FRAUD CONTROL POLICY

Report Author:	Executive Officer Governance Risk & Compliance
Responsible Officer:	Director Corporate Services
Ward(s) affected:	(All Wards);

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

The *Local Government Act 2020* (the Act) requires Council to develop and maintain adequate internal control systems, which includes effective fraud prevention strategies.

The existing Yarra Ranges Council's (Council) Fraud Control Policy (Policy) has been reviewed and updated in consultation with key stakeholders to align with the Australian Standards, specifically, *AS 8001:2021 Fraud and Corruption Control*, therefore ensuring adherence to industry best practices in fraud management and prevention.

The Policy was presented to Council's Audit and Risk Management Committee (ARMC) in February 2025 for feedback and approval. The Policy review process involved collaboration with the Victorian Local Government (VLG) Risk Group.

The proposed updates to the Policy include enhanced sections on fraud risk assessment, prevention, detection, response, and monitoring, and stronger linkage to Council's Risk Management Policy and Framework.

RECOMMENDATION

That Council endorse the Yarra Ranges Council Fraud Control Policy 2025.

RELATED COUNCIL DECISIONS

August 2020 Council endorsed the current Yarra Ranges Fraud Control Policy.

DISCUSSION

Fraud Control Policy Overview

Council's Fraud Control Policy demonstrates a commitment to protecting public resources and maintaining integrity by proactively managing fraud and corruption risks. The policy applies to all Councillors, employees, volunteers, and contractors, outlining Council's stance against fraudulent or corrupt activities. It focuses on preventing, detecting, investigating, and controlling the misuse of council resources.

Council adopts a zero-tolerance approach to fraud and corruption, fostering a culture of transparency and accountability. This involves conducting regular risk assessments, implementing robust internal controls, providing fraud awareness training, and encouraging the reporting of suspected activities through various channels. The Policy ensures thorough investigation of reported incidents, appropriate disciplinary actions, and continuous improvement of controls. Council also monitors external sources for emerging risks and provides necessary resources for effective policy implementation, with the CEO responsible for reporting corrupt conduct to the IBAC.

Policy Revision

The revision of the Policy to align with *AS 8001:2021 Fraud and Corruption Control*, in consultation with key fraud risk stakeholders, reflects Council's commitment to maintaining best practices in fraud management. These proposed updates include a structured approach incorporating prevention, detection, response, and monitoring strategies to address fraud and corruption risks.

The revised Policy was approved by Council's ARMC in February 2025.

FINANCIAL ANALYSIS

Cost associated with reviewing, updating and implementing the Policy are within operating budgets.

APPLICABLE PLANS AND POLICIES

The Fraud Control Policy is linked to Council's:
- Fraud Control Framework
- Risk Management Policy and Framework.
- Councillor and Employee Codes of Conduct
- Employee and Councillor Expenditure Policies
- Procurement Policy
- Recruitment and temporary Appointments Policy
- Conflict of Interest Policy
- Gifts, Benefits and Hospitality Policy
- Credit and Fuel Card Policy
- Information Technology Service Standards and Procedures
- Public Interest Disclosure Procedure

This report contributes to Council Strategic Objective: High Performing Organisation. 'An innovative, responsive organisation that listens and delivers quality, value for money services to our community':

- Strengthens Council's ability to prevent, detect, and respond to potential fraud and corruption risks across the organisation.

- Demonstrates Council's proactive approach to fraud risk management, supporting.

- Reinforced Council's dedication to protecting public resources and maintaining community trust through robust internal controls and transparency.

RELEVANT LAW

Council's development and implementation of a comprehensive Fraud Control Policy is underpinned by the following legislative, regulatory, and guidance documents:

Local Government Act 2020 requires Council to develop and maintain adequate internal control systems, which includes effective fraud prevention strategies.

Public Interest Disclosures Act 2012, provides a framework for the protection of individuals who disclose information about improper conduct within the public sector, including local government. It is an essential component of Council's fraud control strategy, encouraging the reporting of suspected fraudulent activities.

Crimes Act 1958, defines fraud offences in Victoria, including obtaining property or financial advantage by deception. These provisions form the legal basis for prosecuting fraudulent activities.

Independent Broad-based Anti-Corruption Commission Act 2011 establishes Independent Broad-based Anti-Corruption Commission (IBAC) and provides a framework for investigating and preventing corruption in the public sector, including local government.

Australian Standard AS 8001:2021 Fraud and Corruption Control. This standard provides guidance and recommendations to mitigate fraud and corruption control risks across a broad range of business functions, including integrity, governance, and finance. It forms the foundation for Council's Fraud and Corruption Control Framework, ensuring a contemporary, practical, and effective approach to fraud prevention.

Victorian Government Risk Management Framework (VGRMF). The VGRMF provides valuable guidance on risk management best practices for public sector entities. It emphasises the importance of managing risks effectively, including those related to fraud and corruption.

SUSTAINABILITY IMPLICATIONS

Economic Implications

The updated Policy strengthens Council's ability to safeguard public funds by implementing robust fraud prevention, detection, and response mechanisms. This ensures the efficient use of resources, reduces financial losses from fraudulent activities, and promotes long-term financial sustainability.

Social Implications

By reinforcing a culture of integrity and accountability, the Policy supports public trust in Council operations. It ensures transparency and fairness in decision-making processes, fostering confidence among the community and stakeholders.

Environmental Implications

While the Policy does not directly address environmental sustainability, its emphasis on ethical governance and accountability indirectly supports responsible management of resources, including those related to environmental initiatives.

COMMUNITY ENGAGEMENT

No community engagement has been undertaken in the review process. However, broad engagement took place with the Victorian Local Government (VLG) Risk Group, a network of approximately 65 Risk professionals representing 22 Victorian Local Government organisations.

Additionally, the Independent Members of Council's ARMC have been engaged throughout during the review and provided valuable feedback on the Policy. The ARMC are required to review the Policy annually as part of the ARMC annual work plan.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

The review and update of the Policy demonstrates a commitment to collaboration, innovation, and continuous improvement in fraud management practices.

Feedback from the ARMC, including independent members, provided an external perspective on the Policy. Their expertise in risk management and governance contributed to strengthening the overall approach to fraud control. Feedback was also sort from all internal fraud risk owners.

This collaborative approach not only enhances the effectiveness of Council's fraud control measures but also fosters a culture of continuous improvement. By regularly seeking input from diverse stakeholders, Council ensures its fraud control strategies remain current, innovative, and responsive to emerging risks.

RISK ASSESSMENT

The review and update of the Policy is fundamental to safeguarding Council's assets, reputation, and public trust. Regular reviews ensure the ongoing effectiveness of fraud prevention strategies and maintain alignment with Australian Standards, evolving circumstances, and legislative requirements.

Failure to conduct these reviews poses significant risks, including outdated policies that may inadequately address emerging threats, potential non-compliance with legal requirements, and diminished ability to detect and prevent fraudulent activities. Such oversights could jeopardise the responsible stewardship of public funds and resources, ultimately undermining public confidence in Council's governance practices.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1.   Yarra Ranges Council Fraud Control Policy 2025