



Name:	Fraud Protection Plan		
Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Manager Financial Services		
Approval Date:	19/07/2016	Next Review Date:	18/07/2017

1 Purpose

The City of Palmerston is required to adopt a fraud protection plan in accordance with Section 10 (2a) of the Local Government Accounting Regulations.

2 Principles

The City of Palmerston has always set itself high standards of honesty and probity. The City of Palmerston does not condone fraud, theft or corruption irrespective of whether it is attempted by employees or elected council members or externally by members of the public. The Council is committed to this Fraud Protection Plan that is designed to encourage prevention, promote detection, ensure protection, and identify a clear approach for investigation.

3 Definitions

For the purposes of this Policy, the following definitions apply:

Term	Definition
Anti-Fraud	Anti-Fraud is defined as the measures taken within the Council to prevent, detect and investigate instances of fraud.
Fraud	Fraud itself may be regarded as any deliberate act taken by one or more individuals to deceive or mislead with the objective of misappropriating assets or business usually culminating in the distortion of the Council's financial records or statements.
Theft	Theft is defined as being the dishonest appropriation of the Council's property with intent to deprive the Council of it permanently.
Corruption	Corruption is defined as being the use of bribery, fraud or the irregular alteration and or distortion of records to conceal and/or misappropriate assets of the Council.
Whistleblowing	Whistleblowing means action by an employee to disclose malpractice in the form of irregularity, wrong-doing or serious failures of standards at work.

4 Policy Statement

4.1 Fraud Protection Plan

4.1.1 The City of Palmerston's Fraud Protection Plan is based on a series of comprehensive and integrated procedures designed to prevent any attempted fraudulent or corrupt act. These cover:

- Culture;
- Prevention;
- Detection and Investigation;
- Arrangements for Members of the Public;
- State/Federal Government initiatives
- Training; and
- Whistle blowing.

4.1.2 Review

There is a continuous review of systems and internal controls by the Department of Corporate and Community Services and a high degree of external scrutiny of the Council's business by a variety of bodies, including:

- Council's external auditors;
- Northern Territory Government Departments; and
- Australian Federal Government on various grant related matters.

4.2 Fraud Strategy

4.2.1 Council officers are required to report all suspected irregularities to their Director. Reporting is essential and:

- Ensures the consistent treatment of information regarding fraud, theft and corruption;
- Ensures compliance with relevant legislation;
- Ensures all enquires are routed through Council's chain of command;
- Facilitates proper investigation by an experienced staff member; and
- Ensures the proper implementation of a fraud response investigation plan.

4.2.2 Depending upon the nature and anticipated extent of the allegations, the Director will work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

4.2.3 Council's Disciplinary employment procedures will be used where the outcome of the investigation indicates improper behaviour.

4.2.4 Council will notify the police where financial impropriety is discovered. Referral to the police ensures that offenders are dealt with in accordance with the law.

4.2.5 The relevant Director will be kept informed of the progress of the investigation.

4.3 Culture

4.3.1 The City of Palmerston is committed to ensuring that its culture will continue to be one of honesty and opposition to fraud, theft and corruption. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Council staff and members, at all levels, will lead by example in these matters.

4.3.2 Council staff are positively encouraged to raise any concerns about fraud, theft and corruption that they may have on these issues where they are associated with the Council's activities.

- 4.3.3 They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. Any instance must be reported to either the relevant Director or the Chief Executive Officer.
- 4.3.4 In the first instance, members of the public are also encouraged to report any concerns to the Chief Executive Officer.
- 4.3.5 Senior management are responsible for following up any allegation of fraud or corruption and will do so by immediately informing Chief Executive Officer. An investigating officer will be appointed.
- 4.3.6 The investigating officer, usually the relevant Director, will:
- Deal promptly with the matter;
 - Record all evidence, ensure it is sound and adequately supported;
 - Ensure the security of all evidence;
 - Contact and liaise with other agencies, e.g. Police; and
 - Notify and liaise with the Chief Executive Officer.
- 4.3.7 Senior Management are expected to deal swiftly and firmly with those who defraud or steal from the Council or who are corrupt. The Council should be considered as robust in dealing with financial irregularity or malpractice. There is, of course, a need to ensure that any investigation process is not misused, therefore, any incidence of raising unfounded malicious allegations may be dealt with as a disciplinary matter. Any wrong doing or malpractice outside the scope of the Policy Document should be reported to the Chief Executive Officer.

