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FRAUD AND CORRUPTION PREVENTION POLICY AND STRATEGY

November 2014

R City of Ryde

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Introduction from the General Manager

The risk of fraudulent or corrupt activity is ever present in all organisations and in all industries. Experience shows that Local Government is not immune to the possibility of fraud and corrupt activity occurring. This can be perpetrated by a wide range of potential individuals/entities from both within and externally to City of Ryde. This could include suppliers, contractors, employees, management, councillors and developers.

As a public sector entity, the community expects the highest standards of behaviour by Councillors and employees. It expects City of Ryde to practice the highest standards of stewardship of public resources and to establish and maintain a sound system of internal control. It also expects that Councillors and employees adopt and practice an outstanding level of ethics in all Council business.

City of Ryde is committed to integrity, objectivity and visibility, both in strategy and practice. Two of our core Corporate Values are *Ethics* and *Professionalism*, and behaviour reflecting these values is required in Council's Code of Conduct.

As outlined in the strategy, all Councillors and employees have a duty to be aware of the potential for fraud and corruption and to report anything that they feel is not right. There are a range of options available for reporting of any such matters. Reports can be made internally through Council's Public Interest Internal Reporting Procedure or to an external agency such as the Independent Commission Against Corruption (ICAC), the NSW Ombudsman's Office, or the Office of Local Government (OLG).

All Councillors and Council employees have an obligation to ensure that sound internal controls are in place and that Council business is conducted in compliance with these internal controls.

The intention of this policy and strategy is to recognise that fraud and corruption presents a real risk to City of Ryde and to address Council's approach to managing this risk. The policy sets out Council's clear message – that fraudulent or corrupt activity will not be tolerated.

General Manager

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1.   Policy Statement

Purpose

City of Ryde will not tolerate fraud or corruption. City of Ryde is committed to deterring and preventing such behaviour.

Guidelines / Procedures

City of Ryde will achieve this through the following the following actions:

- Creation and maintenance of an effective system of internal controls
- Compliance with those controls
- Management reviews to check compliance
- Maintenance of an ongoing Internal Audit function in line with the program approved by the Audit and Risk Committee
- Regular conduct of fraud risk assessments to identify opportunities for fraud
- Implementation of strategies to prevent or minimise the opportunity for fraud and corruption in Council activities
- Implementation of formal procedures for investigation of allegations of dishonest, corrupt/or fraudulent behaviour;
- Prompt reporting of any matter to appropriate authorities, if the General Manager has a suspicion that there has been fraud and corruption
- Commitment to taking action as appropriate and in accordance with the Code of Conduct and this policy and strategy
- Provision of training to all staff on their obligations under this and associated policies such as the Code of Conduct
- Promotion of this and other policies to ensure that Council officials are aware of their responsibilities in combating fraud and
- Fostering an environment in which fraudulent and corrupt activity is discouraged.

A detailed strategy to ensure these actions are implemented is described in the following sections.

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Scope

This policy and strategy applies to all Council activities, and to all Council officials. As defined in Council's Code of Conduct, Council Officials are "Councillors, members of staff of council, administrators, council committee members, conduct reviewers and delegates of council". Failure by a Councillor to comply with the standards of conduct prescribed under the Code of Conduct constitutes misconduct for the purposes of the *Local Government Act 1993*.

Failure by a member of staff to comply with Council's Code of Conduct may give rise to disciplinary action.

References

- City of Ryde Code of Conduct Policy, Standards and Complaints Procedure
- City of Ryde Public Interests Internal Reporting Policy and Procedure
- City of Ryde Statement of Business Ethics
- City of Ryde Gifts and Benefits Policy
- *'Better Practice Guide: Fraud Control – Developing an Effective Strategy'* - Audit Office of NSW 1994 (updated June 2012)
- *Better Practice Guide: Fraud Control Improvement Kit – Meeting your Fraud Control Obligations* - Audit Office of NSW 2006 (updated March 2012)
- *Fraud Control – Current Progress and Future Directions 2005* (updated October 2011)
- *AS 8001-2008 – Fraud and Corruption Control –* Standards Australia

Review Process and Endorsement

This Policy will be reviewed every two years.

