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| Circular Details | Circular No 18-37/ 20 November 2018 / A619778 |
| Who should read this | General Managers / Governance staff |
| Contact | Council Governance Team / 4428 4100 / olg@olg.nsw.gov.au |
| Action required | Information / Council to Implement |

Audit Office – Local Government Fraud Control Performance Audit

What's new or changing

- The NSW Audit Office has undertaken a sector-wide performance audit of fraud controls in councils. Councils' fraud controls were assessed against the Audit Office's [Fraud Control Improvement Kit](#).
- The resulting report, [Fraud controls in local councils](#), found that there is significant variation between councils in the strength of their fraud control systems and that many councils have substantial room for improvement. Of the 83 councils that completed the Audit Office's survey:
 - five had implemented most of the controls recommended by the kit
 - a further 40 had implemented half or more of the recommended controls
 - thirty-eight had implemented less than half the recommended controls.
- Of the councils surveyed, five had not adopted an internal reporting policy as required under the *Public Interest Disclosures Act 1994*.

What this will mean for your council

- Councils should review their fraud controls and assess their efficacy against the Audit Office's [Fraud Control Improvement Kit](#).
- All councils must adopt an internal reporting policy for the management of public interest disclosures. A [model internal reporting policy for councils](#) is available on the NSW Ombudsman's website.

Key points

- The Audit Office has highlighted the following areas where councils could improve their fraud control practice:
 - tailoring fraud control plans to councils' circumstances and specific risks
 - systematically and regularly reviewing fraud risks and fraud control systems to keep plans up-to-date
 - effectively communicating fraud risks, and how staff and the community can report suspected fraud
 - ensuring that they comply with the *Public Interest Disclosures Act 1994*.

Where to go for further information

- For more information on fraud control, visit the Audit Office's website at www.audit.nsw.gov.au or contact the Audit Office at 02 9275 7100.
- For more information on the requirements of the *Public Interest Disclosures Act 1994* and resources to support compliance, visit the NSW Ombudsman's website at www.ombo.nsw.gov.au or contact the NSW Ombudsman at 02 9286 1000.
- For all other enquiries contact OLG's Council Governance Team by telephone on 02 4428 4100 or by email at olg@olg.nsw.gov.au.

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