

Upper Macquarie County Council

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CORRUPTION PREVENTION STRATEGY

Adopted by: Upper Macquarie County Council

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Key Document Approved by:

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Date: 11th February 2019

1. STRATEGY PURPOSE

The purpose of this strategy is to foster a robust ethical climate within the County Council that permeates all of its activities. The strategy includes integrating a corruption prevention focused framework that increases awareness of the high ethical standards of accuracy, honesty and accountability expected of every County Council employee. The strategy minimises corrupt conduct through the promotion, development and implementation of appropriate policies, procedures mechanisms and controls. It also and facilitates detection, reporting, investigation and responses to corrupt activities.

2. BACKGROUND

In keeping with the high standards of probity and accountability expected by the community, the NSW Government requires all government agencies to implement and maintain a strategy for the prevention of internal and external corruption.

Consistent with the NSW Audit Office and Independent Commission Against Corruption (ICAC) Guidelines, the County Council's *Corruption Prevention Strategy* includes:

- ✓ An integrated policy approach to fraud control;
- ✓ Responsibility structures;
- ✓ Fraud risk assessment;
- ✓ Employee awareness;
- ✓ Consumer and community awareness;
- ✓ Fraud reporting systems;
- ✓ Protected disclosures;
- ✓ External notification;
- ✓ Investigating standards; and
- ✓ Conduct and disciplinary standards;

3. POLICY POSITION:

Upper Macquarie County Council is committed to the management of its resources, including its reputation, in the most effective and economical manner possible and acknowledges its associated accountabilities. To this end, the County Council aims to maintain a strong ethical culture and an effective internal control environment to minimise the likelihood of corruption. It also implements all necessary measures to effectively manage the risk of corrupt conduct.

Management of corruption prevention within the County Council is holistic and complementary - where council employees, along with management practices, systems, policies and procedures combine as key factors in preventing and detecting corrupt conduct.

4. FRAUD & CORRUPT CONDUCT

There are many types of corrupt conduct, fraud being just one of them. The terms *corruption* and *corrupt conduct* are used throughout this document as they are inclusive of fraud and all other forms of corrupt conduct.

Fraud is a common form of corrupt conduct. It is any practice that involves the use of deceit to confer some form of benefit upon the perpetrator, either directly or indirectly, and results in some form of material loss to the entity defrauded. Fraud is not restricted to monetary or material benefits.

Corrupt Conduct is misuse of public office and occurs when a public official is dishonest or partial in the exercise of official functions. It could also include a public official breaching public trust and/or misusing information or material for personal gain or to the benefit of any person. It is corrupt conduct for any person to adversely affect the honest and impartial exercise of official functions.

Persons inside or outside the council can commit corruption either alone or in collusion with employees or people outside the organisation.

[Further explanation of these matters along with examples, are found in Sections 7, 8 & 9 of the Independent Commission Against Corruption Act, (1988).

5. RESPONSIBILITY STRUCTURES:

The key groups who have responsibility within the County Council's corruption prevention framework are:

- A. **The Council:** As part of its fiduciary duties, the Council is ultimately responsible for ensuring that the Council meets all legislative and regulatory requirements. Unethical conduct poses a real risk that the Council must mitigate in order to maintain a successful business. The Council is accountable for ensuring that an ethical business environment is maintained and that a system to effectively minimise corruption is established and maintained within Council.
- B. **The General Manager:** The General Manager is responsible for the effective and economical use of council resources and for determining appropriate controls against corrupt conduct. This responsibility is, where appropriate, delegated to senior staff.

Under Section 11 of the Independent Commission Against Corruption Act (1988), the General Manager is required to report to ICAC any matter they suspect, on reasonable grounds, concerns or may concern corrupt conduct by any person in the Council organisation or impacting on the organisation.

- C. **The External Auditor:** The external auditor's key role is to review and highlight any instances of non-compliance by the Council of legislative requirements or any material deficiencies in the Council's accounting records or financial statements.

In addition and subject to a direction for the NSW Auditor General, the External Auditor may also undertake an incidental risk assessment of other aspects of the Council business where such matters have the potential to compromise the viability of the business or the integrity of accounting records or other matters.

- D. **The Internal Audit Committee:** Council will establish an internal audit committee during 2019/2020 as required under amendments to the Local Government Act (1993). The internal audit committee may be formed in conjunction with or otherwise appropriately linked into an existing or future internal audit committee of one or more of the County Council's constituent councils.

The committee role will be to evaluate and monitor the adequacy and effectiveness of the internal control framework, including some or all of the following areas (as determined by Council):

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and resource usage
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts
- Adequacy and effectiveness of the risk management framework.

- E. **Senior Staff:** The Chief Weeds Biosecurity Officer and Biosecurity Administration Officer, in conjunction with the General Manager, are required to take a leadership role in promoting ethical behavior within the council. They are responsible for:
- Identifying all factors in their workplaces that may contribute to unethical conduct and for implementing measures to address them;
 - Creating and maintaining a work environment that supports ethical conduct and accountability for risk management;
 - Ensuring that staff are aware of and implement council Policies and Procedures to prevent corruption;
 - Maintaining appropriate internal controls to minimise risk; and
 - Monitoring the effectiveness of internal controls.
- F. **All Council Employees:** The General Manager, Senior Staff, and Weed Biosecurity Officers are all required to promote an ethical work culture by:
- Understanding the responsibilities of their positions;
 - Familiarising themselves with all approved council Policies and Procedures and adhere to them at all times;
 - Being open with their colleagues;
 - Leading others by example;
 - Understanding the risk factors that can lead to corrupt conduct;
 - Demonstrating by actions and statements that council does not condone or tolerate corrupt conduct;
 - Encouraging ethical conduct; and
 - Taking corrective action before a situation escalates.

