



Fraud and Corruption Prevention Policy

Version	2
Responsible Officer	Executive Officer
Review Timeframe	Four years - term of Council
Effective Date	7 August 2026
Related documents	Fraud and Corruption Prevention Policy 2024

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PURPOSE

The Riverina and Murray Joint Organisation (**RAMJO**) is committed to a zero-tolerance approach to fraudulent and corrupt behaviour. As a result, RAMJO seeks to minimise the incidence of fraud by implementing and regularly reviewing a range of strategies that aim to prevent, detect and respond to such behaviour.

This policy serves to outline the high standards of ethical behaviour expected by RAMJO and introduces a Fraud and Corruption Control Framework to ensure appropriate mechanisms are in place to prevent, deter, detect and respond to fraud and corruption.

SCOPE

This policy applies to all who have any interaction with RAMJO and its staff to the maximum extent that RAMJO has the authority to require it. This includes Member Council representatives on the RAMJO Board, staff members, committee members, consultants, contractors, suppliers and volunteers who all have obligations in the prevention of fraud and corruption and the fostering of an ethical and accountable work environment.

Expectations of this policy also apply to customers and any relevant third parties with regard to functions and/or operations undertaken for or on behalf of RAMJO.

OBJECTIVES

The primary objective of this policy is to protect RAMJO's resources including information, and to safeguard RAMJO's integrity and reputation.

The policy sets out arrangements for the overall management of risks and any instances of fraud and/or corruption, which must be adhered to by RAMJO its staff, the RAMJO board, committee members, consultants, contractors, suppliers and volunteers

The objectives of the policy are to:

- provide an overview of the governance arrangements within RAMJO relating to fraud and corruption control
- outline key fraud and corruption risk areas relevant to RAMJO
- raise awareness of fraud and corruption risks, and thereby influence the culture of our Joint Organisation to encourage employees to be vigilant in responding to them
- communicate RAMJO's expectation of management, employees, consultants/contractors, industry stakeholders and service providers to assist in the prevention and detection of fraud and corruption
- document fraud and corruption prevention, detection and response initiatives as adopted by RAMJO to manage fraud and corruption.

PRINCIPLES

In alignment with RAMJO's Charter document, RAMJO is committed to building a corruption resistant culture through:

- Promoting an organisational environment that encourages professionalism, integrity and ethical conduct
- Minimising the opportunity for fraudulent or corrupt conduct
- The detection, investigation and disciplining and/or prosecuting fraudulent or corrupt conduct.
- The Reporting of any fraud or corrupt conduct to the Independent Commission Against Corruption (**ICAC**) and other authorities where appropriate.

RELEVANT LEGISLATION

This policy links with the following legislation:

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Independent Commission Against Corruption Act 1988
- Public Interest Disclosures Act 1994

The following RAMJO documents and policies work in alignment with and support this policy:

- Code of Conduct
- RAMJO Charter
- Related parties policy
- Credit card use policy
- Privacy management policy
- Budgeting, financial reporting and purchasing policy

DEFINITIONS

To assist the interpretation and application of this policy, the following definitions apply:

TERM	DEFINITION
Fraud	Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.
Corruption (or corrupt conduct)	Per the ICAC Act 1988 (Sect 7, 8, 9): ▪ any conduct of a person (whether or not a public official) that adversely affects, or could affect the honest and impartial exercise of public official functions, or ▪ any conduct of a public official that involves the dishonest or partial exercise of any of his or her public official functions, or ▪ any conduct of a public official or former public official that constitutes or involves a breach of public trust, or ▪ any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.
Maladministration	As per Public Interest Disclosure Act 1994: Conduct that involves action or inaction of a serious nature that is contrary to law; or unreasonable, unjust, oppressive, improperly discriminatory; or based wholly or partly on improper motives. Refer to our Public Interest Disclosures Internal Reporting Policy.
Serious or substantial waste	Refers to the uneconomical, inefficient or ineffective use of resources, authorised or unauthorised, which results in a loss/wastage of public funds/resources.
Stakeholders	Stakeholders refer to Joint Organisation Board Members, Joint Organisation member Councils, Joint Organisation staff members, committee members, consultants, contractors, suppliers, applicants and volunteers

POLICY IMPLEMENTATION

RAMJO is committed to a culture of good governance and ethical behaviour and is committed to building a sound ethical culture supported by appropriate policies, procedures and strategies that prevent fraudulent and corrupt behaviour through:

- Education and training of RAMJO officials and staff in relation to their obligations in combating dishonest and fraudulent behaviour
- Regular review of fraud and corruption risk assessments to identify and minimise circumstances where fraud and corruption could occur
- Implementation of procedures that have regard to, and mitigate, the risks identified in day-to-day activity
- Promote an organisational environment that encourages professionalism, integrity and ethical conduct
- Use of formal procedures upon detection, investigation and disciplining and/or prosecuting fraudulent or corrupt conduct
- The reporting of any fraud or corrupt conduct to the Independent Commission Against Corruption (ICAC) and other authorities where appropriate.

