

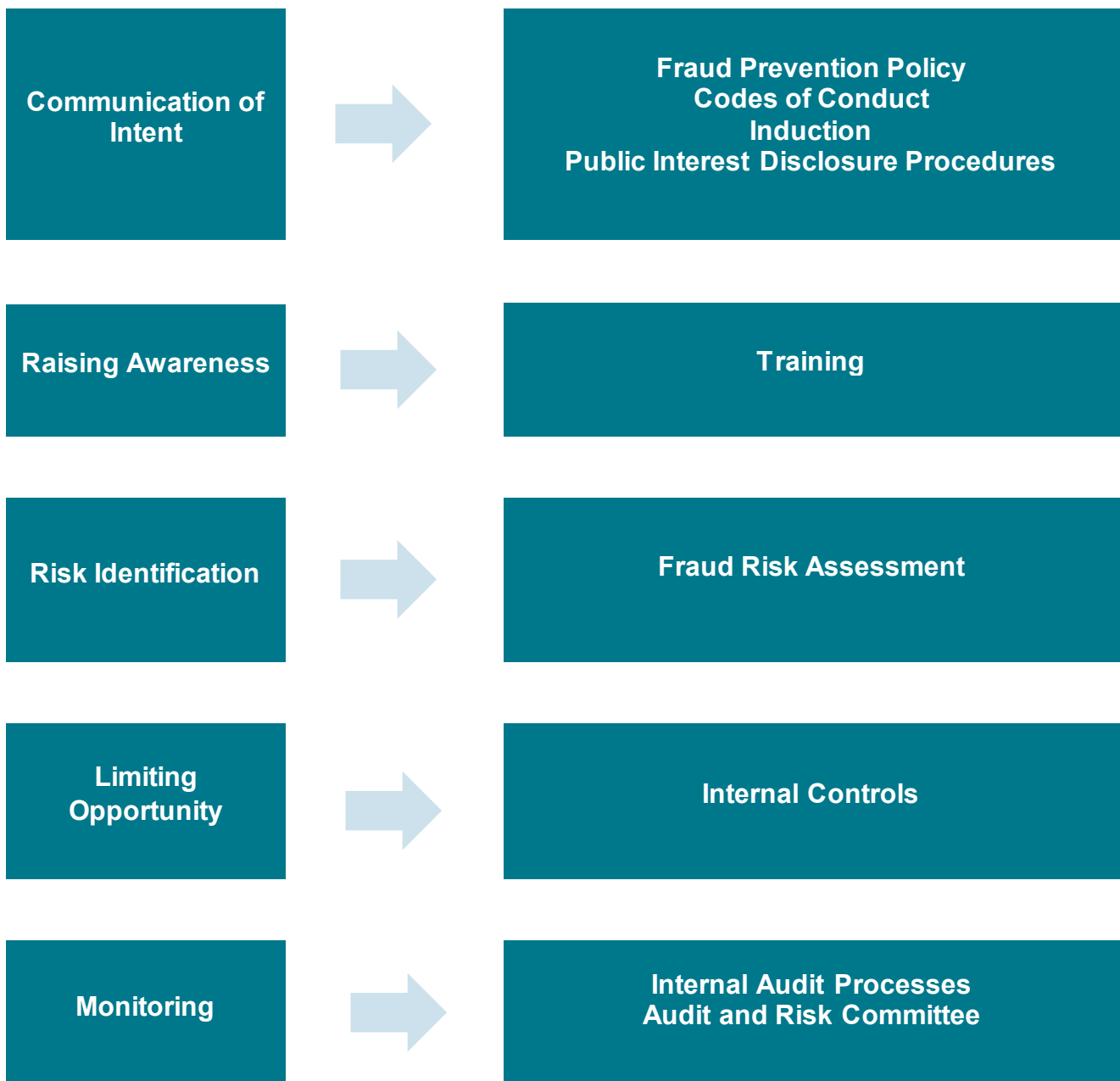
# Northern Grampians Shire Council

## FRAUD CONTROL PLAN



***Northern Grampians Shire Council does not tolerate fraud or improper conduct by its Councillors, employees, contractors or volunteers, nor the taking of reprisals against those who come forward to disclose such conduct.***

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



## **Introduction**

Fraud is the crime of obtaining financial or other benefit by deception, which 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 the Council Plan. In addition, Council's financial sustainability may be threatened and reputation damaged.

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 fraud. Whilst trust is an essential component of Northern Grampians Shire Council, this is not sufficient as fraud does happen and often where it is least expected.

## **Regulatory Framework**

Under the *Local Government Act 2020* (the Act) Council must establish an Audit and Risk Committee, Councillors must observe the prescribed Model Councillor Code of Conduct and the Chief Executive Officer must develop and implement a code of conduct for members of Council staff.

The *Public Interest Disclosures Act 2012* requires Council to establish written procedures for the handling of any disclosures.

The purpose of this Fraud Control Plan is to clearly document Council's approach to controlling fraud at both strategic and operational levels and the actions and responsibilities for implementation and monitoring of key fraud control measures.

## **Communication of Intent**

Council's *Fraud Prevention Policy*, *Code of Conduct for Council Staff* and *Model Councillor Code of Conduct* are important documents for clearly articulating Council's objectives and expected outcomes in managing fraud. The *Fraud Prevention Policy* establishes Council's attitude and approach to fraud control, while the *Code of Conduct for Council Staff* and *Model Councillor Code of Conduct* set out the high standards of ethical behaviour expected and Council's commitment to those standards.

The Manager Financial Services is responsible for the *Fraud Prevention Policy*, which will be reviewed every three years unless required earlier.

The *Code of Conduct for Council Staff* and *Model Councillor 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 Director Corporate Services.