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1.1 Introduction

1.1.1 City of Ryde's Fraud and Corruption Prevention Policy and Strategy

City of Ryde's policy and strategy to prevent fraud and corruption will incorporate the Strategic Management Framework as published by the Audit Office of NSW. This system is acknowledged as being best practice and is widely used in State and Local Government organisations.

The Audit Office of NSW advocates that an effective fraud and corruption control strategy should include each of the 10 fraud control attributes listed below. These attributes provide a thorough framework addressing prevention, detection and response activities.

1. Integrated macro policy
2. Responsibility structures
3. Fraud risk assessment
4. Employee awareness
5. Customer & community awareness
6. Notification systems
7. Detection systems
8. External notification systems
9. Investigation systems
10. Conduct and disciplinary systems

City of Ryde's policy and strategy address each of these attributes.

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1.1.2   Definitions

What is corrupt conduct? (ICAC Act 1988, Section 8)

(1)   Corrupt conduct is:

    (a)   any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or

    (b)   any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or

    (c)   any conduct of a public official or former public official that constitutes or involves a breach of public trust, or

    (d)   any conduct of a public official or former public official that 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.

 (2)   Corrupt conduct is also any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, 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:

    (a)   Official misconduct (including breach of trust, fraud in office, nonfeasance, misfeasance, malfeasance, oppression, extortion or imposition),

    (b)   Bribery,

    (c)   Blackmail,

    (d)   obtaining or offering secret commissions,

    (e)   fraud,

    (f)   theft,

    (g)   perverting the course of justice,

    (h)   embezzlement,

    (i)   election bribery,

    (j)   election funding offences,

    (k)   election fraud,

    (l)   treating,

    (m)   tax evasion,

    (n)   revenue evasion,

    (o)   currency violations,

    (p)   illegal drug dealings,

    (q)   illegal gambling,

    (r)   obtaining financial benefit by vice engaged in by others,

    (s)   bankruptcy and company violations,

    (t)   harbouring criminals,

    (u)   forgery,

    (v)   treason or other offences against the Sovereign,

    (w)   homicide or violence,

    (x)   matters of the same or a similar nature to any listed above,

    (y)   any conspiracy or attempt in relation to any of the above.

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Corruption is……

"Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity."

*(*Australian Standard on Fraud and Corruption Control AS8001-2008)

The City of Ryde Code of Conduct defines **Corrupt conduct** *as the dishonest or partial exercise of official functions by a public official.*

For example, this could include:
- the improper use of knowledge, power or position for personal gain or the advantage of others
- acting dishonestly or unfairly, or breaching public trust
- a member of the public influencing or trying to influence a public official to use their position in a way that is dishonest, biased or breaches public trust.

Examples of corrupt conduct
Council could potentially be subject to the following examples of corrupt conduct:

- Payment of bribes in money, benefits or some other value, to a Councillor/staff member that is related to a specific action/decision of the Councillor/staff member
- Inappropriate release of confidential information by Councillors or staff.
- A staff member manipulating a tendering or procurement process to achieve a desired outcome
- Collusive procurement practices by prospective suppliers/tenderers
- Conflict of interest involving a staff member acting in his or her own self-interest rather than the interests of City of Ryde
- Acting to gain a benefit for another

What is fraud?

Fraud is a subset of corruption. It is a…

"dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position."

*(*Australian Standard on Fraud and Corruption Control AS8001-2008)

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1.1.3 Council activities/areas that are vulnerable to fraud and corruption

- Procurement activities
- Assessment of development applications
- Use of internet
- Use of motor vehicles
- Contract administration
- Payroll
- Personal information
- Petty cash
- Use of property, plant and equipment
- Supplies
- Telephone calls
- Time management and documentation

Council could potentially be subject to the following examples of fraud:

- Unauthorised use of Council assets (including use of City of Ryde's assets for private purposes)
- Misuse of Council time including the use of Council time to run a personal business for example
- Obtaining an unjust advantage by misusing information gained during the course of employment with City of Ryde
- Receiving 'kickbacks' from a contractor or consultant
- Misuse of sick or family leave
- Theft of cash or petty cash
- Theft of intellectual property
- Theft of plant, equipment or inventory
- Unlawful use of Council computers, vehicles, internet, telephones and other property or services
- Use of Council provided credit cards for personal expenses and claiming them as work related
- Using taxi vouchers for private purposes

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1.1.4   Perpetrators of fraud and corruption

Fraud and corruption can be committed by any person alone or in collusion with others. Perpetrators of fraud and corruption could be:

- An employee or employees of Council;
- Councillors;
- Volunteers;
- External individuals or companies or
- External contractors/service providers

1.1.5   Impact of fraud and corruption

The potential impact of fraud and corruption is significant and far-ranging, and could include:

- financial loss;
- damage to City of Ryde's reputation and standing within the community;
- disruption to staff
- loss of key staff members;
- diversion of management energy; and
- reduction in staff morale.

