Integrity and Fraud Control Policy

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Table of Contents

Policy Purpose 1
PART A — DEFINITIONS 1
Fraud 1
Corruption 1
Maladministration 1
Misconduct 1
Public Interest Disclosure 2
Improper Conduct 2
PART B — PREVENTION 2
Integrity Framework 2
Legislative Authority 2
Relevant Standards and Guidance 3
Policy Objectives 3
Promote Integrity 3
Prevent Fraud and Corruption 4
Detect and Respond 4
Protect Public Confidence 4
Legislative Compliance 4
Continuous Improvement 4
Policy Principles 4
Fraud and Corruption Risk Assessment 4
Conflict of Interest Management 5
Recruitment and Employment Controls 5
Training and Awareness 6
PART C — DETECTION AND REPORTING 6
Reporting Obligations 6
Public Interest Disclosure 6
Anonymous Reporting 7
Mandatory External Reporting 7
PART D — RESPONSE AND INVESTIGATION 7
Initial Assessment 7
Investigation 7
Corrective Action 8
PART E — GOVERNANCE AND OVERSIGHT 8

Roles and Responsibilities 8
Board 8
Chief Executive Officer 9
Managers and Supervisors (if applicable) 9
All Personnel 9
Audit and Risk Committee 9
PART F — RECORDS, REVIEW AND COMPLIANCE 9
Record Keeping 10
Breaches of this Policy 10
Policy Review 10
Responsible Officer 11
Chief Executive Officer 11
Adoption 11
Appendix A — Examples of Fraud and Integrity Risks 12

Policy Purpose

This Policy establishes a clear framework for promoting integrity, ethical conduct, fraud prevention, corruption control, and responsible stewardship of public resources within the Northern and Yorke Local Government Association (N&YLGA).

This Policy supports a culture of honesty, transparency, accountability, lawful decision-making, and ethical governance across the organisation and provides the basis for preventing, detecting, reporting, investigating, and responding to fraud, corruption, maladministration, misconduct, and other improper conduct.

This Policy applies to:

- Board Members.
- Chief Executive Officer.
- Employees.
- Contractors.
- Consultants.
- Committee members.
- Volunteers.
- Any person acting on behalf of NYLGA.

PART A — DEFINITIONS

Fraud

Dishonest activity causing actual or potential financial, reputational, operational, or governance loss, including theft, deception, false accounting, misuse of funds, procurement fraud, payroll fraud, cyber-enabled fraud, or misuse of authority.

Corruption

Dishonest or improper conduct involving abuse of position, authority, or trust for personal benefit, improper advantage, or detriment to the organisation or public interest.

Maladministration

Conduct resulting in irregular, unlawful, unreasonable, or unauthorised use of public resources, substantial mismanagement, or practices resulting in systemic governance failure.

Misconduct

A breach of expected standards of behaviour, ethics, governance, lawful obligations, or organisational policies.

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Public Interest Disclosure

A report made by a person about suspected wrongdoing under the *Public Interest Disclosure Act 2018* (SA).

Improper Conduct

Conduct that may be fraud, corruption, maladministration, misconduct, substantial mismanagement of public resources, or a serious breach of public trust.

PART B — PREVENTION

Integrity Framework

NYLGA will maintain an integrity framework including:

- Code of Conduct.
- conflict of interest declarations.
- procurement controls.
- financial delegations.
- dual authorisation processes.
- internal audit and review.
- Board governance oversight.
- risk management systems.
- training and awareness.
- complaint management processes.
- confidential reporting pathways.
- fraud and corruption risk assessments.
- cybersecurity controls.
- records management controls.

Integrity is a whole-of-organisation responsibility.

Legislative Authority

This Policy is established pursuant to:

- *Local Government Act 1999 (SA)*
- *Independent Commission Against Corruption Act 2012 (SA)*
- *Public Interest Disclosure Act 2018 (SA)*
- *Criminal Law Consolidation Act 1935 (SA)*
- *Ombudsman Act 1972 (SA)*

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- *Local Government (Financial Management) Regulations 2011.*
- *State Records Act 1997 (SA)*
- *Work Health and Safety Act 2012 (SA)*
- *Fair Work Act 2009 (Cth)*
- *Privacy Act 1988 (Cth) where applicable.*
- NYLGA Charter.
- Code of Conduct for Council Members (where applicable)
- NYLGA Code of Conduct.
- Procurement Tender Policy.
- Treasury, Investment and Reserves Policy.
- Records and Information Policy.
- Risk Management Policy.

