



northern
beaches
council

Fraud and Corruption Control Plan

July 2024

Document ownership and control

The Internal Audit and Complaints Resolution Team is responsible for the development and implementation of the Fraud and Corruption Control Plan (the Plan).

This Plan is an internal document which applies to all Northern Beaches Council (Council) officials and business associates.

Foreword

This document presents Northern Beaches Council's Fraud and Corruption Control Plan (the Plan) which sets out how Council prevents, detects and responds to concerns about fraud and corruption. Under Council's Policy Framework, the Fraud and Corruption Control Plan is a Tier 2 internal document and relates to Council's Fraud and Corruption Control Policy which is a Tier 1 Policy.

The Plan demonstrates Council's commitment to complying with applicable local and state government Acts and standards and guidelines stipulated in the NSW Audit Office's Fraud Control Improvement Kit. The Plan also considers the Australian Fraud and Corruption Control Standard 8001:2021. Council will achieve this commitment through implementing a robust and vigilant fraud and corruption risk management environment which is continually reviewed and improved.

The NSW community expects public officials to deliver services with integrity and in the best interests of the public and that public monies are spent for their intended purposes, information is secured, and assets and resources are used appropriately to protect the interests and reputation of Council.

Fraudulent and corrupt conduct by a public official can result in significant resource costs to Council. It also puts at risk the reputation of all staff, councillors and delegates and undermines trust within the community. Incidents of fraud and corruption have the potential to undermine our ability to achieve our objectives and impacts our ethical organisational culture.

Accordingly, Northern Beaches Council has a zero-tolerance position on any fraudulent or corrupt behaviour and will act swiftly and decisively through relevant codes, policies or legal mechanisms to deal with those who engage in, attempt to obscure, or in any way participate in, or encourage this behaviour.

Council is committed to implementing this Plan to establish a framework that defines management and council official responsibilities and facilitates robust practices for effective prevention, detection, and response to fraud and corruption within Council.

This Plan applies to all public officials of Council, and they are expected to immediately report any suspected fraud or corruption via Council processes. Additionally, external oversight agencies are able to take reports of wrongdoing at Council for disclosures of corrupt conduct, serious maladministration, privacy contravention, serious and substantial waste of public money, government information contravention or local government pecuniary interest contravention. Guidelines for reporting fraud and corruption to Council have been published on Council's internet and intranet pages.

I look forward to your ongoing commitment to upholding Council's values and ensuring that fraud and corruption is not tolerated at Northern Beaches Council.

Scott Phillips
Chief Executive Officer
Northern Beaches Council

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Glossary

Term	Description
ARIC	Audit, Risk and Improvement Committee
CEO	Chief Executive Officer
CET	Council's Chief Executive Team, comprising the divisional directors and the CEO
Code of Conduct	Northern Beaches Council Code of Conduct
Code of Conduct complaint	A complaint that shows or tends to show conduct on the part of a Council Official in connection with their role as a Council Official or the exercise of their functions as a Council Official that would constitute a breach of the standards prescribed under the Code of Conduct.
Council	Northern Beaches Council
Council values	Council's values consist of: <ul style="list-style-type: none"> • Trust - because being open brings out our best • Teamwork - because working together delivers • Respect - because valuing everyone is how we make a difference • Integrity - because we are proud of doing what we say • Service - because we care as custodians for the community • Leadership - because everyone has a leading role
Councillor	An elected member of Council.
Council official	All Councillors, employees, contract staff, volunteers, committee and panel members, and people who perform council official functions whose conduct and activities could be investigated by an investigating authority.
Council third parties	Contractors (including external service providers) working for or on behalf of Council, employees of contractors providing services to Council and community members.
ELT	Council's Executive Leadership Team, comprising the CET and the Executive Managers
Enterprise Risk and Opportunity Management Framework	Council's overall risk management framework, which provides the basis for identifying fraud and corruption risks of Council and the associated controls to determine the inherent and residual risk ratings for each of these risks. The Risk Appetite Statement adopted by Council is part of the Enterprise Risk and Opportunity Management Framework.
Executive Managers	Senior Management position reporting to a Director and responsible for business units.
Fraud and Corruption Risk Assessment	The process to identify the potential fraud and corruption risks of Council and the associated controls to determine the inherent and residual risk ratings for each of these risks.
Fraud and Corruption Control Policy	Council policy that sets out the arrangements for the overall position on the management of the risks and any instances of fraud and/or corruption within Council.

Fraud and Corruption Risk Register	A register capturing the outcome from a fraud and corruption risk assessment including: a description of the fraud and corruption risks, the controls implemented by Council to mitigate these risks, the inherent and residual risk rating for each, and recommendations for improvement opportunities.
NSW ICAC	NSW Independent Commission Against Corruption
Maladministration	An act or omission of a serious nature that is contrary to law, unreasonable, unjust, oppressive or improperly discriminatory and based wholly or partly on improper motives.
Nominated Disclosures Officer (NDO)	Nominated Disclosure Officers are responsible for receiving, forwarding and or acting upon disclosures in accordance with Council's Public Interest Disclosure Policy.
Public Interest Disclosure	A Public Interest Disclosure (PID) is a report of serious wrongdoing that involves corrupt conduct, serious maladministration, privacy contravention, serious and substantial waste of public money, government information contravention or local government pecuniary interest contravention and which satisfies, and is made in accordance with the requirements of the Public Interest Disclosure Act 2022. You can make a report to the CEO, a NDO, a manager or the Complaints Resolution Team.
PID Act	Public Interest Disclosure Act 2022 (NSW)
Public official	A public official (as defined within the Independent Commission Against Corruption Act 1988 NSW) includes: <ul style="list-style-type: none"> a. a public service employee b. a member of Parliament c. any other individual having public official functions d. an individual in the service of the Crown e. an individual engaged by a public authority.
Serious and substantial waste of public funds	The uneconomical, inefficient or ineffective use of resources, authorised or unauthorised, which results in a loss of public funds or resources.