1.1.6   Relationship to other policies and practices

In order to assist City of Ryde staff to avoid and prevent fraud and corrupt conduct, there are a number of relevant corporate policies and practices that should be referred to. These include:

- Code of Conduct.
- Statement of Business Ethics (Standards for Contractors, their Employees and Business Associates)
- Delegations of Authority
- Audit and Risk Committee Terms of Reference
- Internal Audit Plan
- Risk Management Strategy
- Gifts and Benefits Policy
- Public Interest Internal Reporting Policy (Public Interest Disclosure Act 1994).
- Procurement Policy (including Sustainable Procurement Policy)
- Internet Code of Practice

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2. Responsibility Structures

2.1 Roles and responsibilities for fraud and corruption prevention and control

All employees and Councillors have an important role to play in the prevention and control of fraud and corruption. These roles and responsibilities are outlined below:

Councillors are responsible for:

- Providing leadership in actively displaying and promoting ethical behaviour within City of Ryde
- Ensuring that this strategy is actively communicated to all stakeholders throughout City of Ryde
- Ensuring communication to the community of City of Ryde's commitment to fraud and corruption prevention

The General Manager is responsible for:

- Providing leadership in actively displaying and promoting ethical behaviour within City of Ryde
- Ensuring that this strategy is actively communicated to all employees throughout City of Ryde
- Ensuring that associated policies such as the Code of Conduct are actively promoted to all employees throughout City of Ryde.
- Ensuring promotion to the community of City of Ryde's commitment to fraud and corruption prevention

The General Manager also has the responsibility of referring, or notifying, any allegations of fraudulent or corrupt behaviour that have been identified by City of Ryde to the appropriate external agencies (i.e. the Independent Commission Against Corruption).

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Council's Audit and Risk Committee will oversee fraud and corruption prevention and control activities at Council. This will be achieved through:

- Overseeing and reviewing the outcomes of the fraud risk assessments conducted at least once every 3 years. The results of this will also be integrated into Council's overall Risk Management Framework. The fraud risk assessments will be conducted by Council's Internal Audit function
- Review and approval of appropriate policies/methodologies for the detection and prevention of fraud and corruption;
- Reviewing outcomes of applicable fraud and corruption investigations

The role of Council's Fraud and Corruption Prevention Officer will be performed by the Service Unit Manager - Governance, Risk and Audit, assisted by the Internal Auditor.

The Fraud and Governance Prevention Officer is responsible for promoting and updating this policy, and may also be called upon to undertake investigations of fraud and corruption.

In addition, Council's Internal Auditor will be responsible for the coordination of fraud risk assessments and will report to the Audit and Risk Committee regarding the outcomes of these assessments.

Group Managers are responsible for:

- Providing leadership by actively displaying and promoting ethical behaviour within City of Ryde
- Ensuring the implementation and continued operation of an effective system of internal controls (see below)
- Assessing/identifying/implementing new controls where systems or structure have changed
- Ensuring that employees within their area of responsibility receive appropriate fraud and corruption awareness training and understand City of Ryde's Code of Conduct; and
- Providing input and assistance to the identification and minimisation of fraud and corruption risk.

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<u>Service Unit Managers and Team leaders are</u> responsible for:

- Ensuring that internal controls are operating in a sound and effective manner
- Educating staff in all aspects of the strategy and associated policies
- Actively promoting the awareness of fraud and corruption throughout their area
- Actively promoting the ethical principles of City of Ryde
- Reinforcing each staff member's role in fraud and corruption prevention and detection
- Promotion of a positive attitude towards compliance with Council policies and legislative requirements
- Providing input to the fraud and corruption prevention risk assessments.