4.4 Prevention – Staff

- 4.4.1 The City of Palmerston recognises that a key preventative measure in the fight against fraud, theft and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff. Temporary staff are subject to the same recruitment policies as permanent staff.
- 4.4.2 Staff recruitment must be in accordance with approved fair selection policies and, in particular, the Council will obtain references before employment offers are made.
- 4.4.3 Staff of the Council are expected to adhere to established Policies and to follow the Council's Code of Conduct together with, where applicable, their Professional Institute's Code of Ethics.
- 4.4.4 Staff are reminded that they must operate within the Local Government Act, regarding pecuniary interests in Contracts relating to the Council or fees and rewards other than proper remuneration.

4.5 Prevention - Elected Members

- 4.5.1 Members are required to operate within:
- Council Policies;
 - Council's Code of Conduct for Elected Members;
 - The Local Government Act; and
 - Other relevant legislation.
- 4.5.2 These matters are specifically brought to the attention of Elected Members in the Council's Code of Conduct and include the declaration and registration with the Council's Chief Executive, potential areas of conflict between Elected Members' Council duties and responsibilities and any other areas of their personal or professional lives.

4.6 Systems

- 4.6.1 The City of Palmerston has Financial Regulations and Financial Operating Procedures in place that require staff, when dealing with the Council's affairs, to act in accordance with best practice.
- 4.6.2 The Chief Executive Officer has a statutory responsibility under the Local Government Act/Financial Regulations/Accounting Code to ensure the proper arrangements of the Council's financial affairs and has published a Procedure to guide and control the processes with respect to contracts for works, supplies and services. These documents outline the procedures and responsibilities of staff throughout the Council.
- 4.6.3 The City of Palmerston has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and which include adequate separation of duties. Directors have a responsibility to ensure these controls are properly maintained and documented. Their existence and appropriateness may be independently monitored by Council external auditors.

4.7 Working with other Agencies

- 4.7.1 Arrangements are in place and continue to be developed to encourage the exchange of information between the Council and other agencies on national and local fraud, theft and corruption activity in relation to Local Authorities. These include:
- Northern Territory Government; and
 - Federal Government where applicable.

4.8 Detection and Investigation

- 4.8.1 Despite the best efforts of financial managers and auditors, many frauds and thefts are discovered by chance or from a 'tip off'. The City of Palmerston has arrangements in place to enable such information to be dealt with properly.
- 4.8.2 Council is working on preventative systems, particularly internal control systems within the Council, designed to provide indicators of any fraudulent activity. Generally they should be sufficient in themselves to deter fraud. It is, however, a fact that alert and observant Council staff, Council members and members of the public do become aware of fraud, theft and corruption and every opportunity is available for them to report any suspicions to the relevant officers of the Council.

4.9 Arrangements for Members of the Public

Members of the public are encouraged to report all suspected irregularities, including suspected fraud, theft or corruption to the Chief Executive Officer or the Office of the Commissioner for Public Interest Disclosures.

4.10 Training

The City of Palmerston recognises that the effectiveness of its Fraud Protection Plan will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation. To facilitate this, the Council has an induction program which requires Directors to arrange for responsibilities to be highlighted and reinforced.

4.11 Whistle Blowing

- 4.11.1 The City of Palmerston is aware of the difficulties and conflicts that may arise for staff and Elected Members who suspect a colleague of fraud, theft or corruption. It is, nevertheless, essential that all instances are reported without delay. It is incumbent on all staff and Elected Members to report instances or suspicions of fraud, theft and

corruption to the Chief Executive Officer or the Office of the Commissioner for Public Interest Disclosures.

- 4.11.2 Wherever possible all instances reported will be treated in the strictest confidence. It is the Council's intention that any person reporting a concern or incident will as far as is possible, have their identity kept confidential. It should be understood however, that it is impossible to guarantee anonymity, especially where disciplinary action or prosecution arises.
- 4.11.3 Council is sensitive to the potential difficulties staff and Elected Members may face if they report an incident and subsequently have to continue working with the individual(s) concerned. It is the Council's intention that every reasonable measure will be taken to ensure that no reprisals are taken against whistle blowers.
- 4.11.4 Finally, no one will be penalised for making an allegation that is subsequently proved to be groundless, where the allegation has been made in good faith. Council will not, however, tolerate individuals making malicious, vexatious or unfounded allegations and disciplinary action may be taken against such persons.

5 Associated Documents

- 5.1 City of Palmerston Policies
- 5.2 City of Palmerston Code of Conduct for Elected Members
- 5.3 City of Palmerston Code of Conduct for Staff
- 5.4 City of Palmerston Collective Agreement

6 References and Related Legislation

- 6.1 Northern Territory Local Government Act
- 6.2 Northern Territory Local Government (Administration) Regulations
- 6.3 Northern Territory Local Government (Accounting) Regulations
- 6.4 Australian Accounting Standards
- 6.5 Ministerial Guidelines
- 6.6 Local Government General Instructions