City of Greater Geraldton

4.22 FRAUD CONTROL, WRITE-OFF DEBTS & WAIVE FEES AND CHARGES

SUSTAINABILITY THEME

Governance

OBJECTIVES

The purpose of this policy is to demonstrate and communicate the Council's commitment to the prevention, deterrence, detection and investigation of all forms of fraud and to establish guidelines for the writing off of debts and waiving of fees and charges.

POLICY STATEMENT

This policy applies to all City employees, contractors, volunteers and elected members.

POLICY DETAILS

1. Fraud Control

As fraud constitutes a significant risk to any organisation, it is appropriate that a culture of ethical conduct be developed to recognise and avoid fraud and to deal appropriately with any cases of fraud.

Fraud can lead to financial loss, bad publicity for the City and loss of public confidence in the way that public money and other resources are being used. It is therefore important that the City has robust systems and procedures in place to ensure that the risk of impropriety is minimised, as far as possible, that there is a process in place to enable fraud to be adequately reported and that where instances of fraud do occur, there is a prompt and effective response to them.

1.1. Fraud

1.1.1. Fraud is defined as “wrongful or criminal deception intended to result in financial or personal gain”. Fraud is a deliberate act by an individual or group of individuals and is therefore always intentional and dishonest.

1.1.2. Internal fraud refers to fraudulent acts undertaken by Councillors and employees. Examples of such fraud would include: falsification of expenses and wages claims, theft of cash and alteration of records to conceal the deficiency, falsification of invoices for payment, failure to account for monies collected, falsification of timesheets and time cards, dealing inappropriately with benefits claims of friends or relatives.

1.1.3. It is also worth noting that there may, in some instances, be potential for those in positions of trust within the City to perpetrate frauds against third parties. The City has the responsibility for the integrity of staff employed in such positions of trust.

1.1.4. External fraud is defined as fraud committed against the City by persons outside of the organisation. Examples include false statements in applications for City programs and applications for grants or false invoices for goods or services.

1.1.5. Fraud and other similar irregularities includes, but is not limited to:

- Forgery or alteration of cheques, invoices, computer records and other documents;

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- Any misappropriation of funds, securities, supplies or any other asset;
- Any irregularity in the handling or reporting of money transactions;
- Misappropriation of furniture, fixtures and equipment;
- Seeking or accepting anything of material value from vendors, consultants or contractors doing business with the City;
- Unauthorised use or misuse of City property, equipment, materials or records;
- Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Council owned software;
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of City;
- The intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain;
- Providing false or misleading information related to financial interests and disclosure statements;
- Any similar or related irregularity.

1.2. Roles and Responsibilities

1.2.1. Councillors

Councillors have a duty to ensure that City assets are safeguarded from fraud and abuse and to ensure that Council's powers, duties and responsibilities are exercised in an open, fair and proper manner to the highest standards of probity.

These issues need to be borne in mind when considering reports, making decisions and scrutinising Council's activities.

Councillors should endorse and support all policies and measures taken to prevent, deter, detect and resolve instances, or suspected instances, of fraud throughout the City.

1.2.2. Chief Executive Officer

The Chief Executive Officer has primary responsibility for the proper management of the City's resources and the development and implementation of systems and practices to minimise the risk of fraud.

The Chief Executive Officer, under the *Corruption, Crime and Misconduct Act 2003* must notify the Corruption and Crime Commission or the Public Sector commission if misconduct is suspected.

1.2.3. Leadership Team (Executive Management Team, Managers and Coordinators/Supervisors)

The Leadership Team is responsible for implementing fraud control initiatives and in particular:

- Provide leadership, guidance, training and support to employees in preventing fraud and corruption;
- Identify high fraud risk areas;
- Participate in fraud and corruption risk assessment reviews which are presented to the Audit Committee to assess and provide assurance that the

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entity has appropriate processes and systems in place;

- Monitor the continued operation of controls;
- Conducting or coordinating investigations into allegations of fraud;
- Complying with legislation and City policies and practices;
- Ensuring staff understand their responsibilities through adequate communication, supervision, written procedures and job descriptions;
- Responding positively to matters raised and advice given by internal and external audit.

Management need to be vigilant in guarding against fraud, be aware of any circumstances which may indicate that there may be a problem and report any such suspicions to the Directors or Chief Executive Officer for an independent investigation or advice.