1. Introduction

1.1 Fraud and corruption against government entities

Fraud and corruption events are threats which affect all government entities in all areas of their operation. The risk of fraud or corrupt conduct may be internal, committed by a Northern Beaches Council (Council) official, external (committed by Council's third parties) or against Council through fraudulent or cyber-attacks.

Fraudulent and corrupt conduct against Council is a criminal offence which impacts directly on our community. It reduces the funds available for delivering public services, undermines the integrity of the public's confidence in Council and could interrupt the services Council delivers to the community.

Fraud threats are increasingly complex. Increased provision of online services has created new threats. Further, organised criminals are actively seeking to infiltrate government entities to access government information and are committing fraud to fund other illegal activities.

1.2 Application

The Northern Beaches community must be able to trust and expect that those subject to this Plan will not abuse their office or position and will fulfil their responsibilities to protect the prudent use of Council information, public money, and property.

This Plan applies to all council officials, including volunteers and Council third parties and applies contemporary risk management principles (Australian Standard (AS) 31000: 2018 Risk Management Guidelines, and AS Fraud and Corruption Control 8001: 2021(AS FCC 8001:2021).

1.3 Objectives of this fraud and corruption control plan

Council has overall accountability for ensuring that there is adequate anti-corruption measures in place. The primary objective of the Plan is to protect resources, including information, and safeguard the integrity and reputation of Council.

The Plan supports Council's adopted 2024 Fraud and Corruption Control Policy and sets out the arrangements for the overall identification and management of fraud and corruption risks and any instances of fraud and/or corruption.

The purpose of the plan is to:

- demonstrate Council's commitment to controlling the risks of fraud and corruption both against the organisation and by the organisation
- ensure top management (Chief Executive (and Executive Leadership) Team) has an adequate understanding of their role in the control of the organisation fraud and corruption exposures
- provide an overview of the governance arrangements within Council relating to fraud and corruption control
- outline key fraud and corruption risk areas relevant to Council
- raise awareness of fraud and corruption risks, and thereby influence the culture of Council to encourage employees to be vigilant in responding to them
- communicate Council's expectation of management, employees, consultants, contractors, industry stakeholders and service providers to assist prevent and detect fraud and corruption
- document fraud and corruption prevention, detection and response initiatives adopted by Council to manage fraud and corruption.

1.4 Legislation and policy

Incidents of fraud and corruption are criminal offences under relevant state and federal legislation (see Appendix A) that may attract a range of criminal, civil, administrative and disciplinary penalties.

In addition to statutory offences, all incidents of fraud and corruption are breaches of Council's Code of Conduct.

This Plan has been designed to reflect current Acts and standards (see Appendix A) and integrate with Council's codes, policies, and procedure documents (see Appendix B).

Under Council's Policy Framework this Plan is a Tier 2 internal document and relates to the Tier 1 policy document: Fraud and Corruption Control Policy.

1.5 Defining fraud

Fraud is defined by AS FCC 8001:2021 as:

Dishonest activity causing actual or potential financial loss to any person or organization including theft of monies or other property by persons internal and/or external to the organisation and/or where deception is used at the time immediately before or immediately following the activity.

ICAC refers to the NSW Government definition of fraud:

TC18-02 NSW Fraud and Corruption Control Policy, as 'dishonestly obtaining a benefit, or causing a loss, by deception or other means'.

A benefit may be obtained by a Council Official or Council Third party rather than, or in addition to, the perpetrator of the fraud. The benefit obtained is not restricted to a monetary or material benefit and may be tangible or intangible.

See Appendix C for examples of fraud.

1.6 Defining corruption

Corruption is defined by the AS FCC 8001:2021 as:

Dishonest activity in which a person associated with an organization (e.g. director, executive, manager, employee or contractor) acts contrary to the interest of the organisation and abused their position of trust in order to achieve personal advantage or advantage for another person or organization. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organization, in order to secure some form of improper advantage for the organisation either directly or indirectly.

Corrupt conduct is defined in the Independent Commission Against Corruption Act 1988 NSW (ICAC Act), as:

Deliberate or intentional wrongdoing, not negligence or a mistake. It has to involve or affect a NSW public official or public sector organisation.

While it can take many forms, corrupt conduct occurs when:

- a public official improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others
- a public official dishonestly exercises his or her official functions, or improperly exercises his or her official functions in a partial manner, breaches public trust or misuses information or material acquired during the course of his or her official functions
- a member of the public influences, or tries to influence, a public official to use his or her position in a way that affects the probity of the Public official's exercise of functions

- a member of the public engages in conduct that could involve one of the matters set out in section 8(2A) of the ICAC Act where such conduct impairs, or could impair, public confidence in public administration.

See Appendix C for examples of corruption.

1.7 Council's attitude to fraud and corruption

Council has a zero-tolerance attitude to fraud and corruption which is affirmed through Council's adopted Risk Appetite Statement. This does not mean that all fraud and corruption can be avoided. In practice, zero-tolerance means that Council will:

- maintain an effective fraud and corruption risk management environment to minimise and mitigate risks of fraud and corruption, which includes promoting an ethical culture
- promptly assess all suspected or discovered incidents of fraud and corruption to determine their nature and extent
- investigate and respond to all matters of fraud or corruption
- apply appropriate administrative or contractual penalties, including termination of engagement
- seek prosecution against offenders for fraudulent and corruption activities where Council deems appropriate, including referral to the Independent Commission Against Corruption (ICAC) or NSW Police
- take reasonable measures to recover losses caused by illegal activity
- implement systemic changes to reduce the likelihood of recurrence.

