



# Protected Disclosures & Internal Reporting System Policy

As at January 2001

<b>POLICY NAME</b>	Strathfield Council Protected Disclosures & Internal Reporting System Policy
<b>COUNCIL ADOPTION</b>	3 February 1998. Amendment: 19 January 2001
<b>REF</b>	Minute No. 45/98
<b>RELEVANT LEGISLATION</b>	<ul style="list-style-type: none"><li>• Protected Disclosures Act 1994</li><li>• Independent Commission Against Corruption Act 1988</li></ul>
<b>RELATED POLICIES/DOCUMENTS</b>	<ul style="list-style-type: none"><li>• Strathfield Council Code of Conduct</li></ul>

## 1. Purpose

The *Protected Disclosures Act 1994* commenced operation on 1 March 1995. The purpose of the Act is to ensure that public officials who wish to make disclosures under the legislation receive protection from reprisals, and that the matters raised in the disclosures are properly investigated.

The Act aims to encourage and facilitate the disclosure - in the public interest - of corrupt conduct, maladministration and serious and substantial waste in the public sector. This is achieved by:

- enhancing and augmenting established procedures for making disclosures concerning such matters;
- protecting persons from reprisals that might otherwise be inflicted on them because of these disclosures; and
- providing for those disclosures to be properly investigated and dealt with.

Strathfield Municipal Council does not tolerate corrupt conduct, maladministration or serious and substantial waste of public money.

Council is committed to the aims and objectives of the *Protected Disclosures Act*. It recognises the value and importance of contributions of staff to enhance administrative and management practices and strongly supports disclosures being made by staff or Councillors which disclose corrupt conduct, maladministration, or serious and substantial waste of public money.

Council will take all reasonable steps to provide protection to staff who make such disclosures from any detrimental action in reprisal for the making of the disclosure.

To be protected by the Act, a disclosure must be made by a member of staff or Councillor to:

- an investigating authority;
- the General Manager; or
- the Manager Governance in accordance with the Internal Reporting System established under this Policy for the purposes of the Protected Disclosures Act.

This Policy establishes an internal reporting system for the reporting of disclosures of corrupt conduct, maladministration or serious and substantial waste of public money by Strathfield Municipal Council its staff and Councillors. The system enables such internal disclosures to be made to the Manager Governance or the Mayor, as an alternative to the General Manager.

This policy is designed to complement normal communication channels between supervisors and staff. Staff are encouraged to continue to raise appropriate matters at any time with their supervisors, but as an alternative have the option of making a protected disclosure in accordance with this policy.

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## 2. Protected Disclosures & Internal Reporting System Policy

### 2.1 Definitions

Three key concepts in the internal reporting system are “*corrupt conduct*”, “*maladministration*” and “*serious and substantial waste of public money*”. Definitions of these concepts are outlined below.

#### 2.1.1 Corrupt Conduct

“*Corrupt conduct*” is defined in the *Independent Commission Against Corruption Act 1988* (sections 8 and 9). The definition used in the Act is intentionally quite broad - corrupt conduct is defined to include the dishonest or partial exercise of official functions by a public official. Conduct of a person who is not a public official, when it adversely affects the impartial or honest exercise of official functions by a public official, also comes within the definition.

Corrupt conduct can take many forms, ie. taking or offering bribes, public officials dishonestly using influence, blackmail, fraud, election bribery and illegal gambling are some examples.

#### 2.1.2 Maladministration

“*Maladministration*” is defined in the *Protected Disclosures Act* as conduct that involves action or inaction of a **serious nature** that is:

- contrary to law; or
- unreasonable, unjust, oppressive or improperly discriminatory; or
- based wholly or partly on improper motives (section 11).

#### 2.1.3 Serious and Substantial Waste

The term “*serious and substantial waste*” is not defined in the *Protected Disclosures Act*. The Auditor-General provides following working definition:

*Serious and 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. In addressing any complaint of serious and substantial waste regard will be had, to the nature and materiality of the waste.*

*The following delineation of the definition of serious and substantial waste may be of assistance to public officials and/or public authorities. Types include:*

*Absolute*

*Serious and substantial waste might be regarded in absolute terms where the waste is regarded as significant, for example \$500,000.*

*Systemic*

*the waste indicates a pattern which results from a system weakness within the public authority.*

*Material*

*the serious and substantial waste is/was material in terms of the public authority's expenditure or a particular item of expenditure or is/was material to such an extent so as to effect a public authority's capacity to perform its primary functions.*

*Material By Nature Not Amount*

*the serious and substantial waste may not be material in financial terms but may be significant by nature. That is it may be improper or inappropriate [alternatively, this type of waste may constitute "maladministration" as defined in the Protected Disclosures Act].*

Waste can take many forms, for example:

- misappropriation or misuse of public property;
- the purchase of unnecessary or inadequate goods and services;
- too many personnel being employed in a particular area, incurring costs which might otherwise have been avoided;
- personnel being remunerated for skills that they do not have, but are required to have under the terms or conditions of their employment;
- programs not achieving their objectives and therefore the costs being clearly ineffective and inefficient.