<u>All City of Ryde employees</u> are responsible for:

- Ensuring that they comply with any controls, policies and procedures
- Maintaining their awareness of this strategy
- Complying with the principles championed in this strategy and in other associated documents such as the Code of Conduct
- Ensuring that they do not take part in any activity that could constitute fraud and/or corruption
- Being vigilant to the risks of fraud and corruption
- Bringing to the attention of Management any inadequacies in the Internal Control environment – a description of the Internal Control environment is given below.

If staff become aware of or have any suspicion of fraudulent and/or corrupt behaviour, they have a duty under Council's Code of Conduct to immediately report such activity in accordance with Council's *Public Interest Internal Reporting Policy*.

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2.2   The Internal Control Environment

A most important responsibility for all levels of management is the establishment and maintenance of a sound internal control environment. This will provide for the security and accountability of Council resources and prevent/reduce the opportunity for fraud and corruption to occur.

Common examples of internal controls include:

- Segregation of duties
- Identification and declaration of conflict of interest
- Adherence to and promotion of Council policies
- Effective leadership – setting the tone at the top
- Security (physical and information systems)
- Supervision (internal reviews)
- Approvals within delegated authority
- Regular reconciliations
- Sound budget control including regular reviews
- Regular review of management reports
- Clear reporting lines

Support and assistance is available from the Governance, Risk and Audit Service Unit to evaluate local internal control processes.

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3.   Fraud Risk Assessment

The identification and assessment of the risks of fraud and corruption is an integral part of Council's overall approach to Risk Management. The process of minimising these risks follows the same process as any other risk faced by Council. The primary steps in the Risk Management process are:

- Identifying the risks of fraud and corruption
- Analysing the potential effect of these risks and assessing and rating them
- Devising a strategy to mitigate the risks including the identification of actions
- Assigning responsibility to take actions
- Follow up and review to ensure actions have been taken and are working to mitigate the risks

3.1   Changes to the Local Government environment

The risk of fraud and corruption is heightened by the ever evolving environment of Local Government in NSW. With changes continuously taking place, management must be particularly alert to the added risk of fraud and corruption. Listed below are some examples of situations and changes when the risk of fraud and corruption is heightened:

- Structural change
- Changes to processes
- Changes to delegations of responsibility
- Changes brought about by cost-cutting measures
- Out sourcing of activities
- Changes in Information Technology
- Changes in legislation

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3.2   Fraud and Risk Assessments at City of Ryde

In 2014, the Fraud and Risk Assessment is being conducted by Internal Audit using the Audit Office of NSW's Fraud Control Improvement Kit

City of Ryde aims to conduct fraud risk assessments at least every three years. Where appropriate, City of Ryde may introduce a rolling program of updating risk assessments.

Any risks identified during this assessment process will be added to Council's Risk register.

There are a number of areas that an effective fraud risk assessment should address including:

- The evolving environment of Information technology and information security
- Electronic commerce, electronic service delivery and the Internet
- Outsourced functions
- Grants and other payments or benefits programs
- Tendering processes, purchasing and contract management
- Intellectual property development and commercialisation
- Revenue collection
- Payments including salaries
- Property and other physical assets including physical security, and
- Approval processes

3.3   Integrating fraud and corruption risk assessment with overall risk assessment

The risk of fraud and corruption should not be looked at in isolation from the general business of City of Ryde. There is considerable overlap between enterprise risk, business risk, audit risk, security risk and fraud risk. These other risk management approaches may have already highlighted changes in strategic directions that will impact on future fraud risk profiles and control frameworks.

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4.   Employee Awareness

4.1   Ensuring staff understand their responsibilities

One of the most common ways in which fraud and corruption is detected is by observation, investigation and reporting by those who work with, or deal directly with, the perpetrator(s). City of Ryde aims to provide all staff with a general awareness of fraud and corruption and how they should respond to it if detected or suspected.

All staff need to be kept informed about City of Ryde's efforts in reducing the risk of fraud and corruption and what part they are expected to play in it. This will be achieved in a number of ways including:

- Incorporating a brief session on fraud and corruption prevention into induction training for new staff.
- Presenting fraud awareness training sessions to Management and staff.
- Making the Code of Conduct and fraud and corruption prevention and control strategy available to all staff via City of Ryde's Infonet.
- Including fraud matters and presenting articles of interest on fraud and corruption to staff in regular communications using Infonet newsletters, publications and specific circulars.
- Reporting of outcomes of investigations and disciplinary actions against employees who perpetrate fraud or corruption, where appropriate.

