Code title	Corruption Prevention
Responsible manager(s)	General Manager
Author/ Contact officer(s)	Public Officer
Directorate	Corporate and Commercial Services
Approval date	30 November 2019
Outcome area	9. Innovative and proactive leadership
Strategy	9.1 Provide strong leadership and work in partnership to strategically plan for the future and progress towards the community vision
Delivery program link	9.1.2 Implement effective governance
Operational program link	9.1.2.3 Assist the Council in meeting their statutory obligations and roles

Summary

Council is the custodian of significant public funds and assets, therefore it is important that the community has assurance that these are adequately protected from corruption and fraud. Whilst trust is an essential component of Eurobodalla Shire Council, this is not sufficient as corruption and fraud does happen and often where it is least expected.

This Code is designed to protect public funds and assets, protect the integrity, security and reputation of Eurobodalla Shire Council and its staff and maintain a high level of services to the community. The Code implements the Fraud Control policy and supports the organisational values of integrity and ethics, also contained in the Code of Conduct.

The Code aims to facilitate the development of controls which will aid in the detection and prevention of fraud against the Council, and to create a culture of awareness that corruption and fraud will not be tolerated.

This Code covers the following:

1 INTRODUCTION

1.1 Purpose

Council is the custodian of significant public funds and assets, therefore it is important that the community has assurance that these are adequately protected from corruption and fraud. Whilst trust is an essential component of Eurobodalla Shire Council, this is not sufficient as corruption and fraud does happen and often where it is least expected.

Corruption involves a breach of trust in the performance of official duties, where a public official has acted or failed to act in the performance of the functions of their duties, or taken advantage of their employment to obtain any benefit for themselves or another person. Normally this will involve: a criminal offence, a disciplinary offence, or reasonable grounds for terminating the services of a public official.

Fraud is the crime of obtaining financial or other benefit by deception and for the purposes of this code is defined as 'The dishonest misuse of Council's resources, or using one's position and power for personal gain'.

Corruption and fraud can have significant impact on Council and the community, potentially reducing the quality of services delivered and adversely affecting Council's ability to achieve its objectives as set out in its Community Strategic Plan. In addition, Council's financial sustainability may be threatened and reputation damaged.

1.2 Scope

This Code applies to all Councillors, staff, contractors, volunteers and delegates of Eurobodalla Shire Council.

1.3 Objectives

The objectives of this Code are to:
- Ensure transparency, consistency and fairness in the manner in which Council deals with Corruption Prevention and Fraud Control
- Ensure compliance with legislative requirements
- Protect Council's financial sustainability, ability to delivery services, and reputation
- Assist decision-makers to exercise discretionary powers in relation to corruption prevention
- Clearly document Council's approach to controlling corruption and fraud at both strategic and operational levels
- Specify the actions and responsibilities for implementation and monitoring of key corruption prevention and fraud control measures.
- Promote awareness of Council requirements with respect to corruption prevention

1.4 Relationship to Legislation/ Policy/ Plan

This Code should be read in conjunction with the following legislation and policies:

1.4.1 Legislation

The Local Government Act 1993 requires Council to develop and maintain adequate internal control systems, and to establish a Code of Conduct and an Audit Committee.

The Public Interest Disclosures Act 1994 requires Council to establish written procedures for the handling of any disclosures.

1.4.2 Policy

Council's Fraud Control Policy, Public Interest Disclosures (Internal Reporting) Policy, Gifts and Benefits Policy, Procurement Policy, and Code of Conduct (for employees and Councillors).

1.5 Version

This Code first came into force on 30 June 2014 and no substantive changes have been necessary since that time. It is reviewed at least four-yearly. The last review was 30 November 2019.

2 CODE DETAILS

2.1 COMMUNICATION OF INTENT

Council's Fraud Control Policy, Code of Conduct, Code of Conduct Policy, Public Interest Disclosures (Internal Reporting) Policy, and Procurement Policy are important documents for clearly articulating Council's objectives and expected outcomes in managing corruption and fraud and should be read in conjunction with this Code.

