. They must have regard to recommendations or practice published by oversight organisations such as the ICAC and NSW Ombudsman when conducting investigations;
 - 16.3.2. Where enough evidence is gathered through the course of an investigation to substantiate a criminal charge, Council must consider referring the matter to the Department of Public Prosecutions;
 - 16.3.3. Council must take reasonable measures to consult with other entities where allegations of Fraud or Corruption impact them, in accordance with any legislative obligations or powers dealing with information sharing;
 - 16.3.4. Council must take all reasonable measures to recover financial losses, including cooperation with regulatory or prosecutorial organisations;
 - 16.3.5. Where as a result of an investigation Council determines that a risk treatment or other response is required, such is to be included in the Plan.

Maintaining Confidentiality

- 16.4.** Where possible and appropriate, Council is committed to taking steps to keep the reporter's identity, and the fact they have reported wrongdoing, confidential.

17. COMPLIANCE WITH THIS POLICY

- 17.1.** Council Officials not complying with this policy may be the subject of disciplinary action in accordance with Council's Ethical Behaviour Framework including the Code of Conduct, the provisions of the Award and/or the contract of engagement, depending on the nature of the relationship the Council Official has with Council:
- 17.1.1. Termination of employment, or other possible disciplinary actions and/or referring the matter to the Police or other agency;
 - 17.1.2. Cessation of engagement or contract and/or referring the Police or other agency.
- 17.2.** Council may also pursue recovery of any financial loss through civil proceedings.

18. PRIVACY AND PERSONAL INFORMATION

Information gathered as part of an investigation of Fraud or Corruption will be managed confidentially. Personal information will be managed in accordance with Council's Privacy Management Plan.

19. RECORDS MANAGEMENT

Council Officials must maintain all records relevant to administering this policy in accordance with Council's Records Management Policy.

20. POLICY DEFINITIONS

Award	means the <i>Local Government (State) Award 2023</i> and any variation thereof and/or and successor awards.
Council	means Cessnock City Council.
Council Officials	means staff employed on a full-time, part-time, permanent or casual basis, Councillors, contractors, consultants, apprentices, undergraduates, placement students and volunteers (including section 355 committee volunteers and members).
Code of Conduct	means Council's Code of Conduct.
Corruption	means the definitions in sections 7, 8 and 9 of the <i>Independent Commission Against Corruption Act 1988 (NSW)</i> .
Fraud	means dishonestly obtaining a financial or other benefit (either directly or indirectly) by deception. It includes deliberate and premeditated deception to gain advantage from a position of trust and authority. This includes acts of omission, theft, making false statements, evasion, manipulation of information and numerous other acts of deception.
Integrity Breach	means an action taken by an entity with respect to Council that transgresses our ethical, behavioural or professional standards. Fraud and Corrupt conduct are types of Integrity Breach.
Public Interest Disclosure	means a disclosure of suspected wrongdoing in accordance with the <i>Public Interest Disclosures Act 2022 (NSW)</i> and Council's PID Policy.

21. POLICY ADMINISTRATION

Business Group	Corporate and Community Services
Responsible Officer	Director Corporate and Community Services
Responsible Author	Senior Legal and Governance Officer
Policy Review Date	Three years from date of adoption unless legislated otherwise
File Number / Document Number	DOC2020/027334
Relevant Legislation / Standards	
This policy supports Council's compliance with the following legislation:	
<ul style="list-style-type: none"> ▪ 316(1) of <i>Crimes Act 1900 (NSW)</i>; ▪ section 11(2) of the <i>Independent Commission Against Corruption Act 1988 (NSW)</i>; ▪ <i>Local Government Act 1993 (NSW)</i>; ▪ <i>Local Government (General) Regulation 2005 (NSW)</i>; ▪ <i>Public Interest Disclosures Act 2022 (NSW)</i>; ▪ AS 8001:2021 Fraud and Corruption Control Standard. 	