RAMJO's commitment to preventing fraudulent or corrupt activity and avoiding or managing conflicts of interests, will be supported by implementing appropriate auditing systems to deter and identify corrupt activities, as outlined in the following Fraud Control Framework.

FRAUD CONTROL FRAMEWORK

RAMJO is adopting the following processes which are sourced from the Fraud Control Framework of the Audit Office of NSW. The Audit Office framework is acknowledged as being best practice and widely used in State and Local Government organisations, providing for a consistent, effective and systematic approach to preventing fraud and corruption across the RAMJO.



The Fraud Control Framework of the Audit Office of NSW encompasses ten key attributes which sit within the themes of prevention, detection and response. Each attribute has a checklist of high-level processes and behaviours that should be present.

ATTRIBUTE	THEME
1. Leadership	Prevention
2. Ethical Framework	Prevention, Detection, Response
3. Responsibility Structures	Prevention, Detection, Response
4. Fraud and Corruption Prevention Policy	Prevention
5. Prevention Systems	Prevention
6. Fraud Awareness	Prevention, Response
7. Third Party Management Systems	Prevention, Response
8. Notification Systems	Detection, Response
9. Detection Systems	Detection
10. Investigations Systems.	Response

PREVENTION

LEADERSHIP

A successful fraud control framework is led by a committed and accountable Senior representatives i.e. the Board, General Managers Advisory Committee (**GMAC**), the Executive Officer and senior staff, that demonstrates and reinforces the high ethical standards expected of public officials who are resistant to improper behaviour and who practice and promote an open culture of accountability and transparency. The Executive Officer (**EO**) and Board (As represented by the Chairperson) has ultimate responsibility for fraud and corruption prevention within RAMJO and is supported by the Senior representatives and RAMJO's Audit, Risk and Improvement Committee.

ETHICAL FRAMEWORK

The Fraud and Corruption Prevention policy and associated framework builds upon RAMJO's commitment to ethical, transparent and accountable behaviour. RAMJO has policies, such as its Code of Conduct, that set out acceptable standards of ethical behavior. These are available and provided to all staff, and will be progressively placed on our website. RAMJO will also provide regular training in the Code of Conduct as well as a new staff induction process on the requirements of the code.

RESPONSIBILITY STRUCTURES

This policy applies to everyone who has any interaction with RAMJO or RAMJO staff to the maximum extent that RAMJO has the authority to require it. This includes RAMJO staff members, Board and committee members, consultants, contractors, suppliers and volunteers who all have obligations in the prevention of fraud and corruption and the fostering of an ethical and accountable work environment in our organisation. Expectations of this policy also apply to customers and any relevant third parties with regard to the functions and/or operations undertaken for or on our behalf.

KEY PERSONNEL

ALL STAFF

It is important that all RAMJO staff contribute to a workplace culture that has a zero tolerance approach to fraudulent and corrupt behaviour. As such, all staff have responsibilities in accordance with this policy. These responsibilities require staff to:

- Maintain awareness and compliance with the requirements of this policy
- Perform their duties to the best of their abilities with honesty, integrity and impartiality
- Have regard to fraud and corruption related risks when performing their duties, and support processes that report and mitigate risks
- Prevent, mitigate and report on (suspected, actual or attempted) fraud, corruption, maladministration and waste. This shall be done in accordance with RAMJO's Code of Conduct and Public Interest Disclosures Policy
- Cooperate with and provide assistance to investigators or officials investigating suspected or reported fraud or corruption
- Manage and declare pecuniary and non-pecuniary interests in compliance with RAMJO's Code of Conduct.

EXECUTIVE OFFICER

The Executive Officer is responsible for the efficient and effective operation of the Joint Organisation and the implementation of systems and practices that proactively minimise

risks of fraud and corruption, promote an ethical workplace culture that has 'zero tolerance' towards fraudulent and corrupt behaviour and encourage its reporting should it occur.