Staff are also expected to act in a professional manner at all times by:

- Complying with all legislative requirement and Council policies and procedures, including the Code of Conduct;
- Performing their duties with skill, care, diligence, honesty, integrity and impartiality at all times;
- Avoiding misuse or waste of council resources;
- Planning the use of council information, money, property, goods or services, so that use is efficient and economical;
- Taking proper care of council property;
- Using official council information for authorised and official purposes only;
- Dealing with the public, colleagues and other stakeholders in an ethical manner that fosters positive perceptions of council; and
- Reporting any corrupt activity, even if it is based only on a suspicion.

G. RISK MANAGEMENT APPROACH:

Council is committed to the development of a “Risk Management” approach to business which is aligned with business imperatives, mitigates risks within council’s governance framework and creates an environment where staff are accountable for risk management. In this context, council is able to identify areas of potential or actual corruption risk and promptly develop policies and procedures which are conveyed to all

employees and monitored carefully.

To date, the following policies have been implemented to assist corruption prevention in council:

- Annual Closedown of Business
- Code of Conduct
- Code of Meeting Practice
- Compliance and Enforcement
- Member Fees, Expenses and Facilities
- Delegations Manual
- Financial Reserves
- Gifts and Benefits
- Grievance and Harassment
- Procurement
- Public Interest Disclosures
- Public Access Information
- Motor Vehicle Use
- Use of Remotely Piloted Aircraft
- Use of the Council Official Seal
- Asset Management
- Revenue

Council is committed to ensuring that high standards of corporate governance apply, and are seen to apply, to the management of its business. Strategic initiatives in this regard include:

- Ongoing monitoring of and reporting to the Council on the effectiveness of its strategic plan and associated operational plan and budget.
- Implementation of an Internal and External Audit programs and timely implementation of audit recommendations.
- Implementation and monitoring the effectiveness of a wide range of policies and procedures developed to satisfy statutory requirements, Government policies and the organisational fulfillment of all probity and accountability requirements.

Council will monitor the effectiveness of its Corruption Prevention Strategy in the context of its Internal Audit Program and in accord with the NSW Audit Office's "Self-Audit Guide and ICAC's "Fighting Fraud Checklists".

H. EMPLOYEE AWARENESS:

All employees will be required to attend any training programs on the Corruption Prevention Strategy and appropriate 'refresher courses' provided by management. Council's policies and procedures are readily available to all council staff and the public via the Council Website umcc.nsw.gov.au. When a new policy is promulgated, senior staff are advised immediately and asked to ensure that all staff in their unit are aware of and implement the policy. At the same time, all staff are advised (and often consulted beforehand) of the new policy and requirements associated with it.

New employees, as part of their induction, are advised of the existence of council's policies and procedures and where they can be accessed. They are given access to a copy of the Code of Conduct and (in future) the Corruption Prevention Strategy and are

will be required to sign a document verifying that they have received the documents and will implement all requirements contained therein.

I. CUSTOMER AND COMMUNITY AWARENESS:

Council's standards regarding ethical behavior are principally conveyed to customers, stakeholders and the community through the manner in which its employees conduct business with them. This is considered the strongest and most effective means of demonstrating our ethical standards.

J. FRAUD REPORTING SYSTEMS:

The rights and responsibilities of Council employees under the Protected Disclosures Act (1994), along with council's internal reporting system relating to the Act, are outlined in Council's Protected Disclosures Policy. This policy is an essential 'companion document' to the Corruption Prevention Strategy, and is available on the council Internet under *public documents*.

Council has an obligation to inform the police when a fraud is identified. There is no discretion in this matter.

The General Manager has a statutory obligation to report to ICAC any matter that he suspects, on reasonable grounds, concerns or may concern corrupt conduct.

Where appropriate, council may also report fraudulent acts to the Office of Local Government, the Director of Public Prosecutions, the Auditor-General and the Ombudsman.

It is therefore a requirement within Council that any matter which falls within the description of *corrupt conduct* be reported immediately to the General Manager or if the report relates to the General Manager then the Chairman.

A corrupt conduct report should always include:

- A complete description of the allegations;
- The name and position of any public official/s alleged to be involved;
- The name and role of any other person/s relevant to the matter;
- The dates and/or the time-frames in which the alleged conduct occurred;
- An indication as to whether the conduct appears to be a one-off event or part of a wider pattern or scheme;
- The date the allegation was made or the date on which the reporting officer became aware of the conduct;
- What the agency has done about the suspected conduct, including notification to any other agency (police, Ombudsman);
- What further action is proposed by the agency;
- Approximate amount of money, if any, involved;
- Any other indicators of seriousness; and
- Any other information deemed relevant to the matter.

K. CONDUCT AND DISCIPLINARY STANDARDS:

Corrupt conduct, in any of its forms, would impact heavily on council's reputation, operating efficiency, finances and service obligations.

Accordingly Council will not tolerate corrupt conduct in any of its forms and requires that, if it should occur, it be detected, reported and dealt with expeditiously. Perpetrators of corrupt conduct will face disciplinary action and possible criminal prosecution.

Any questions as to whether a particular action might constitute corrupt conduct or the reasonableness of grounds for suspecting corrupt conduct should be referred immediately to the General Manager or the Biosecurity Administration Officer.

FURTHER INFORMATION:

Fraud Control - Developing an Effective Strategy

Volumes 1 – 3

Audit Office of NSW and Premier's Department

www.audit.nsw.gov.au (Reports. Guides. Publications)

Fighting Fraud – Guidelines for State and Local Government

Independent Commission Against Corruption

www.icac.nsw.gov.au (Publications)

Good Conduct and Administrative Practice

NSW Ombudsman

www.nswombudsman.nsw.gov.au (Publications. Guidelines)