In carrying out their responsibilities, all managers (and staff) should be conscious of the fact that they are spending public money collected through rates and taxes. This provides an extra responsibility not only to spend it economically and effectively but also fairly.

1.2.4. Staff

Staff are responsible for acting with honesty and integrity in all council activities and must:

- Not use their position with the Council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity.
- Safeguard Council assets against theft, waste or improper use.
- Understand what behaviour constitutes fraud and / or corruption.
- Familiarise themselves with and adhere to Council's policies and procedures.

Staff have a duty to make management aware of any concerns they have about the conduct of the City's affairs or the use of City assets and resources. Any matters raised by them should be taken seriously and properly investigated. Staff who suspect that fraud has occurred should advise their Line Supervisor, Manager or Director as soon as possible.

The City has prepared Operating Procedures following the introduction of the Public Interest Disclosure Act 2003 which protects "whistleblowers" from unjust recrimination where they have an honest and reasonable suspicion of malpractice and they act on it. The City, in the interests of probity and good local government, encourages staff to raise matters so that they can be properly investigated.

1.2.5. Internal and External Auditors

1.2.5.1. Internal Audit

Internal Audit has an important role in assisting management in the prevention and detection of fraud by:

- Independently reviewing systems, procedures and controls to ensure that there are adequate safeguards to prevent, deter and detect fraud with particular attention being paid to the review of contracts and computer systems where there is potentially a significant risk;
- Through specific audits and testing of systems, identifying areas of

concern;

- Responding to requests for advice from managers on controls to put in systems;
- Independently investigating suspected frauds and irregularities and reporting conclusions to the Audit Committee, management and, where necessary, the Police;
- Producing, and advising on the production, of rules, regulations and policies which deter fraud.

1.2.5.2. External Audit

External Auditors certify that the City's accounts represent a true and fair view of the City's financial position. In reaching this conclusion, they must satisfy themselves that control systems are sound and that measures are being taken to minimise the chances of fraud.

1.3. Induction Process

The elements of fraud and the responsibility of all staff to not participate in and report fraudulent activity will form part of Council's induction process.

1.4. Development of Fraud Control Plan

Council shall examine its exposure to fraud biennially and shall develop a fraud control plan which will be implemented over the following two years.

1.5. Response to Allegations and Concerns

1.5.1. Allegations and concerns about fraudulent or corrupt activity may come from different sources e.g.

- Members of the public, sometimes anonymously
- Other local authorities
- Councillors
- Council managers or staff
- Internal or external audit reviews

1.5.2. Allegations and concerns about fraudulent activity can be reported to the Chief Executive Officer, Directors, Managers and Line Supervisors and those persons making and/or raising allegations and concerns must be either willing to put this in writing and/or have supported evidence to avoid those persons who maliciously and knowingly create a false allegation.

1.5.3. Wherever these concerns come from they must treated seriously and confidentiality will be respected as far as possible. A thorough investigation will be made of all concerns but the level of resources applied to this will be dependent on the nature of the concern e.g. sums or resources involved, sensitivity of the area, source of concern, evidence provided or available, risk inherent in that area.

1.5.4. For cases of internal fraud, investigations should be closely managed and documented in accordance with City procedures.

1.5.5. At all times confidentiality must be maintained and information disclosed only to those who need to know it, in order not to prejudice any disciplinary or criminal action.

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1.6. Actions to be taken when Fraud is Uncovered or Suspected

1.6.1. Investigations into suspected fraudulent activity will be comprehensive and will be based on the principles of independence, objectivity and the rules of natural justice.

1.6.2. Investigations will be conducted by an appropriately skilled and experienced person who is independent of the area in which the alleged fraudulent conduct occurred.

1.6.3. Where there is sufficient evidence of fraud, or there is strong suspicion but internal investigations are unable to obtain further evidence required, the Police should be involved where it is considered in the “Council or public interest”.

1.6.4. Determination of the "Council or public interest" will include factors such as the sums or resources involved, the strength of the evidence obtained or available, the potential cost to the Council of pursuing the matter, the sensitivity of the area concerned. Referral to the Police will be the normal course of action unless there is a strong case not to do so.

1.6.5. Where involvement of the Police is not appropriate, the strongest action possible should be taken. This may involve disciplinary action including dismissal and the recovery of any sums of money or resources misappropriated.