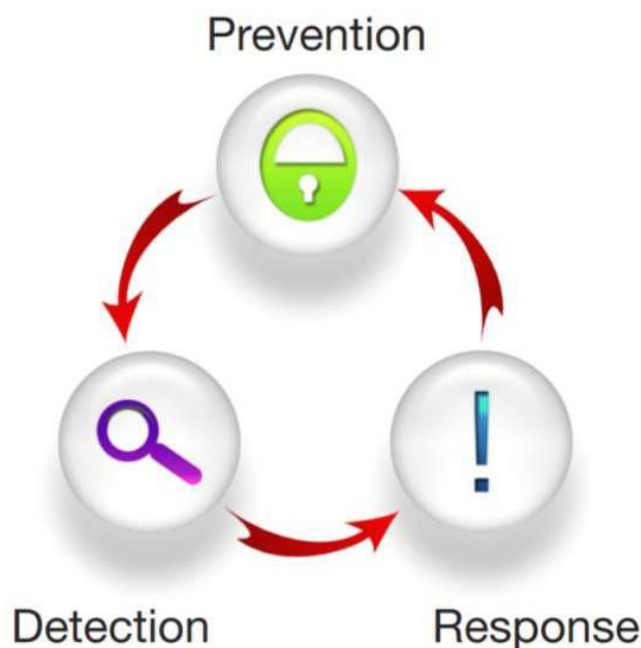
1.8 Scope of Fraud and Corruption Control

The scope of Council's fraud and corruption control is based on the recommendations in AS FCC 8001:2021 and the ten key attributes of fraud control detailed in the Audit Office of NSW's Fraud Control Improvement Kit: Managing your fraud control obligations (2015).

Both AS FCC 8001:2021 and the Improvement Kit view fraud and corruption control as a holistic concept involving implementation and continuous monitoring across three key themes:

- **Fraud and corruption prevention** – strategies designed to prevent fraud and corruption from occurring in the first instance
- **Fraud and corruption detection** – strategies for early detection of fraud and corruption in the event that preventative strategies fail
- **Fraud and corruption response** – effective response to fraud and corruption events in ways that achieve optimal outcomes.

These three key themes are discussed in more detail in **sections 3, 4 and 5**, and below.



Within these three themes sit the NSW Audit Office Kit's ten attributes which Council's Fraud and Corruption Plan is based on:

1. Leadership
2. Ethical framework
3. Responsibility structures
4. Fraud control policy
5. Prevention systems
6. Fraud awareness
7. Third party management systems
8. Notification systems
9. Detection systems
10. Investigation systems.

1.9 Key fraud and corruption risks facing Councils

There are a number of key fraud and corruption risks facing councils, such as conflicts of interest, theft, asset misappropriation, fraudulent disbursements and financial statements, and procurement fraud.

2. Foundations for Fraud and Corruption

Council's foundations for fraud and corruption control are based on good governance, assigning responsibilities, and oversight by the Fraud and Corruption Control (FCCC) and Audit, Risk and Improvement Committees (ARIC).

The Executive Leadership Team (ELT), FCCC and ARIC acknowledges fraud and corruption is a serious risk, has awareness of Council's fraud and Corruption exposures and is committed to fraud and corruption control.

2.1 Governance

Council’s Chief Executive Officer (CEO) has ultimate responsibility for Council’s fraud and corruption risk management environment and endorses and supports effective risk management, practice and culture and the control activities and objectives outlined in this plan. The CEO has responsibility for approving, adopting and reviewing the Plan.

While overall responsibility for the plan rests with the CEO, effective implementation of the plan is dependent on the active participation of all who are subject to its guidelines. This includes use of the risk-based approach for fraud and corruption control, compliance with the internal control systems and extends to the correct procedures for reporting instances of suspected fraud and corruption.

Appropriate governance structures are critical to the effective operation of fraud and corruption control. Implementing an effective control environment for fraud and corruption prevention is a practical demonstration that Council is serious about its commitment to ethical practice.

2.1.1 Responsibilities for fraud and corruption control

Responsibilities for managing fraud and corruption risk is an important governance issue. A summary of fraud and corruption responsibilities at Council is given in Table 1.

Table 1: Summary of responsibilities across Council for fraud and corruption

Role	Responsibility
Mayor and Councillors	<p>The Mayor and Councillors are responsible for:</p> <ul style="list-style-type: none"> • leading and developing a culture of ethical behaviour • overseeing and promoting Council’s overall approach to fraud and corruption control • approving and adopting fraud and corruption control policies and procedures
CEO	<p>The CEO has the primary responsibility for the prevention and detection of fraud and corruption, and for the governance of Council. This involves a commitment to creating and maintaining a culture of honesty and ethical behaviour. The CEO is responsible for ensuring that appropriate resources are dedicated to fraud and corruption control in proportion to the size and risk profile of the organisation. This includes allocating a budget and assigning specific responsibilities. The CEO is also the chair of the fraud and corruption control committee.</p> <p>The CEO is responsible for:</p> <ul style="list-style-type: none"> • demonstrating leadership and commitment to fraud control and prevention by endorsing and promoting the plan and associated tools and procedures • approving, adopting and reviewing the plan • Council’s compliance with relevant legislation and regulation • ensuring those subject to the plan are aware of their responsibilities under the plan and the consequences of fraud and corruption • ensuring effective internal controls and risk assessment and management systems are in place • ensuring identified fraud and corruption risks are fully addressed • approving and monitoring systems of control and