The Fraud Control Policy establishes Council's attitude and approach to fraud control, while the Code of Conduct, Public Interest Disclosures (Internal Reporting) Policy, and Procurement Policy set out the high standards of ethical behaviour expected and Council's commitment to those standards.

The Code of Conduct will be reviewed every four years in line with the election of a Council and development of the Council Plan, and is the responsibility of the General Manager. All policies will be reviewed every four years unless required earlier.

As required by legislation, Council's Public Interest Disclosures (Internal Reporting) Policy is regularly reviewed and available on the Council website. It sets out the procedures for handling any disclosures and subsequent investigation of improper conduct or detrimental actions by any public officer or body, and provides protection to the person making the disclosure.

The Code of Conduct and related policy, Public Interest Disclosures (Internal Reporting) Policy, and Fraud Control Policy are included in the induction program that all new staff members are required to attend on commencing employment with the Council.

The Code of Conduct forms an integral part of the Councillor Induction program, to be carried out following each election.

2.2 THE FOUNDATIONS

2.2.1 Leadership

- Executive leadership team and divisional managers are committed to successful implementation of the Fraud control policy and this Corruption Prevention Code.
- Executive leadership team and divisional managers lead by example and model Council's Code of Conduct, standards and values.
- Code of Conduct specifies managers' responsibilities for promoting integrity and preventing corruption. Managers' performance reviews measure these responsibilities.
- Policy requires all managers and nominated staff to register financial interests (via the Pecuniary Interest Register)
- All staff are required to report gifts received in the course of work, via the Gifts and Benefits register and their direct manager (see Code of Conduct policy, clause 6).
- Corruption prevention is integrated into all other corporate planning activities, e.g. business plan, corporate plan, audit plan
- All managers (including coordinators and supervisors) contribute to corruption risk management by identifying corruption risks related to their operational responsibilities.
- Corruption prevention initiatives will be included as a regular agenda item in corporate strategic planning meetings.

2.2.2 Organisational Culture

- Executive leadership team and divisional managers contribute to the development and maintenance of an ethical culture.
- Mandatory management training will include modules on promoting integrity and preventing corruption.
- Promotion and selection of managers will include criteria related to the ethical management of public sector organisations.
- A staff satisfaction survey has been introduced as a regular corporate activity and will include questions on ethical culture.

2.2.3 Standards and Values

- Council has published values that are appropriate to its role and functions.
- Organisational values are published in the Code of Conduct, various policies and codes of practice and the statement of business ethics for suppliers and contractors.
- Copies of Council's Code of Conduct and its Statement of Business Ethics are made available on its public website.

2.3 Code of Conduct

- Council has adopted a Code of Conduct that reflects its values and standards of conduct. It is based on the current version of the Office of Local Government's Model Code of Conduct.
- Council's Code of Conduct is published on Council's website and communicated to all staff and councillors.

- Staff and councillors understand and adhere to the Code of Conduct and to Council's standards and values.
- The Code of Conduct is available on the intranet and is provided to all staff with the offer of their employment, and to councillors upon induction.
- Organisational Development delivers Code of Conduct training for new staff at induction, and regular (e-learning) refresher training for existing staff.
- The Code of Conduct is scheduled to be reviewed every 4 years, or when the Model Code is updated by the Office of Local Government.

2.4 Policies, procedures and systems

- The organisation's operations are supported by adequate policies, codes of practice, strategies, plans, procedures and systems.
- Policies are reviewed regularly (at minimum every 4 years, unless required sooner)
- The responsible officer and manager for each policy or code is clearly stated.
- Managers are encouraged to inform the responsible officer for policies or codes if the policy, code, or procedure is effective, requires review, or has become obsolete.

2.5 Training and raising awareness

- Code of Conduct training is Council's method for ensuring that all staff, contractors and volunteers are aware of their responsibilities for corruption prevention and of the expectations for ethical behaviour in the workplace.
- ICAC Anti-Corruption Prevention training is provided to all managers to ensure that they are aware of the additional responsibility as a manager in regard to corruption prevention and fraud control. Refresher training sessions are offered when available.