In addition to the responsibilities of all staff, the Executive Officer is required to:

- Promote RAMJO's commitment to fraud and corruption prevention
- Lead by example through ethical workplace behaviour, decision making and by acting with honesty, integrity and impartiality when dealing with others
- Ensure processes exist to monitor Management Team compliance with their duties in accordance with this policy
- Ensure Joint Organisation Board Members are aware of their obligations in accordance with this Plan
- Monitor and review fraud and corruption risk assessments
- Ensure any allegations of wrongdoing are fully investigated and report actual or suspected corrupt conduct to the Independent Commission Against Corruption (ICAC) in accordance with Section 11 of the ICAC Act 1988
- Report criminal offences to the NSW Police Force.

BOARD MEMBERS

Board Member responsibilities in accordance with this policy require that they:

- Maintain awareness and compliance with the requirements of this policy
- Perform their duties to the best of their abilities with honesty, integrity and impartiality
- Have regard to fraud and corruption related risks when performing their duties, and support processes that report and mitigate risks
- Prevent, mitigate and report on (suspected, actual or attempted) fraud, corruption, maladministration and waste. This shall be done in accordance with Joint Organisation's Code of Conduct
- Cooperate with and provide assistance to investigators or officials investigating suspected or reported fraud or corruption
- Report all instances of possible fraud or corrupt conduct, in accordance with the Joint Organisation's Code of Conduct
- Support the Executive Officer to implement adequate strategies to prevent fraud and corruption
- Implement and promote the Joint Organisation's commitment to fraud and corruption prevention
- Manage and declare pecuniary and non-pecuniary interests in compliance with RAMJO's Code of Conduct.

SENIOR REPRESENTATIVES

In addition to the general responsibilities of all staff and board members, the Management Team i.e. the General Managers Advisory Committee (**GMAC**) have a supervisory role across RAMJO and in the implementation of this policy, including the promotion of an ethical workplace culture by demonstrably supporting the objectives of this policy, specifically:

- Leading by example through ethical workplace behaviour, decision making and acting with honesty, integrity and impartiality when dealing with others
- Promoting and disseminating of this Plan and the related policy and the standards of ethical behaviour expected by Joint Organisation
- Ensure training is provided to employees surrounding fraud and corruption awareness, RAMJO's expectations and the reporting requirements in accordance with RAMJO's Code of Conduct and Public Interest Disclosures and Internal Reporting Policy
- Provide ethical advice and support to staff
- Identify and ensure appropriate internal controls are in place to manage potential fraud and corruption risks. This includes systematic review of risks and controls over time as well as initial identification, and assessment of training needs including refresher training.

AUDIT, RISK AND IMPROVEMENT COMMITTEE (ARIC)

The ARIC provides independent assistance to RAMJO by providing advice on the adequacy of the fraud control framework and the processes and systems in place to capture and effectively manage the identified fraud and corruption risks, internal controls and proposed risk treatment action plans which will be documented and recorded in Joint Organisation's Risk Register.

The responsibilities of the ARIC are set out in the ARIC Charter as resolved by our Joint Organisation Board. These responsibilities include:

- Compliance
- Risk Management
- Fraud Controls
- Financial Management
- Governance
- Implementation of the Community Strategic Plan, Delivery Program and Strategies
- Service Reviews and Performance Measurement
- Performance of Joint Organisation Functions
- Internal Audit
- External Audit

VOLUNTEERS, CONTRACTORS ACTING FOR RAMJO AND EXTERNAL PARTIES

Volunteers and Contractors providing services or otherwise acting on behalf of RAMJO are required to:

- Perform their duties to the best of their abilities with honesty, integrity and impartiality.
- Have regard to fraud and corruption related risks when performing their duties, and support processes that report and mitigate risks
- Prevent, mitigate and report on (suspected, actual or attempted) fraud, corruption, maladministration and waste. This shall be done in accordance with Joint Organisation's Code of Conduct and Public Interest Disclosures and Internal Reporting Policy
- Cooperate with and provide assistance to investigators or officials investigating suspected or reported fraud or corruption.

IDENTIFIED FRAUD AND CORRUPTION RISKS

The below table provides a summary of the key fraud and corruption risks facing RAMJO, however note it is not an exhaustive list. Details of RAMJO's fraud and corruption risks will be included in RAMJO's risk register.