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5. Customer and Community Awareness

Council interacts with a wide range of stakeholders including residents, ratepayers, suppliers, contractors, developers, volunteers and the like. Council needs to ensure that both customers and the community are aware of City of Ryde's attitude to fraud and corruption.

There is a need to ensure that those individuals and entities who interact with Council know that any form of fraud or corruption will not be tolerated by City of Ryde. This will reduce the likelihood that persons outside the organisation will attempt to influence those within Council to act fraudulently or corruptly.

City of Ryde will adopt the following strategies for the active communication of this strategy to increase customer and community awareness:

- Promotion of this strategy and associated policies such as the Code of Conduct on Council's website
- Promotion of this strategy and associated documents through Council's procurement framework and procurement documentation
- Referring to fraud and corruption initiatives in the Corporate Governance Section of the Council's Annual Report
- Membership of appropriate professional bodies such as the Institute of internal Auditors and regular attendance at relevant industry forums and seminars.
- Communication regarding specific strategies through media publicity and public displays.

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6.   Notification Systems

6.1   Reporting fraud and corruption

Council's Code of Conduct states that all employees have a duty to report any instances of possible fraud, corruption, maladministration or serious and substantial wastage. Council supports and encourages a culture of reporting.

A person who makes a report in accordance with City of Ryde's Public Interest Internal Reporting Policy and Procedures will be protected under the *Public Interest Disclosures Act 1994*.

City of Ryde is committed to ensuring that employees are not victimised as a result of reporting corrupt conduct, maladministration or substantial waste, concealment of pecuniary interests, or misuse of government information.

This is discussed in further detail in Council's *Public Interest Disclosures Internal Reporting Policy*.

You can also choose to report suspected corruption to the Independent Commission Against Corruption (ICAC), maladministration to the Ombudsman, or serious and substantial wastage to the Office of Local Government (OLG).

6.2   Internal reporting of suspected fraud and corruption

When an employee of City of Ryde suspects fraud or corruption, the employee is encouraged to report it as a Public Interest Disclosure to one of Council's Disclosures Officers. Any such allegations will be treated in strict confidence and investigated as considered appropriate. Council's *Public Interest Disclosures Internal Reporting Policy* for further details.

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6.3 Summary of the *Public Interest Disclosures Act*

Under the *Public Interest Disclosures Act 1994* (NSW), persons making public interest disclosures concerning **corrupt conduct, maladministration, or serious or substantial waste of public money** are entitled to protection against any reprisals or detrimental action in relation to the making of the protected disclosure. Detrimental action includes injury, damage or loss, intimidation or harassment, discrimination, disadvantage or adverse treatment in relation to employment, dismissal from or prejudice in employment or disciplinary proceedings.

It should be noted that protection is not available if the disclosure

- is made frivolously or vexatiously
- primarily questions the merits of government policy, or
- is made in an attempt to avoid dismissal or disciplinary action.

The *Public Interest Disclosures Act 1994* creates an offence for the wilful making of a false statement to mislead or attempt to mislead.

For more information concerning Public Interest Disclosures, please refer to Council's

- *Public Interest Disclosures Internal Reporting Policy,*
- Disclosures Officers, or
- the NSW Ombudsman

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6.4 Anonymous reporting

Staff members may make anonymous allegations concerning fraud and corruption. This is not an encouraged practice, as anonymous allegations are difficult to pursue as generally further information is required. It is also a means to disguise vexatious or frivolous complaints.

However City of Ryde does recognise that people have many reasons for remaining anonymous, and this should not eliminate these opportunities to prevent and/or detect fraud and corruption.

The following issues will be considered when determining to what extent an anonymous disclosure will be investigated:

- Seriousness of the issue raised
- Evidence provided
- Prospects for further investigation
- Fairness to the person being investigated.

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7.   Detection Systems

7.1   Fraud and Corruption detection

The early detection of fraud and corruption is an essential element of City of Ryde's strategy.