This Policy also recognises obligations relating to:

- reporting corruption, misconduct, maladministration, and misconduct.
- protection of whistleblowers.
- procedural fairness.
- confidentiality and privacy obligations.
- proper management of public resources.

Relevant Standards and Guidance

This Policy has regard to:

- AS 8001:2021 Fraud and Corruption Control.
- AS ISO 31000:2018 Risk Management—Guidelines.
- AS ISO 37301:2021 Compliance Management Systems.
- LGA South Australia governance guidance.
- Better Practice Model—Internal Financial Controls.

Policy Objectives

The objectives of this Policy are to:

Promote Integrity

Support ethical leadership and a strong culture of honesty, accountability, and lawful conduct.

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Prevent Fraud and Corruption

Reduce the likelihood of fraud, corruption, misuse of resources, improper conduct, and governance failure.

Detect and Respond

Ensure suspected wrongdoing is identified, reported, investigated, and addressed appropriately.

Protect Public Confidence

Maintain trust in the governance, operations, and financial stewardship of N&YLGA.

Legislative Compliance

Meet all legal obligations for reporting and managing integrity risks.

Continuous Improvement

Promote continuous improvement of fraud prevention, governance systems, and integrity controls.

Policy Principles

NYLGA is committed to:

1. Zero tolerance for fraud and corruption.
2. Ethical leadership from the Board and Executive.
3. Strong internal controls and accountability.
4. Transparency in decision-making.
5. Protection for people making appropriate disclosures.
6. Timely investigation and response.
7. Fairness and procedural integrity.
8. Continuous improvement of fraud control systems.
9. Confidentiality and privacy protections where appropriate.
10. Proper stewardship of public resources.
11. Independent and fair investigation processes.

Fraud and Corruption Risk Assessment

Fraud and corruption risk assessments must be undertaken regularly, including consideration of:

- procurement.
- contract management.
- payroll.
- accounts payable.
- grant funding.

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- asset management.
- banking and investments.
- cyber fraud risks.
- procurement collusion.
- conflicts of interest.
- information technology systems.
- unauthorised access to systems.
- misuse of confidential information.

Fraud controls must be reviewed:

- annually.
- following any significant incident.
- following material control failures.
- following major organisational change.

Conflict of Interest Management

All Board Members, staff, and representatives must:

- disclose actual conflicts.
- disclose perceived conflicts.
- disclose potential conflicts.

Conflicts must be:

- documented.
- appropriately managed.
- recorded under governance requirements.

Failure to reveal conflicts may constitute misconduct and may result in disciplinary action.

Individuals subject to a conflict must remove themselves from relevant decision-making processes where required.

Recruitment and Employment Controls

Appropriate controls may include:

- reference checks.
- qualification verification.
- Working With Children Checks where applicable.
- National Police Checks where appropriate.

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- delegated authority limitations.
- leave management oversight.
- payroll controls.
- separation of duties.
- exit management controls.
- system access reviews.

These controls reduce fraud exposure, governance risk, and unauthorised access risk.

Training and Awareness

NYLGA will provide periodic training and awareness relating to:

- fraud and corruption prevention.
- conflict of interest obligations.
- procurement integrity.
- reporting obligations.
- ethical conduct expectations.
- protected disclosure obligations.

PART C — DETECTION AND REPORTING

Reporting Obligations

Any person who suspects fraud, corruption, misconduct, maladministration, or improper conduct must report the matter promptly.

Reports may be made to:

- Chief Executive Officer.
- Board Chair.
- Audit and Risk Committee Chair.
- Independent Commission Against Corruption (ICAC)
- Ombudsman SA.
- Office for Public Integrity (where applicable)
- Protected disclosure pathways under legislation.

Failure to report serious wrongdoing may itself be a governance concern.

Public Interest Disclosure

NYLGA supports lawful disclosure of wrongdoing and will:

- protect confidentiality where possible.

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- prohibit victimisation or retaliation.
- ensure fair handling of disclosures.
- comply with the *Public Interest Disclosure Act 2018* (SA)
- support procedural fairness for affected people.

Victimisation of a person making a protected disclosure is prohibited.