2.6 USING ORGANISATIONAL SYSTEMS

2.6.1 Financial management systems

Council's financial controls are effective and comply with all applicable standards.

2.6.2 Performance management systems

Council's Organisational Development (human resources function) administers an annual performance management system that applies to all levels of staff.

2.6.3 IT systems

Council's IT systems are robust, comply with all applicable standards and are used to address corruption risks.

2.6.4 Records management

- Physical and electronic records of all agency activities are made and retained according to legal and government policy obligations.
- Council records are adequately stored, managed and secured.
- Council records are accessible.

2.6.5 Internal audit

Internal audit assists and supports the corruption risk management process.

2.6.6 Taking a risk management approach

Risk management principles and processes are used to identify and manage corruption risks.

2.6.7 Identifying corruption risks

- The organisation regularly conducts a comprehensive process to identify Council's corruption risks.
- Corruption risk identification shall be conducted in relation to all functions, programs, projects and activities.

2.6.8 Managing corruption risks

Corruption risk management strategies are in place to manage corruption risks.

2.7 DETECTING CORRUPTION

2.7.1 Checking and work review

Council has sound supervision, checking and work review practices in place.

2.7.2 Internal reporting

- Internal reporting of corrupt conduct and maladministration is encouraged, facilitated and investigated.
- Council's Public Interest Disclosures (Internal Reporting) policy is published on its website and intranet.

2.7.3 Concerns, complaints and grievances

- Customer and community concerns are encouraged, facilitated and followed up.
- Council's Customer Service and Complaints policies are published on its website and intranet and provide multiple avenues for customers and community members to register their concerns, complaints and grievances.
- Any allegation of corrupt conduct is reported immediately to ICAC.

2.7.4 Internal audit

- The Audit and Risk Improvement Committee (ARIC) reviews whole of organisation risk and provides a key role in monitoring Council's fraud control and corruption prevention.
- An Internal audit function has been established (contracted to an independent auditor) with the objective of being proactive in designing and running programs aimed at detecting corruption and fraud.

- Internal review of controls (systems, processes and procedures) will be undertaken by Council officers as identified as reasonable in the fraud risk assessment, and may be selected by the ARIC for internal audit as part of the Annual Internal Audit Plan.
- Any incident of fraud or corruption will be reported to the ARIC.

3   RESPONSIBILITIES

3.1   General Requirements

- Managers and supervisors are responsible for the detection and prevention of fraud, misappropriations and other inappropriate conduct.
- Supervisors, Coordinators, Divisional Managers and each member of the Executive Leadership Team should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.
- All councillors and employees have a responsibility to report fraud and suspected corrupt activity, through the appropriate notification, which may include taking advantage of the Public Interest Disclosures Act.

3.2   Management of Key Fraud Risks

Fraud Risk	Internal Controls	Monitoring/ Review	Responsible Officer
Theft/ misuse of assets	- Asset registers - Inventory processes	- Revaluations - Stock takes	All Staff, supervisors and Managers
Gifts and Benefits	- Code of Conduct Policy - Gifts and Benefits Register (Council app available via intranet to all staff)	Review of Register	All Staff, supervisors and Managers
Theft of cash	- Cash handling procedures - Petty cash procedures	- Daily receipting - reconciliations and bank reconciliation - Annual petty cash audit	All Relevant Supervisors and Managers
Accounts Payable fraud	- Creditor procedures - NAR procedures - Segregation of duties	- Prepayment review - Monthly creditor master file audit	Divisional Manager, Finance
Payroll fraud	Payroll procedures including employee master file maintenance	Independent review and sign off – payroll and employee master file maintenance	Divisional Manager, Organisation Development

Procurement fraud	• Procurement Policy • Procurement Code of practice • Procurement – Tendering Code of practice • Procurement Guidelines • Standard documents	• Monthly procurement compliance audit	Divisional Manager, Governance and Administrative Services Fleet and procurement Coordinator
Recruitment fraud	• Recruitment procedures	• Referee checks • Qualification confirmation	Divisional Manager, Organisation Development
Misuse of credit card	• Credit Card Policy • Credit Card Procedures	• Duplicate sign off for all transactions	Divisional Manager, Finance

3.3 Staff

Under supervision, applicable Council staff will be responsible for ensuring that this Code is implemented appropriately within their work area, after they have received relevant training to do so.