	<p>accountability for Council</p> <ul style="list-style-type: none"> receiving reports on suspected cases of fraud and corruption and approving any further action plans or activities relating to the handling of matters reporting instances of suspected fraud and corruption to ICAC in accordance with the ICAC Act and where appropriate to the NSW Police.
Chief Executive Team (CET)	<p>The CET as part of the executive management team with the CEO, has a leadership role in developing and promoting an ethical culture, and shares responsibility for prevention and detection of fraud and corruption, governance of the Council and risk management. Directors are responsible for ensuring that specific and ongoing training is provided for staff primarily engaged in fraud and corruption control activities and staff working in high-risk fraud and corruption areas.</p> <p>The CET considers strategic issues impacting their respective divisions, including any ongoing or emerging fraud and corruption risks, and monitors performance in delivering outcomes.</p>
Executive Leadership Team (ELT)	<p>The ELT is responsible for:</p> <ul style="list-style-type: none"> championing the plan and promoting and sustaining ethical behaviour and culture ensuring implementation of the Plan and compliance with relevant codes, legislation and Council's policies and procedures relating to their area ensuring risk management internal control systems are operating effectively ensuring employees are aware of the Plan and their responsibilities as part of the Plan identifying risks and developing appropriate internal risk mitigation control systems considering new and emerging risks on a regular basis and where necessary adjusting systems for control of these risks ensuring employees understand the purpose of and comply with internal controls reporting suspected fraud and corruption through the appropriate channels.
Corporate Services	<p>Dedicated specialised teams (Internal Audit and Complaints Resolution, supported by Governance) within the Corporate Services division have responsibility for developing, implementing, maintaining and promoting the Plan, coordinating periodic assessment of fraud and corruption risks, and recording, investigating and escalating events.</p> <p>Internal Audit, Complaints Resolution and Governance also provide Code of Conduct training at new starter inductions and conduct workshops for Councillors and staff.</p>

All Council Officials	All Council Officials are responsible for: <ul style="list-style-type: none"> • fulfilling their responsibilities under the Plan • conducting themselves and performing their duties in accordance with the principles of the Code of Conduct and Council's values • complying with Council's internal control systems, policies and procedures • reporting suspected fraud and corruption through the appropriate channels.
Information and Digital Technology	Council has a Chief Information Officer and Chief Information Security Officer to manage technology-enabled fraud that collaborate with other fraud and corruption risk functions.
Other fraud and corruption control resources	Other internal functions such as Human Resources, Compliance, Legal Counsel, Procurement and Finance are important to Council's control of fraud and corruption.
Business Units	Business units and line managers are responsible for managing and mitigating their fraud and corruption risks. Fraud and corruption control forms part of the performance appraisal process.

2.1.2 Fraud and corruption control committee

Council's FCCC is responsible for implementing the Fraud and Corruption Control Plan and overseeing Council's fraud and corruption risk management environment. The FCCC provides advice to Council's ARIC. The FCCC's terms of reference are at Appendix D.

Table 2 provides information on the committees responsible for overseeing fraud and corruption risks.

Table 2: Committees responsible for overseeing fraud and corruption risk management

Role	Responsibility
Fraud and Corruption Control Committee (FCCC)	<p>The committee is established to:</p> <ul style="list-style-type: none"> • oversee management of fraud and corruption complaints • monitor and review Council's fraud and corruption risk register • report quarterly to the ARIC on the status of fraud and corruption complaints management • advise the ARIC on improvements to fraud and corruption control arising out of issues raised and recommendations made through the investigation of fraud and corruption complaints, and management of risks relating to fraud and corruption. <p>The Fraud and Corruption Control Committee comprises:</p> <ul style="list-style-type: none"> • The CEO or delegate (Chair) • Director Corporate Services • Executive Manager Internal Audit and Complaints Resolution • Disclosure Coordinator.

Audit, Risk and Improvement Committee (ARIC)	<p>The ARIC provides independent assurance and assistance to Council on risk management, compliance, control, governance, internal audit, fraud control, strategic plan implementation, organisational performance and improvement, and external accountability responsibilities.</p> <p>The Committee ensures, assesses and advises whether there are adequate and effective systems of internal control in place throughout Council and assists in the implementation of the internal and external audit plans. The Committee also provides information to Council for the purpose of improving Council’s performance of its functions.</p>
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2.2 Fraud and corruption risk management

Fraud and Corruption risks and controls are assessed each year by individual business units and documented in operational risk registers. A Council wide Fraud and Corruption risk assessment was conducted in 2019 by KPMG, and most recently in October 2023, with a focus on conflict of interest and gifts and benefits. The 2023 risk assessment reviewed the changes and updates to Council’s key fraud risks and controls identified by KPMG in the 2019 Fraud and Corruption Risk Assessment.

Following the 2023 assessment, KPMG provided an overview of good controls in place at Council such as:

- Staff have a strong awareness of NBC’s Gifts and Benefits ‘Zero Tolerance policy’
- A centralised conflict of interest disclosure application on the intranet
- Individual business units undertake an annual review and update process of their risk registers (including fraud and corruption specifics)
- All staff are required to complete Code of Conduct training on an annual basis (which includes references to conflict of interest).

KPMG also provided better practice opportunities to further uplift Council’s Fraud and Corruption Controls:

- Update the Fraud and Corruption Plan in line with AS FCC 8001:2021 - this Plan has considered this standard.
- Update the plan on a biannual basis as per AS FCC 8001:2021 – this will be implemented going forward.
- Provide additional training to high-risk business units, to reaffirm requirements of formally disclosing all real or perceived conflicts of interest. Conflicts of interest training has been included in induction training, and the Internal Audit and Complaints Resolution team has attended staff toolbox talks in high-risk business units.
- Inclusion of the risk of scam activity in relevant business unit risk registers, which is being considered.
- Ongoing due diligence checks during the lifetime of Council contracts, which is being considered by Council’s Procurement team.

2.3 Fraud and corruption control system

In preparing this plan and control system, Council has assessed Council’s corruption exposures, based on Council’s size, composition, geographic footprint, risk profile, and industries and legislation Council operates within. The Fraud and Corruption Control system is promoted internally through staff training, induction and the internet.

The system is monitored and reviewed through reporting to the Fraud and Corruption Control Committee and the Audit, Risk and Improvement Committee.