Anonymous Reporting

Anonymous reports may be accepted and assessed where sufficient information is available.

Anonymous reporting does not remove the obligation to investigate credible allegations.

Mandatory External Reporting

Where required by legislation, N&YLGA will ensure matters are referred to relevant external agencies including:

- ICAC.
- Office for Public Integrity.
- Ombudsman SA.
- South Australia Police.
- External regulators.

PART D — RESPONSE AND INVESTIGATION

Initial Assessment

All reports must be assessed promptly to determine:

- seriousness of the allegation.
- legislative reporting obligations.
- whether external referral is required.
- whether immediate controls are required.
- whether independent investigation is necessary.
- whether suspension of access or authority is required to protect evidence or organisational interests.

Certain matters may require mandatory external reporting.

Investigation

Investigations must be:

- fair.
- proportionate.

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- confidential where appropriate.
- evidence-based.
- properly documented.
- free from conflicts of interest.
- conducted with procedural fairness.

External investigators may be engaged where independence or specialist expertise is required.

Investigation records must be securely maintained.

Corrective Action

Following investigation, NYLGA may implement:

- Disciplinary action.
- Policy changes.
- Process improvements.
- Recovery of losses.
- Referral to law enforcement.
- Reporting to regulators.
- Board governance review.
- Training and control improvements.
- Review of delegations and authorities.
- System security improvements.

The focus is on both accountability and the prevention of recurrence.

PART E — GOVERNANCE AND OVERSIGHT

Roles and Responsibilities

Board

Responsible for:

- governance oversight.
- policy adoption.
- integrity leadership.
- oversight of serious integrity matters.
- ensuring appropriate fraud and corruption control systems exist.
- promoting an ethical governance culture.

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Chief Executive Officer

Responsible for:

- implementation of this Policy.
- fraud prevention systems.
- reporting serious matters.
- ensuring staff and contractor awareness and compliance.
- maintaining appropriate internal controls.
- ensuring legislative reporting compliance.

Managers and Supervisors (if applicable)

Responsible for:

- local control environment.
- early detection of irregularities.
- escalation of concerns.
- maintaining ethical workplace culture.
- supporting staff awareness and compliance.

All Personnel

Responsible for:

- acting honestly and lawfully.
- reporting suspected wrongdoing.
- complying with internal controls.
- protecting public resources.
- participating in required training and awareness activities.

Audit and Risk Committee

The NYLGA Audit and Risk Committee will:

- review fraud control effectiveness.
- monitor integrity risks.
- review incidents and systemic issues.
- support governance improvement.
- review internal control effectiveness.
- monitor implementation of corrective actions where appropriate.

PART F — RECORDS, REVIEW, AND COMPLIANCE

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Record Keeping

All integrity matters must be documented and managed in accordance with:

- privacy obligations.
- confidentiality requirements.
- State Records Act requirements.
- legal reporting obligations.
- evidentiary requirements.
- records retention obligations.

Appropriate records must be maintained for audit, governance, legal, and investigation purposes.

Breaches of this Policy

Breaches may result in:

- disciplinary action.
- termination of engagement.
- recovery action.
- referral to ICAC or police.
- external regulatory reporting.
- revocation of delegated authority.
- legal proceedings where required.

Serious misconduct will be treated accordingly.

Policy Review

This Policy shall be reviewed:

- annually.
- following legislative amendment.
- following significant fraud or integrity incidents.
- following internal or external audit recommendations.
- following major governance review.
- following material organisational change.

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Responsible Officer

Chief Executive Officer

Supported by:

- Chair of the NYLGA.
- Audit and Risk Management Committee.
- External Auditor where applicable.

Adoption

This Policy was adopted by the Board of the Northern and Yorke Local Government Association on:

[Insert Date]

Review Date:

[Insert Date + 12 months]

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Appendix A — Examples of Fraud and Integrity Risks

Examples include:

- false invoices.
- procurement collusion.
- inappropriate contract awards.
- unauthorised expenditure.
- misuse of corporate credit cards.
- payroll fraud.
- conflict of interest concealment.
- grant misuse.
- cyber-enabled payment fraud.
- falsification of records.
- inappropriate personal use of organisational resources.
- abuse of delegated authority.
- unauthorised system access.
- manipulation of procurement processes.
- misuse of confidential information.
- fraudulent reimbursement claims.

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