<p>Relevant desired outcome or objectives as per Council’s Delivery Program</p>	<p>Adopting the Policy achieves objective 5.3.7 from Council’s Operational Plan: “<i>Continue to manage Council governance functions and statutory requirements</i>”.</p> <p>5.3.7.c Action: Review and update Council’s Fraud Control and Corruption Prevention Framework to align with best practice.</p>
<p>Related Policies / Protocols / Procedures / Documents / Instruments</p> <ul style="list-style-type: none"> ▪ Code of Conduct (DOC2018/086716) ▪ Procedures for the Administration of Code of Conduct (DOC2018/086682) ▪ Public Interest Disclosure Policy (DOC2018/093182) ▪ Section 11 Reporting to ICAC Standard Operating Procedure (DOC2024/018469) ▪ Complaint Handling policy (DOC2018/048382) and Procedure (DOC2019/123194) ▪ Delegations and authorisations (16/66) ▪ Internal Reporting Form (DOC2018/100287) ▪ Fraud Risk Assessment (DOC2019/063233) ▪ Records Management Policy (DOC2019/038769) ▪ Enterprise Risk Management Framework ▪ Fraud Register (DOC2020/047035) ▪ Privacy Management Plan (DOC2014/005148) ▪ Statement of Business Ethics (DOC2020/023338) ▪ NSW ICAC Factfinder: A guide to conducting internal investigations (April 2022) ▪ FCCP Database (Folder 20/42) 	

22. POLICY AUTHORISATION

No.	Authorised Function	Authorised Business Unit / Role(s)
1.	Receive and handle reports made by the public alleging Fraud or Corruption	Public Interest Disclosure Coordinator Alternate Public Interest Disclosure Coordinator

23. POLICY HISTORY

Revision	Date Approved / Authority	Description Of Changes
1	17/06/2020 CC49/2020	New policy adopted

Revision 2 | The following amendments were adopted on 19 June 2024 (Council resolution 779; Council report CC38/2024 tabled on 19 June 2024):

- Addition of:
 - A General Manager foreword;
 - Clause 9.1: responsibilities of the governing body;
 - Clause 9.8: responsibilities of the Cyber Security Specialist;
 - Clause 11.8: delegations and authorisations;
 - Clauses 11.13–11.14: Council’s Digital Strategy;
 - Clause 17: consequences for non-compliance with the policy;
 - Clause 18: privacy and personal information.
- Minor wording changes and movements to improve the context and content all throughout the policy.
- Amendments to legislation references, abbreviations, job/team titles, reference to committee, and removal of duplicates all throughout the policy.
- Amendments to the policy administration part to reflect changes all throughout the Plan.
- Clarification of authorised functions in the policy authorisations part of the Plan.
- Clarification of:
 - Clause 2.2: policy scope regarding reports of wrongdoing that do not amount to Fraud or corruption;
 - Clause 3.1: policy statement that Council has zero tolerance to Fraud and Corruption;
 - Clause 3.2: Council Corruption Prevention framework’s alignment with Australian standards;
 - Table in Clause 4.2: new examples of Fraudulent or Corrupt activities;
 - Clause 5: the elements of Council’s Corruption Prevention Framework;
 - Clauses 7.3.7 and 7.3.8: reference to Council’s Ethical Behaviour Framework and Council’s Enterprise Risk Management Framework respectively;
 - Clause 8: the elements of Council’s Ethical Behaviour Framework;
 - Clause 9.5: the responsibilities of the PID Coordinator and Alternate PID Coordinator;
 - Clause 9.9: the responsibilities of all managers, coordinators, principals and team leaders;
 - Clause 9.10: the responsibilities of Council’s Safety and Risk Coordinator;
 - Clause 9.13: the responsibilities of Council’s Internal Auditor;
 - Clauses 11.3, 11.5: the frequency of implementation and reporting on, and alignment with ICAC recommendations of the Fraud and Corruption Risk Assessments;
 - Clauses 11.6, 11.7: the utilisation of Council’s Content Manager for the management of Integrity Breaches.