It should be the aim of Management and staff to detect fraud or corruption as soon as possible after it occurs.

Management and staff may be able to detect and deter fraud and corruption through the following methods:

- The regular assessment of fraud and corruption risks
- A targeted Internal Audit approach that is based on the assessment of risk areas
- Encouragement of staff and management to use the internal reporting system
- The communication of this policy throughout Council and the community
- The education of staff in this policy
- Compliance with internal controls
- Reporting non-compliance with internal controls
- Reporting to Management of unexplained changes in patterns such as unusual behaviour or expensive lifestyles of other staff members.
- The usage of management reports i.e. financial and operational reports to identify unexpected trends or variances

7.2   Behaviours to be aware of

Management, staff and Councillors should be aware of the following:

- Staff being first to arrive in the morning and/or last to leave at night.
- Egotistical (e.g. scornful of system controls).
- A risk taker or rule breaker.
- Reluctance to take leave
- Refusal of promotion
- Unexplained wealth
- Sudden change of lifestyle.
- New staff resigning quickly
- Cosy relationships with suppliers/contractors
- Suppliers/contractors who insist on dealing with one particular member of staff
- Staff who are disgruntled at work - a complainer.
- Greedy or has genuine financial need

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7.3   Examples of Fraudulent Activity

Assets • Repeated and/or unexplained loss of assets – particularly portable and attractive assets such as laptops, mobile phones, digital cameras • Unauthorised disposal of assets	**Inventory** • Unexplained losses/theft of inventory • Unexplained/Unauthorised inventory charges to cost centres
Unauthorised use of assets • Use of office equipment for private purposes • Private use of external equipment such as tools, power tools, small plant • Use of Council resources such as paper, stationery for private purposes • Unauthorised private use of motor vehicles • Unauthorised private use of fuel	**Information Systems** • Inappropriate use of computer systems i.e. access to the internet for unreasonable private usage • Access to inappropriate sites • Access to the system by unauthorised users • Access to and provision of confidential information • Unauthorised access to EFT processes
Human Resources • 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 • "Ghost" employees • Labour charges in excess of expectations • Fraudulent workers compensation claims • Non-compliance to HR policies	**Purchasing/Procurement** • Non-Compliance with Council procurement policies including bypass of the correct approval process • Undisclosed personal/pecuniary interests of staff involved in a procurement or 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.

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8.   External notification systems

There are certain requirements for Council to report matters involving fraudulent and corrupt activity to relevant statutory authorities (such as reporting to ICAC under section 11 of the ICAC Act).

Within Council's Public Interest Disclosures and Internal Reporting system, employees have an option to make a report to authorities outside of the Council. The relevant authorities and their roles are briefly outlined below:

8.1   Independent Commission Against Corruption (ICAC) – complaints regarding corruption

The objectives of the ICAC are to promote the integrity and accountability of public administration through:

- Investigating, exposing and preventing corruption involving or affecting public authorities or public officials, and
- Educating public authorities, public officials and members of the public about corruption and its detrimental effects on public administration and on the community

The **Independent Commission Against Corruption** may be contacted at:

Level 7, 255 Elizabeth Street, SYDNEY, NSW 2000

Phone: (02) 8281 5999
(Toll Free):   1800 463 909
Facsimile: (02) 9264 5364

Email   icac@icac.nsw.gov.au
Web: www.icac.nsw.gov.au

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8.2 NSW Ombudsman – complaints regarding maladministration

The role of the Ombudsman is to promote fairness and integrity in public administration in NSW. They do this through education, monitoring and advice. The Ombudsman also investigates conduct that may be:

- Illegal
- Unreasonable, unjust or oppressive
- Improperly discriminatory
- Based on improper motives or irrelevant grounds, and
- Based on a mistake of law or fact.

The **NSW Ombudsman** may be contacted at:

Level 24, 580 George Street, SYDNEY, NSW 2000

Phone: 02 9286 1000
Toll Free: 1800 451 524
Fax: 02 9283 2911

Email: nswombo@ombo.nsw.gov.au
Web: www.ombo.nsw.gov.au

8.3 Office of Local Government (OLG) – complaints regarding serious and substantial waste

Serious and substantial waste is any uneconomical, inefficient or ineffective use of resources which results in a significant loss or wastage of public funds. The conduct that led to the waste may be authorised or unauthorised. It includes expenditure that should not have been incurred, that exceeded what was required or had no benefit for the organisation.