2.4 Council Policy and Procedure requirements

As described in section 1.4, Council has a Code of Conduct and policies/procedures (see Appendix B) that promote ethical behaviour and provide sanctions for unethical behaviour. Council requires council officials to evidence their commitment to acceptable standards of ethical behaviour by acknowledging completion of annual Code of Conduct training. In addition:

- Council Officials are required to declare actual, potential or perceived conflicts of interests and these are recorded at business unit level and in a Disclosure application (Disclosures app) managed by the Governance and Risk team
- Conflicts are raised during the recruitment process
- Councillors and designated persons (as defined by clause 4.8 of the Code of Conduct) must routinely submit written returns of interests which are tabled at Council meetings and publicly available as open access information
- Staff must declare a conflict of interest if they have an interest (pecuniary and non-pecuniary) in an external organisation they are working with, for example, when they are awarding contracts or grants. Council officials are required to declare any secondary or private employment which is assessed by the council official's line manager prior to a decision to approve or decline the request which, if approved, is reviewed annually to ensure currency and relevance
- Council employees must not use their Council privileges to obtain contracts for their private businesses and must follow Council's procurement and conflict of interest policies and procedures if they seek to obtain Council contracts.

2.5 Internal audit in fraud and corruption control

Internal audit assess and provide advice and guidance on the design and effectiveness of internal controls established and implemented by management, including those to prevent and detect fraud and corruption. Additionally, internal audit can assist management to develop fraud and corruption prevention and monitoring strategies.

Council's internal audit function undertakes proactive audits that provide an independent and objective review and advisory mechanism to:

- provide assurance that the financial and operational controls designed to manage Council's risk objectives are operating in an efficient, effective and ethical manner
- assist management in improving Council's business performance.

Internal audit activity, including the status of implementation of internal audit recommendations by management, is reported to the CEO and ARIC.

The internal audit program is responsible for providing recommendations to Council in respect of controls aimed to prevent, detect and respond to fraudulent and corrupt conduct including assigning individuals or business units with timeframes for response. All fraud and corruption related findings are communicated to the FCCC, CEO and ARIC.

2.6 External audit in fraud and corruption control

Council is subject to annual performance and financial audits through the Audit Office of NSW, as mandated under the Public Finance and Audit Act 1983 NSW.

External audits undertaken by the NSW Audit Office or its nominated provider assist prevention and detection of fraud and corruption by implementing auditing procedures to:

- detect material misstatements resulting from misappropriation of assets or fraudulent financial reporting
- report to Parliament on the performance of entities administering government programs.

Additionally, the NSW Audit Office or its nominated provider is responsible for assessing key aspects of an entity's fraud control arrangements to effectively prevent, detect and respond to fraud.

3. Fraud and Corruption Prevention

Fraud and corruption prevention strategies provide the most cost-effective method of controlling fraud and corruption within Council. Key elements of Council's fraud and corruption prevention strategies include:

- Promoting a sound integrity framework
- Managing conflicts of interest and risks connected to gifts and benefits
- Managing internal controls and the internal control environment
- Managing performance-based targets
- Workforce screening
- Screening and ongoing management of business associates
- Promoting and demonstrating ethical leadership and culture
- Conducting regular fraud and corruption risk assessments
- Effective prevention systems (internal controls)
- Preventing 'technology-enabled' fraud
- Physical security and asset management
- Ongoing education and training (Appendix E), particularly to address the potential for individuals to be influenced by bias and rationalisation
- Ongoing fraud and corruption awareness among employees, suppliers, and service providers.

Driving a culture of integrity and ethical conduct relies on strong leadership from the Council and managers at all levels to integrate fraud and corruption controls as part of their teams' day-to-day activities. This leadership is necessary to ensure all those subject to this plan are enabled and empowered to take steps to prevent and report fraudulent or corrupt conduct.

The Chief Executive Team is accountable for implementing the plan and embedding fraud and corruption control accountabilities into the business plans and performance agreements of management. Managers cascade these accountabilities to their units' work plans and staff performance plans.

3.1 Promoting a sound integrity framework

A key element in managing the risk of fraud and corruption within an organisation is creating and maintaining a sound integrity framework. Such a framework shall include a process for benchmarking and continuous monitoring of the organisation's integrity environment underpinned by example setting by Council's governing body and top management (Chief Executive Team and Executive Leadership Team). This involves:

- Promoting a "speak up" culture
- Communication through regular dissemination of material
- Induction training, and mandatory staff training
- Reinforcement through feedback and performance appraisals

- Benchmarking of integrity standards with the aim of improving integrity standards.
- Monitoring of integrity standards through regular assessments such as internal audit and external audit, and review of fraud and corruption incidents for lessons learned and improvements to the framework
- Reporting complaints
- Staff and others concerned with the organisation's business operations are required to confirm in writing, annually that they comply with Council's Code of Conduct.

3.2 Managing conflicts of interests and gifts and benefits

Instances of fraud and corruption may derive from a conflict of interest that has been concealed, understated, or mismanaged. All staff are required to disclose any conflicts of interest by using Council's Disclosure App and notify their manager.

Gifts, hospitality, donations, and similar benefits may be viewed as, or perceived by a third party, as an attempt to influence Council. All staff are required to follow the requirements of the Council's Code of Conduct and disclose any gifts or benefits through Council's Disclosure App.

Failure to disclose or properly manage a conflict of interest or gift or benefit, may result in a disciplinary matter or breach of contract.

3.3 Internal controls

This plan does not seek to describe every fraud and corruption prevention system across Council. Management relies on a mix of risk focused controls to manage internal and external fraud and corruption risks.