RISK CATEGORY		DESCRIPTION	RISK ATTRIBUTES
Corruption			
Conflicts of interest	A conflict of interest occurs when an employee or agent – someone who is authorised to act on behalf of a principal – has an undisclosed personal or economic interest in a matter which could influence his or her professional role.	▪ Extent and value of supplier relationships / contracts ▪ Extent of recruitment activities / staff turnover ▪ Presence of decentralised procurement and recruitment systems.	
Bribery, illegal gratuities, economic extortion	Bribery is offering, promising, giving, accepting or soliciting an advantage as an inducement for an action which is illegal or unethical.	▪ Number of staff ▪ Number of supplier and Contractor relationships.	
	Illegal gratuities are items of value given to reward a decision after it has been made. They do not necessarily involve intent.		
	Extortion is the obtaining of property from another, with the other party’s consent, induced by wrongful use of actual or threatened force or fear.		
Asset misappropriation			
Theft of cash	A scheme in which a RAMJO employee or Senior representative steals or misuses RAMJO’s resources.	▪ Use of cash ▪ Turnover of cash	
Inventory and all other assets	A scheme in which a RAMJO employee or Senior representative steals or misuses the employing organisation’s resources.	▪ Nature of assets (data, inventory, fixed assets).	
Fraudulent disbursements	A scheme in which a RAMJO employee or Senior representative causes RAMJO to issue a fraudulent payment for fictitious goods or services, or reimbursement of fraudulent expenses	▪ Volume and value of supplier transactions ▪ Volume and value of expense transactions	
Financial statement fraud			
Net worth / net income understatements / overstatements	A scheme in which a RAMJO employee or Senior representative intentionally causes a misstatement or omission of material information in the organisation’s financial reports.	▪ Change in management, high turnover of executive members. ▪ Financial position of the organisation.	

PREVENTION SYSTEMS

RAMJO's main objective is to minimise the occurrence of fraud and corruption within the Joint Organisation. This objective will be achieved by:

- Identifying fraud and corruption risks
- Determining strategies to control those risks
- Defining responsibility and timeframes for strategies to be implemented

RAMJO's identified fraud and corruption risks, internal controls and proposed risk treatment actions will be documented and recorded in RAMJO's Risk Register.

Independent identification and assessment of RAMJO's fraud and corruption risks will be arranged through independent auditors to the extent that the Audit, Risk and Improvement Committee deems warranted.

FRAUD AWARENESS

One of the most common ways in which fraud and corruption is detected is by observation, investigation and reporting by those who work with, or deal directly with, the perpetrator(s).

RAMJO will commit to providing all staff with a general awareness of fraud and corruption, and provide guidance on how they are to respond if such behaviour is suspected, detected or attempted. This will be achieved by:

- Incorporating a brief session on fraud and corruption prevention into induction training for new staff
- Providing fraud awareness training sessions to Management and staff
- Making the Code of Conduct and the Fraud and Corruption Prevention Policy available to all staff
- Disseminating articles of interest on fraud and corruption to staff
- Promotion of this policy and associated strategies through RAMJO's procurement practices and procurement documentation
- Attendance at relevant industry forums and seminars.

THIRD PARTY MANAGEMENT SYSTEMS

RAMJO ensures that appropriate controls are in place via an assortment of policies to manage our dealings with third parties and conflicts of interest.

Third party management also covers managing staff conflicts of interest in accordance with RAMJO's Code of Conduct, Related Parties Policy and secondary employment declaration requirements in accordance with Section 353 Local Government Act 1993.

NOTIFICATION SYSTEMS

RAMJO's Code of Conduct compels all employees to report any instances of possible fraud, corruption, maladministration or serious and substantial wastage. RAMJO supports and encourages a supportive culture of reporting and any person who makes a report in accordance with RAMJO's Privacy Management Policy will be protected under the Public Interest Disclosures Act 1994.

Reports of all suspected unethical activity including corruption be made to RAMJO's Chair of the General Managers Advisory Committee. Alternatively, anyone wishing to make a report can direct matters of corruption to the Independent Commission Against Corruption, maladministration to the NSW Ombudsman and serious and substantial wastage to the Office of Local Government.

DETECTION SYSTEMS

Internal controls are effective at detecting fraudulent and corrupt behaviour with RAMJO maintaining appropriate controls such as:

- Segregation Of Duties
- Approvals And Authorisation
- Verification
- Reconciliations
- Management Reviews
- Data Mining Tools
- Risk Assessments
- Physical Security
- Job Rotation
- Independent Reviews
- Input And Oversight From The Audit, Risk And Improvement Committee

INVESTIGATION SYSTEMS

ASSESSMENT

When an allegation of fraud or corruption is made under a Public Interest Disclosure, the Disclosures Coordinator will undertake a preliminary assessment and may recommend that the matter be referred to an external body or that a full investigation be conducted. The complainant will be advised and action taken as appropriate.

SUPPORT

RAMJO will deal fairly with all parties in the course of investigating allegations of fraud or corruption, however if fraud or corruption is proven, RAMJO will apply the appropriate sanctions

or refer the matter to external law enforcement agencies if criminal offending is detected.