Both the *Fraud Prevention Policy* and *Code of Conduct for Council Staff* will be included in the induction program that all new staff members are required to undertake on commencing employment with the Council. The *Model Councillor Code of Conduct* forms an integral part of the Councillor induction program, to be carried out following each election.

As required by legislation, Council's *Public Interest Disclosures Procedures* are available on the Council website. This 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 Manager Governance is responsible for the *Public Interest Disclosures Procedures*, which will be reviewed every four years unless required earlier by changes to legislation, systems or procedures.

### **Raising Awareness**

*Fraud Awareness Training* is Council's method for ensuring that all Councillors, employees, contractors and volunteers are aware of their responsibilities for fraud control and of the expectations for ethical behaviour in the workplace.

*Fraud Management Training* will be provided to all managers to ensure that they are aware of the additional responsibility as a manager, with regards to fraud control.

The Manager Financial Services is responsible for development and delivery of fraud training, which will be included in the induction program for all new staff, and delivered across the organisation as refresher training, every two years.

### **Risk Identification and Limiting Opportunity**

The Risk Committee is responsible for Council's overall management of risk. The committee comprises the Chief Executive Officer, the Executive Leadership Team, Manager Financial Services, Manager People and Culture, Manager Governance and the officer responsible for risk.

The committee meets quarterly to continually identify, review and manage the Council's risk exposure as recorded in its risk register, and reviews Council's *Risk Management Strategy* annually.

Fraud has been identified as an extreme risk. To ensure that all aspects of fraud risk are clearly understood to effectively implement control measures, the committee will undertake an organisational fraud risk assessment as part of its overall risk management strategy.

The Manager Financial Services is responsible for coordination of the fraud risk assessment however each manager is responsible for the identification of potential exposure to fraud risk in their work area and the development, implementation and monitoring of internal controls (systems, processes and procedures) to minimise the risks.

### **Monitoring**

The Audit and Risk Committee provides a key role in monitoring Council's *Fraud Control Plan*. Any incident of fraud will be reported to the Audit and Risk Committee (as per the standard agenda and *Annual Audit Activity Plan*).

Council has a well established Audit and Risk Committee comprising two Councillors and three independent members. An *Audit and Risk Committee Charter* (based on the Local Government Victoria guidance document *Audit Committees: A Guide to Good Practice for Local Government*) was adopted by Council in April 2012 and has since been reported to Council with minimal changes in 2025. The Charter has supporting *Audit and Risk Committee Guidelines*.

The committee reviews whole of organisation risk and has determined that rather than appointing a single internal auditor primarily focused on financial risk as has traditionally been the case, specialist auditors determined on the highest organisational risks will be appointed, in line with the *Annual Internal Audit Plan*.

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 Audit and Risk Committee for internal audit as part of the *Annual Internal Audit Plan*.

**Key Fraud Risks**

<b>Fraud Risk</b>	<b>Internal Controls</b>	<b>Monitoring/Review</b>	<b>Responsible Officer</b>
Theft of cash	Cash handling procedures  Petty cash procedures	Daily receipting reconciliations and bank reconciliation  Annual petty cash audit	Manager Financial Services
Theft/misuse of assets	Asset registers  Inventory processes	Revaluations  Stock takes	All Managers
Accounts Payable fraud	Creditor procedures  NAR procedures  Segregation of duties	Prepayment review  Monthly creditor master file audit	Manager Financial Services
Payroll fraud	Payroll procedures including employee master file maintenance	Independent review and sign off – payroll and employee master file maintenance	Manager People and Culture
Procurement fraud	Procurement Policy  Procurement Guidelines  Standard documents	Monthly procurement compliance audit	Manager Financial Services
Recruitment fraud	Recruitment procedures	Referee checks  Qualification confirmation	Manager People and Culture
Misuse of credit card	Corporate Card Policy  Credit Card Procedures	Duplicate sign off for all transactions	Manager Financial Services

**Reference Documents**

<b>Document Name</b>	<b>Responsible Officer</b>	<b>Last Review</b>	<b>Next Review</b>	<b>Location</b>
Fraud Prevention Policy	Manager Financial Services	January 2023	June 2025	Internet and intranet

Code of Conduct for Council Staff	Director Corporate Services	February 2023	February 2026	Intranet
Model Councillor Code of Conduct	Provided to Council	November 2024	TBC	Intranet
Public Interest Disclosures Procedures	Director Corporate Services	January 2024	January 2028	Internet and Intranet
Fraud Awareness (training presentation for staff)	Manager Financial Services	October 2024	October 2025	Intranet
Fraud Management (training presentation for councillors)	Manager Financial Services	October 2024	October 2025	Intranet
Fraud Risk Assessment	Risk Committee	WIP	Annually	Intranet
Risk Management Strategy	Manager Governance	May 2024	May 2025	Intranet
Audit and Risk Committee Charter	Director Corporate Services	May 2025	August 2028	Internet and intranet
Audit and Risk Committee Guidelines	Director Corporate Services	May 2025	August 2028	Intranet
Procurement Policy	Manager Financial Services	June 2025	June 2029	Internet and intranet
Procurement Guidelines and standard documents	Finance and Procurement Officer	Continually being developed and improved		Intranet

### **Standards and Guidelines**

- *Australian Standard AS8001-2008 Fraud and Corruption Control*
- *VAGO Fraud and Corruption Control – Local Government June 2019*
- *Fraud Control in Australian Government Entities* (Australian National Audit Office, 2011)
- *Commonwealth Fraud and Corruption Control Framework 2024*
- *Conflict of Interest: A Guide for Council Staff and A Guide for Councillors* (Local Government Victoria, 2011)
- *Audit Committees: A Guide to Good Practice for Local Government* (Local Government Victoria, 2011)