Internal controls documented and implemented by Council include:

- financial delegations of authority
- policies and procedures
- Conflict of interest management
- segregation of duties
- budgetary controls (e.g. periodic reviews by finance etc.)
- financial reconciliations (e.g. including accounting statements, bank accounts, credit card transactions etc.)
- transaction reviews (e.g. expense reviews, procurement, three way match etc.)
- reviews of physical asset inventories
- access controls
- system access reviews
- IT system controls including appropriate cyber security controls (e.g. limited user access controls, monitoring of specific data sets, monitoring of email usage, restricted USB use etc.)
- procurement procedure and sign-off processes
- vendor due diligence
- pre-employment screening.

Further details of the controls associated with Council-wide fraud and corruption risks are described in each business units operational risk register.

3.4 Workforce and business associate/contractor screening

Staff undergo workforce screening as per Council's Recruitment and Selection Operational Policy. The objective of the screening is to reduce the risk of a potential security breach and to obtain a higher level of assurance as to the integrity, identity and credentials of personnel employed by the entity. Business and associates are screened as per Council's Procurement Manual.

3.5 Managing performance-based targets

Each Executive Manager has 3 standard fraud and corruption goals that were rolled out in 2023.

3.6 Preventing 'technology-enabled' fraud

The incidents of technology-enabled fraud has grown exponentially in recent years, and all organisations are exposed to technology-enabled fraud. Council is continuously assessing their exposure to technology-enabled fraud and their prevention and detection requirements. The details of which are contained in Council's Information Security Management Framework and Privacy Policy.

3.7 Physical security and asset management

Council's tangible assets, such as machinery, other equipment, inventory etc represents a significant store of value. Theft of these items by staff or other person connected with Council is deemed 'fraud'. Council has in place a number of controls such as security, access and aggress controls, locks, gates, video surveillance etc. Asset management controls are also tested in the internal audit program.

4. Fraud and Corruption Detection

Council recognises that no organisation is impervious to incidents of fraud and corruption, however fraudulent and corrupt conduct can be detected through robust internal control systems and mechanisms for recognising deviations from standards. Council has a system of internal controls in place including routine checks of activities, processes, controls and transactions to identify irregularities such as:

- Post transactional review internal and external review
- Analysis of management accounting reports
- Identifying early warning signs and red flags
- Data analytics - real time, retrospective
- Complaints management
- Fraud and corruption reporting channels
- Exit interviews.

4.1 Reporting Fraud and Corruption

All council officials are subject to the plan and are expected to immediately report any suspected fraud or corruption.

Council's internal reporting process outlines the Complaints Policy and ongoing education awareness programs. It promotes immediate reporting of instances of fraud or corruption to line managers in the first instance.

The community, through the complaints process is also enabled to report instances of suspected wrongdoing by council officials in line with the Complaints Management Policy.

External agencies such as the Office of Local Government, the NSW Ombudsman and ICAC

can take reports from council officials and members of the community about five categories of wrongdoing at local councils. These are disclosures of corrupt conduct, maladministration, government information contravention, and serious and substantial waste of public funds. Where a disclosure is made to one of Council's nominated disclosure officers or a manager, and it meets the criteria of a public interest disclosure, the discloser is protected from reprisal by Council via the Code of Conduct and the protections afforded by the NSW Public Interest Disclosure Act 2022 according to Council's Public Interest Disclosure Policy. The PID Act lists a number of investigating authorities in NSW that can receive reports of wrongdoing and the categories of wrongdoing each authority can deal with (see Appendix F).

Internal and external guidelines for reporting fraud and corruption to Council and other agencies, are published on Council's internet and intranet sites.

A confidential register of complaints, including alleged fraud and corrupt conduct is maintained by the Complaints Resolution Team. Fraud and corruption complaints, and any fraud and corruption trends are monitored by the Complaints Resolution Team and the FACC. The FACC provides a report on fraud and corruption to the ARIC. Council policies also identify the nature of suspected fraud and corruption which require reporting to the NSW Police and the Independent Commission Against Corruption (ICAC), and other external agencies.

4.2 Fraud and Corruption Response

Effective response demonstrates that Council takes its responsibilities seriously in line with its zero-tolerance approach to fraud and corruption and its commitment to the Code of Conduct.

The CEO has a responsibility under section 11 of the Independent Commission Against Corruption Act 1988 NSW to report to ICAC any matter that is suspected on reasonable grounds to concern, or may concern, fraudulent and corrupt conduct.

Council's responses to allegations are documented in Council's Complaint and Public Interest Disclosure Policies, the Procedures for the Administration of the Code of Conduct, Managing Unsatisfactory Conduct, and relevant Business Continuity Plans and risk assessments.

Responses may include assessment (either internally, or via external agencies such as the NSW Ombudsman, Office of Local Government, ICAC and the Police) to determine the validity of allegations, and investigation. Council cooperates with external agencies to investigate reports of wrongdoing and implement any recommendations made to improve its fraud and corruption controls.

Where fraud and corruption is substantiated, disciplinary action and restitution can occur in line with the Northern Beaches Code of Conduct and relevant HR policies and procedures.

4.3 Debt recoveries

Council has a formal process for deciding upon recovery actions including assessing the costs of recovery against the expected value of the recovery and the deterrent value of recovery action.

It is the expectation of Council that line managers are responsible for fraud and corruption control by allocating any unrecoverable losses suffered to the business unit or department concerned.

4.4 Insurance

Council's insurance policy may provide cover where there is a financial loss sustained through fraudulent or corrupt activity.

Council reviews its insurance cover annually to ensure the fraud risks facing Council are adequately covered.

If an instance of fraud and corruption is detected, the Internal Audit and Complaints Resolution team and the relevant Executive Leadership Team members shall reassess the adequacy of the control environment and consider whether remediation or enhancements to existing controls are required.