RAMJO's investigation standards are clearly documented in various policies and procedures including the Code of Conduct.

MAINTAINING CONFIDENTIALITY

Every effort will be made to ensure that any allegations of fraudulent or corrupt conduct are handled confidentially. In some situations, confidentiality may not be possible or appropriate and will be managed in accordance with the Privacy Management Policy.

RAMJO will accept and consider anonymous reports, however anonymity may limit RAMJO's ability to seek further information or adequately assess the report.

VEXATIONS, FRIVOLOUS OR MISLEADING ALLEGATIONS

Any report that is found to be vexatious, frivolous or deliberately misleading may result in disciplinary action against the person making the allegation.

RELATED POLICIES AND DOCUMENTS

- Code of conduct
- Charter
- Budgeting, financial reporting and purchasing policy
- Privacy management policy
- Related parties policy

END OF POLICY

APPENDIX 1 – EXAMPLES OF POTENTIAL FRAUDULENT AND CORRUPT ACTIVITY

THEFT

Common types of property stolen include:

- Stationery And Office Supplies
- Construction And Maintenance Equipment And Tools
- Lap Top Computers
- Mobile Phones
- Technical Equipment
- Cash
- Fuel
- Intellectual Property, Including Documents And Data

Theft also includes the unauthorised use of credit cards, petrol cards, Cabcharge cards or vouchers.

GIFTS, BENEFITS AND BRIBES.

Gifts, benefits and bribes are often intended to influence the way the recipient carries out official functions. The intention may be to encourage the recipient to not look too closely at an illegal or unauthorised activity, or to actively participate in a fraudulent or corrupt activity.

Exposure to offers of gifts, benefits or bribes is particularly common for Joint Organisation Officers who:

- approve or can influence decisions
- procure goods or services
- carry out regulatory work
- provide customer or client service
- carry out work with the private sector

MISUSE OF JOINT ORGANISATION RESOURCES FOR INAPPROPRIATE PRIVATE PURPOSES

In their publication “Preventing the misuse of Joint Organisation Resources Guideline 2”, the ICAC provides a number of examples of this type of risk.

Forms of misuse include:

- staff using mobile phones excessively for private purposes without reimbursement of costs
- internet services being used extensively for non-work purposes
- “left-over” materials and low value assets being claimed by Joint Organisation Officers

PROCUREMENT, TENDERING AND CONTRACT MANAGEMENT

Activities associated with procurement, tendering and contract management have traditionally been susceptible to fraud and corruption. They normally result from bribes, commissions or conflicts of interests. Examples of the type of fraud and corruption risk exposures include:

- order splitting to avoid tendering or obtaining quotes
- collusion with suppliers to provide dummy quotes
- accepting late tenders without justification
- approving fraudulent contract variations

HUMAN RESOURCES

- creation of fictitious employees on the payroll register
- applicants for positions falsifying career background details
- direct recruitment of friends and relatives to permanent and casual positions

DELEGATIONS

The opportunity for various types of fraud and corruption can be increased by:

- unclear delegations
- delegation for order and payment granted to same person
- lack of supporting documentation

INFORMATION TECHNOLOGY

The main risk areas of computer fraud are:

- unauthorised electronic transfer of funds
- electronic claims processing
- unauthorised alteration of input data
- misappropriation, destruction or suppression of output data
- alteration of computerised data
- alteration or misuse of software program

FORGERY OR FALSIFICATION OF RECORDS

The falsification of records and processing of a false statement is fraud. Examples include falsification of:

- data on expense claims and receipts
- credit card reimbursement claims
- invoices and timesheets
- job application forms
- leave records
- forgery of a signature on a cheque or document

UNAUTHORISED SALE OR PROVISION OF INFORMATION

This risk involves unauthorised sale or provision of confidential information, including client information.

APPENDIX 2 – REPORTING OF FRAUD AND CORRUPTION

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

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.

Report concerns

- to your line manager or a Disclosure Officer who is available to provide advice on a confidential basis.

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.

Maintain confidentiality

- to protect the rights of a person suspected of fraudulent activity who may in fact be innocent.

A report of wrongdoing can be made in writing or verbally:

- to your line supervisor or Manager
- to a Disclosure Officer – as listed in the Public Interest Disclosure Policy
- to the CEO
- to the Chairperson

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

Independent Commission Against Corruption (ICAC) – about alleged corruption

Telephone: 1800 463 909
Address: GPO Box 500, Sydney NSW 2001
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) 9286 1000
Email: nswombo@ombo.nsw.gov.au

Information and Privacy Commission NSW – about alleged information

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