The **Office of Local Government** may be contacted at:

5 O'Keefe Avenue, NOWRA, NSW 2541

Phone: (02) 4428 4100
Fax: 02 4428 4199

Email: dlg@dlg.nsw.gov.au
Web: www.olg.nsw.gov.au

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8.4 Reporting by External Parties

Council encourages external stakeholders to also report any matters that they feel may concern fraud and corruption involving staff, Councillors or other internal or external stakeholders. Reports should be made in writing to the General Manager or to any of the agencies outlined above.

Concerns may also initially be made with Council's Service Unit Manager - Governance, Risk and Audit on 9952 8222.

9. Fraud and Corruption Investigation Systems

City of Ryde undertakes to conduct investigations into all complaints that allege fraud and/or corruption. The scope of the investigation will be determined by the relevant investigator in conjunction with the General Manager.

This scope may be expanded on the advice or instruction of relevant external authorities such as the ICAC.

Other authorities such as the ICAC or NSW Police may also choose to conduct their own investigations into allegations of fraud or corruption.

Where a matter is dealt with by Council's Conduct Committee, the committee is to nominate an investigator.

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9.1   Structure for the conduct of investigations

Once a decision is made to investigate an allegation of fraud or corruption, an investigation plan is required. This will include:

- An outline of the allegation
- Objectives of the investigation
- Scope of the investigation and strategies to be used
- Details of initial inquiries
- Resources needed
- Timeframe

An investigation may potentially involve the following investigative activities:

- Interviewing persons of interest
- Gathering and review of evidence
- Examination of computer systems
- Examination of telephone records.
- Enquiries with banks and other financial institutions
- Enquiries with third parties
- Preparing a brief of evidence
- Liaison with the Police
- Interviewing persons suspected of fraud or corruption
- Report preparation

City of Ryde will use the approach outlined in Council's 'Investigations Toolkit' in order to conduct any internal investigation.

9.2   External investigative resources

Where considered necessary by the General Manager, an external investigator may be engaged to conduct an investigation. This may be the case with complex or specialist investigations.

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9.3   Reports to the NSW Police

If a preliminary assessment of a matter indicates a reason to suspect that there may have been a criminal offence committed, City of Ryde will contact the NSW Police.

City of Ryde acknowledges that criminal prosecutions will have a deterrent effect in the fight against future instances of fraud and corruption.

9.4   Administrative remedies

In the absence of criminal prosecution, City of Ryde undertakes to apply appropriate civil, administrative or disciplinary penalties against individuals who have been party to fraud or corruption.

9.5   Recovery of the proceeds of fraudulent or corrupt conduct

City of Ryde may take necessary legal action to recover losses that are determined to have resulted from fraudulent or corrupt conduct.

10.   Conduct and Disciplinary Standards

City of Ryde's *Code of Conduct* documents specify the standards of behaviour expected from all Council officials including Councillors, members of staff of council, administrators, council committee members, conduct reviewers and delegates of council. This Code also outlines the disciplinary systems that will apply to any breach of the Code of Conduct or associated policies.

City of Ryde's *Statement of Business Ethics* also describes the standards of behaviour expected of business partners, contractors, sub-contractors, suppliers and other business associates. It specifies that breaches of this and related policies will also impact on continuning relationships with City of Ryde.

City of Ryde will not tolerate fraud and corruption and will pursue all conduct and disciplinary measures available to it, if acts of fraud and corruption are proven.

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11.   References and Further Information

- The Audit Office's Better Practice Guide: Fraud Control Improvement Kit (July 2006)
- Australian Standard 8001-2008 Fraud and Corruption Controls
- *Public Interest Disclosure Act 1994*
- The Australian National Audit Office's Better Practice Guide: Fraud Control in Australian Government Entities
- ICAC's Fact Finder – a guide to conducting internal investigations (27 July 2009)
- *Independent Commission Against Corruption Act 1988*
- ICAC Fighting Fraud: Guidelines for State and Local Government (2002)
- International Professional Practices Framework (2013 edition) – Internal Auditing and Fraud

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