Revision history

Revision	Date	Detail	TRIM #
1	December 2019	Plan based on NSW Fraud and Corruption Control Kit	2019/744016
2	August 2024	Review and consideration of AS 8001 2021	2024/517917
3	August 2024	Endorsed by CET	2024/517917
4	August 2024	Endorsed by Fraud and Corruption Control Committee	2024/573808

Appendix A – List of relevant Acts and Standards

Independent Commission Against Corruption Act 1998 (NSW)

Local Government Act 1993 (NSW)

Ombudsman Act 1974 (NSW)

Public Finance and Audit Act 1983 NSW

Public Interest Disclosure Act 2022 NSW

NSW Audit Office's Fraud Control Improvement Kit 2015

Australian Standard AS8001-2021 Fraud and Corruption Control

Appendix B – List of relevant Northern Beaches Council Policies and Procedures

Council Document	Document Owner
HR Operational Policy – Recruitment and Selection	Executive Manager – Human Resources
Australian Copyright Act Compliance – Libraries	Executive Manager - Library Services
Cash Handling & Receipting Guidelines & Operating Procedures	Executive Manager - Customer Service
Code of Conduct	Executive Manager - IA&CR,
Code of Conduct – Administration Procedures	Executive Manager - IA&CR,
Code of Meeting Practice	Executive Manager - Governance & Risk,
Complaints Management Policy	Executive Manager - IA&CR, Corporate Services
Councillor Expenses and Facilities Policy	Executive Manager - Governance & Risk,
Delegations of Authority	Chief Executive Officer
Enterprise Risk and Opportunity Management Framework	Executive Manager - Governance & Risk
Enterprise Risk Management Policy	Executive Manager - Governance & Risk
Flexible Work and PTOIL Guideline	Executive Manager – Human Resources
Legislative Compliance Policy	Executive Manager – Human Resources
Management of conflicts of interest (Development Assessments) – Guide for consistence	Executive Manager - Development Assessment
Privacy Policy	Chief Information Officer
Procurement Manual	Manager Procurement
Procurement Policy	Manager Procurement
Procurement Strategy	Manager Procurement
Procurement Thresholds	Manager Procurement
Public Interest Disclosures (PID) Policy	Executive Manager Internal Audit and Complaints Resolution
Records Management Policy	Chief Information Officer
Related Parties Declaration Operational Policy	Chief Financial Officer
Risk and Opportunity Assessment Guidelines	Executive Manager - Governance & Risk
Secondary Employment Policy	Executive Manager - Human Resources
Statement of Business Ethics	Chief Operating Officer, Corporate Services

Appendix C – Examples of fraud and corruption

Common types of internal fraud include:

- theft or misuse of tangible assets (cash, stationery, smart phones, tablets, computer and computer-related software) by employees
- entitlements (e.g. expenses, leave, travel allowances or attendance records)
- theft or misuse of intellectual property or other confidential information (including funding proposals, procurement information, personal records)
- release or use of misleading information for the purposes of deceiving, misleading or to hide wrongdoing
- false invoicing
- credit card and other payments fraud
- receiving bribes or improper payments
- misuse of position by employees to gain some form of financial or non- financial benefit (corruption).

Examples of external fraud include:

- theft or misuse of tangible assets such as plant / equipment
- false reporting on the expenditure of funding and falsifying funding applications to receive payments from government programs that they are knowingly not eligible for
- falsifying data in relation to participants engaged in funded activities
- external service providers making claims for services that were not provided, converting funded assets to personal use or misappropriating cash payments for personal use.

Waste can take many forms, for example:

- misappropriation or misuse of public property
- purchase of unnecessary or inappropriate goods and services
- incurring costs which might otherwise have been avoided
- programs not achieving their objectives and therefore the costs being clearly ineffective and inefficient.

Waste can result from such things as:

- the absence of appropriate safeguards to prevent the theft or misuse of public property
- purchasing procedures and practices which fail to ensure that goods and services are necessary and adequate for their intended purpose
- purchasing practices where the lowest price is not obtained for comparable goods or services.

Appendix D – Fraud and Corruption Control Committee Terms of Reference

1. NAME

Fraud and Corruption Control Committee

2. DEFINITIONS

Act means the *Local Government Act 1993* (NSW).

Code of Conduct means Council's code of conduct, adapted from the model code of conduct prescribed for the purposes of section 440 of the Act.

Committee means the Fraud and Corruption Control Committee.

ARIC means Council's Audit and Risk Improvement Committee.

3. PURPOSE

The committee is established to:

- oversee management of fraud and corruption complaints
- monitor and review Council's fraud and corruption risk register
- report quarterly to the Audit and Risk Improvement Committee (ARIC) on the status of fraud and corruption complaints management
- advise the ARIC on improvements to fraud and corruption control arising out of issues raised and recommendations made through the investigation of fraud and corruption complaints, and management of risks relating to fraud and corruption.

4. MEMBERSHIP

Membership of the Committee comprises of up to 6 members comprising:

- the CEO or delegate (Chair)
- Chief Operating Officer, Corporate Services
- Executive Manager Internal Audit & Complaints Resolution
- Representatives of relevant business units as appropriate and as determined by the Chair.

5. TERM OF OFFICE

The Term of Office of a member of the Committee is ongoing, except for representatives of business units invited to the committee for particular periods as determined by the Chair.

6. SUPPORT PROVIDED

A member of Corporate and Legal's fraud and corruption control team will co-ordinate the management of fraud and corruption complaints, liaise with and provide administrative support to committee members, and carry out such other functions as are determined by the committee.

Corporate and Legal's fraud and corruption control team is responsible for managing the committee and will be the main point of contact for members on committee related matters. Specialist staff in related areas will be available to provide expertise.

7. FUNCTIONS AND RESPONSIBILITIES

- a) The committee is required to review fraud and corruption complaints referred to it by the Head of Corporate and Legal's fraud and corruption control team, via the complaints register.
- b) The committee must assess whether the process of managing and responding to fraud and corruption complaints is adequate and appropriate, in the context of the requirements of the Acts, standards and policies referred to in Council's Fraud and Corruption Control Plan.
- c) The committee will advise the ARIC on improvements to fraud and corruption control arising out of issues raised and recommendations made through the investigation of fraud and corruption complaints, and the management of risks relating to fraud and corruption.