3.4 Public concerns or requests

Concerns or requests received from the public in relation to this Code will be recorded on Council's records system and handled in accordance with Council's Customer Service policy. These records will be used to help determine follow up actions and to analyse the history of concerns and requests.

3.5 Complaints

Complaints received regarding this Code will be lodged with the Public Officer (under delegated authority) and handled in accordance with Council's Complaints Policy.

Allegations of corrupt conduct will be immediately reported to ICAC.

Allegations regarding pecuniary conflict of interest will be immediately reported to the Office of Local Government.

3.6 Consultation

Audit Committee and consultation with Executive Leadership Team. Dissemination to Council staff via Divisional Managers, Coordinators, intranet and e-mail.
Other consultation regarding this Code will occur with key stakeholders as required and may include legislative bodies, other relevant legislation, and industry guidelines.

4   MONITORING AND REVIEW

This Code will be reviewed every four years. It may also be reviewed and updated as necessary when legislation or policy requires it; or Council's functions, structure or activities change; or when technological advances or new systems change the way that Council manages Corruption Prevention.

Reviews of the effectiveness of this Code could include the following:

Performance indicator	Data source(s)
• Council, Executive Leadership team and Divisional managers publicly support the policy and code of practice. • All managers actively and positively contribute to the development and maintenance of controls. • Any fraud detected is dealt with in accordance with this policy. • Staff are aware of and/or use appropriate reporting lines.	Council records Internal Audit
Reduction of incidents.	Council Records
Favourable Internal or external audit results.	Audit
Reduction of reportable complaints to ICAC.	Council Records

5   ACKNOWLEDGEMENTS

Eurobodalla Shire Council acknowledges the assistance in the development of this Code of Practice provided by the Independent Commission against Corruption (ICAC), in particular the *Sample Corruption Prevention Plan*.

6   GOVERNANCE

Related legislation and policies

Name	Link
Code of Conduct	www.esc.nsw.gov.au/inside-council/council/council-policies
Fraud Policy	www.esc.nsw.gov.au/inside-council/council/council-policies
Public Interest Disclosures Policy	www.esc.nsw.gov.au/inside-council/council/council-policies
Procurement Policy	www.esc.nsw.gov.au/inside-council/council/council-policies
Procurement Code of Practice	www.esc.nsw.gov.au/inside-council/council/council-policies
Local Government Act 1993	www.austlii.edu.au/au/legis/nsw/consol_act/lga1993182
Public Interest Disclosures Act	www.austlii.edu.au/au/legis/nsw/consol_act/pida1994313

Related external references

Name	Link
Office of Local Government (OLG)	www.olg.nsw.gov.au
Independent Commission Against Corruption (ICAC)	www.icac.nsw.gov.au/preventing-corruption/corruption-prevention-strategy/cp-plan/4871
Australian Standards	AS8001-2008 Fraud and Corruption Control
Australian National Audit Office	Fraud Control in Australian Government Entities (2011)

Change history

Version	Approval date	Approved by	Min No	File	Change
1	30 Jun 2014	General Manager	N/A	E06.0380	New Code commenced
2	28 Jul 2015	Public Officer	N/A	E06.0380	Minor referencing updates (no substantial change to Code)
3	30 Nov 2019	Public Officer	N/A	ECM	Minor referencing updates (no substantial changes to Code)

Internal use

Responsible officer		Public Officer		Approved by	General Manager
Min no	-	Report no	-	Effective date	30 November 2019
File no	ECM	Review period	Minimum 4 yearly	Pages	11