1.6.6. At the conclusion of any fraud investigation, systems and procedures will be reviewed and any remedial actions implemented, whether or not there was sufficient evidence to prove any wrongdoing.

1.6.7. Any remedial actions identified from this process shall be recorded in the City’s Risk Register and allocated to the relevant manager through his/her Risk Plan.

1.6.8. Monitoring of remedial actions will be undertaken by the City’s Internal Auditors on an annual basis.

1.6.9. A fraud, integrity and conduct register will be maintained by the Manager Corporate Services

1.7. Training

Biennial training will be given to all staff in the principles of fraud, the reporting of fraud and the process involved in investigating suspected fraud.

1.8. Insurance

The City shall maintain a fidelity guarantee insurance policy that provides insurance against the risk of loss arising from internal fraudulent conduct.

2. Writing Off Debts

2.1. Where difficulty is experienced in recovering debts there comes a point where it is inappropriate, overly expensive or uneconomic to pursue further action. These debts should be written off as failure to do so will overstate operating profit and accounts receivable.

2.2. A debt may be written off by the Director Corporate & Commercial Services and/or Chief Financial Officer if the debt is under $5,000 including GST.

2.3. A debt may be written off by the Chief Executive Officer if the debt is under $10,000 including GST.

2.4. Any writing off of debts over $10,000 must be approved by Council.

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2.5. A debt may be considered to be written off where:

- The cost of attempting to recover the debt would exceed the debt;
- The debtor is deceased and the amount is uncollectable;
- The debtor has become bankrupt;
- Recommendation of the debt collector that the amount is not collectable;
- The debt is subject to a decision of a legal judgment or court order;
- All reasonable action has been taken to recover the debt; or
- Write-off relates to the clearance of end-of-year small outstanding balances.

2.6. A report for each request to write off a debt must be provided to the Director Corporate & Commercial Services and/or Chief Financial Officer indicating:

- The value of the debt;
- How long it has been outstanding;
- The actions taken to recover the debt; and
- Why further attempts to recover the debt should not be undertaken.

2.7. A record of any amounts written-off under this delegation is required to be kept and made available for external audit purposes.

3. Waive/Grant Concession

Per delegated authority the CEO is authorised to waive or grant a concession on fees and charges per the schedule adopted annually by Council.

Conditions:

The organisation must be:

- Either a community group, an incorporated not-for-profit or educational institution;
- Operate within the City of Greater Geraldton; and
- Services it provides is of benefit to the community.

Exclusions:

- An organisation that has a negotiated partnership or monetary agreement in place with the City, unless it is recognised within an agreement that the City would provide 'in kind" support via the provision of facilities and/or equipment in support of an event or activity.
- An organisation that has a negotiated lease or management license with the City;
- Application for a waiver or discount after an event or activity;
- Commercial events or projects;
- Reimbursement for utility charges such as water and electricity; and
- Fees and/or charges associated with bonds levied by the City.

Chief Financial Officer and Manager of Community and Cultural Development have delegated approval from the CEO to approve a waiver of venue and/or equipment hire fees and charges up to a limit of $2,500 per event or activity.

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Operational Policy City Resources (OP021) denotes the following:

- Activity based and/or event support annual budget related to “in kind” support per waiving of fees and charges is set at $35,000 per annum.
- Waiving or granting concessions on fees and charges per adopted schedule that is not event or activity related is set at $10,000 per annum.

ROLES AND RESPONSIBILITIES

The Chief Financial Officer is responsible for implementing and maintaining this Policy.

WORKPLACE INFORMATION

Statutory Compliance

Local Government Act 1995
Public Interest Disclosure Act 2003
Corruption, Crime and Misconduct Act 2003

Industry Compliance

Australian Standard AS 8001-2008 Fraud and Corruption Control
AS 8003 – 2003 Good Governance Principals
Local Government (Rules of Conduct) Regulations 2007

Organisational Compliance

Codes of Conduct (Employees and Councillors)
Public Interest Disclosure Policy
Risk Management Policy
Related Party Disclosures Policy
Operational Policy – City Resources
Delegated Authority Council to CEO
Delegated Authority CEO to Employees
Strategic Community Plan – 4.5 Good Governance & Leadership

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POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Treasury and Finance	Biennial	2020
Version	**Decision Reference**	**Synopsis**		
2.	CCS	Review		