8. TIMETABLE FOR MEETINGS

- a) The committee is to meet at least quarterly, prior to meetings of the Audit and Risk Improvement Committee (ARIC) so that the committee can provide a report to the ARIC on the status of fraud and corruption issues and reports.
- b) A meeting will be limited to a maximum of two (2) hours duration unless the committee resolves to extend the meeting to a particular time or until the completion of business.
- c) The schedule of meeting dates and venues will be provided to the members in advance and an agenda will be provided prior to meeting.
- d) Extraordinary meetings may be called at the discretion of the Chair or by two other members.

9. ATTENDANCE AT MEETINGS

- a) All members are expected to attend the meetings, or otherwise tender their apologies to either the Chair or committee secretariat.
- b) Where the committee is discussing a complaint which may be about a member of the committee, the committee may meet without that member in attendance (this includes a complaint which may be about the CEO).

10. MEETING PRACTICES AND PROCEDURES

- a) The committee secretariat (supplied by the Complaints Manager) will ensure that each meeting is properly recorded in minutes.
- b) The committee has no delegations but is required to provide a report or recommendations to the ARIC.
- c) The quorum for each meeting will be one half plus the Chair (or delegate). If a quorum is not present within 30 minutes within the commencement time of the meeting, it will become an informal meeting with no recommendations or decisions made.
- d) The CEO is the Chair of the committee or their nominated delegate.
- e) If the Chair cannot attend a meeting (see 9b above) the committee may nominate another member to chair the meeting.
- f) The Chair directs the progress of the committee meeting. Subject to any determination by the Chair, each item is to be dealt with in the order in which it appears on the agenda.

- g) The Chair's role is to facilitate the conduct of the meetings and ensure the committee focuses on its primary goal and objectives.
- h) This committee is advisory in purpose and should have the intention of reaching consensus when endorsing items and recommendations. It has no authority to make decisions on behalf of Council.

11. CONDUCT AT MEETINGS

- a) Members shall act in a professional and ethical manner with the information they obtain.
- b) Members must respect each other and work together to create an open and trusting atmosphere. The group requires openness and honesty in order to function well and members should feel free to express their opinions and views without fear of recrimination.
- c) Conflicts of Interest: members will be requested to disclose any conflicts of interest.
- d) Confidentiality and Privacy: Members may have contact with confidential or personal information retained by Council. If so, members are required to maintain the security of any confidential or personal information and not access, use or remove any information, unless the member is authorised to do so.

12. COUNCIL VALUES

All members of the committee are expected to observe Northern Beaches Council Values outlined below:

- **Trust**: Because being open brings out our best.
- **Integrity**: Because we are proud to doing what we say.
- **Teamwork**: Because working together delivers.
- **Service**: Because we care as custodians for the community.
- **Respect**: Because valuing everyone is how we make a difference.
- **Leadership**: Because everyone has a leading role.

13. NEXT REVIEW DATE

- These Terms of Reference will be reviewed with the Fraud and Corruption Control Policy and Plan every two (2) years.

Appendix E – Council fraud and corruption training schedule

Training name	Topics	Audience	Occurrence
Code of conduct	The eLearning covers: <ul style="list-style-type: none"> • Why we have a Code • Who the Code applies to • The consequences of misconduct • The behaviours that comply with the Code • Managing conflicts of Interest • Gifts and Benefits • Use of Council Information • Misconduct • Public Interest Disclosures • Bullying and Harassment 	All staff	<ul style="list-style-type: none"> • Council wide rollout 2018-2019 • All new staff on induction • All new external committee members at induction • Annual refresher
Procurement in Local Government training	The training covers: <ul style="list-style-type: none"> • procurement awareness • probity in procurement • corruption prevention in procurement and contract management • procurement for local government, and • fundamentals of contract law. 	Council Officials who deal with third party vendors. In 2024, it is now compulsory for all staff.	Annually

Appendix F – Reporting fraud and corruption

A staff member who suspects that fraudulent activity is occurring should observe the following steps:

1. NOTE OBSERVATIONS:

- do not jump to conclusions
- carefully observe and note the suspected conduct
- document your own actions
- keep any documents as possible evidence and do not alter them, e.g. by marking, and ensure they are stored securely.

2. REPORT CONCERNS:

- to your line manager or a Disclosure Officer who is available to provide advice on a confidential basis
- a report of wrongdoing can be made in writing or verbally:
 - to your line supervisor or manager
 - to a Nominated Disclosure Officer – as listed on the [Public Interest Disclosure intranet page](#)
 - or via the online [Staff and Service Complaint Form](#)

3. INFORM ONLY THOSE WHO NEED TO KNOW:

- to prevent possible destruction of evidence by those involved in the fraud
- as protection against any pressure from those at the centre of the allegations.

4. MAINTAIN CONFIDENTIALITY:

- to protect the rights of a person suspected of fraudulent activity who may in fact be innocent, and the anonymity of the person making the disclosure

Additionally, the following external agencies are able to provide advice or take reports of wrongdoing at Local Councils:

Independent Commission Against Corruption (ICAC) – about alleged corruption

(ICAC) Telephone: 1800 463 909
Email: icac@icac.nsw.gov.au

Office of Local Government – about serious and substantial waste

Telephone: (02) 4428 4100
Email: olg@olg.gov.au

NSW Ombudsman – about alleged maladministration

Telephone: (02) 1800451524
Email: info@ombudsman.nsw.gov.au

Information and Privacy Commission NSW – about alleged information breaches

Telephone: 1800 472 679
Email: ipcinfo@ipc.nsw.gov.au