Waste can result from such things as:

- the absence of appropriate safeguards to prevent the theft or misuse of public property;
- purchasing procedures and practices which fail to ensure that goods and services are necessary and adequate for their intended purpose; and
- purchasing practices where the lowest price is not obtained for comparable goods or services without adequate and appropriate justification.

### **3. What Disclosures Are Protected Under The Act?**

#### **3.1 What disclosures are protected?**

Disclosures are protected under the Act if they:

- (a) are made -
  - in accordance with this Internal Reporting System; or
  - to the General Manager; or
  - to one of the investigating authorities nominated in the Act; AND
- (b) show or tend to show corrupt conduct, maladministration, or serious and substantial waste of public money by the Strathfield Municipal Council or any of its staff or Councillors; AND
- (c) are made voluntarily.

#### **3.2 What disclosures are not protected?**

A disclosure is not protected under the Act if it is made by a public official in the exercise of a duty imposed by or under an Act.

Protection is also not available for disclosures which:

- are made frivolously or vexatiously;
- primarily question the merits of government policy; or
- are made solely or substantially with the motive of avoiding dismissal or other disciplinary action.

It is an offence to wilfully make a false or misleading statement when making a disclosure.

### **4. Reporting Under The Internal Reporting System**

The persons or positions to whom internal disclosures can be made in accordance with the Internal Reporting System (as shown on the attached diagram) are:

- the Disclosure Co-ordinator - Manager Governance
- the Mayor (if the disclosure concerns or involves the General Manager or Councillor).

Where persons contemplating making a disclosure are concerned about publicly approaching the Manager Governance or the Mayor (or the General Manager), they can ring the relevant official and request a meeting in a discreet location away from the workplace.

**Notes:**

- (1) A Council officer who wishes to make a protected disclosure which involves a Councillor may do so to the Mayor, the General Manager, or an investigating authority (ie. the ICAC, Ombudsman).
- (2) A Councillor who wishes to make a protected disclosure which involves another Councillor may do so to the Mayor, the General Manager, or an investigating authority (ie. the ICAC, Ombudsman).
- (3) If the Mayor wishes to make a protected disclosure he or she may do so to the General Manager or an investigating authority (ie. the ICAC or Ombudsman).
- (4) The Department of Local Government is not an investigating authority under the Act, however, the ICAC, the Ombudsman or a Council may refer a protected disclosure to the Department for investigation, and in such a circumstance any protection conferred under the Act is maintained.

## **5. Roles and Responsibilities**

This Internal Reporting System places responsibilities upon people at all levels within the Council.

### **5.1 Employees**

Employees are encouraged to report known or suspected incidences of corrupt conduct, maladministration or serious and substantial waste in accordance with this Policy.

All employees of Council have an important role to play in supporting those who have made legitimate disclosures. They must abstain from any activity that is or could be perceived to be victimisation or harassment of persons who make protected disclosures. Further, they should protect/maintain the confidentiality of persons they know or suspect to have made disclosures.

### **5.2 Disclosure Co-ordinator - Manager Governance**

The Manager Governance has been appointed Disclosure Co-ordinator and is responsible for receiving and assessing disclosures. The Disclosure Co-ordinator will:

- (a) clearly explain to persons making disclosures what will happen in relation to the information received;
- (b) when requested, make arrangements to ensure that disclosures can be made privately and discreetly (if necessary away from the workplace);
- (c) reduce to writing and date any disclosures received orally (and have the person making the disclosure sign the document);
- (d) provide an alternative internal reporting channel to the General Manager;
- (e) impartially assess each disclosure to determine -

(i) whether the disclosure appears to be a protected disclosure within the meaning of the Act; and

(ii) the appropriate action to be taken in relation to the disclosure, for example -

- no action/decline;
- the appropriate person to take responsibility for dealing with the disclosure;
- preliminary or informal investigations;
- formal investigation;
- prosecution or disciplinary action;
- referral to an investigating authority for investigation or other appropriate action;

or

- referral to the police (if a criminal matter) or the ICAC (if the matter concerns corrupt conduct).

- (f) consult with the General Manager;
- (g) be responsible for carrying out or co-ordinating any internal investigation arising out of a disclosure, subject to the direction of the General Manager in carrying out his/her functions;
- (h) report to the General Manager on the findings of any investigation and recommended remedial action;
- (i) take all necessary and reasonable steps to ensure that the identity of persons who make disclosures, and persons the subject of the disclosures, are kept confidential;
- (j) support persons who make protected disclosures and actively protect them from victimisation, harassment or any other form of reprisal; and
- (k) report actual or suspected corrupt conduct to the General Manager in a timely manner to enable that officer to comply with the *ICAC Act*.

### **5.3 General Manager**

Disclosures may be made direct to the General Manager rather than by way of the Internal Reporting System. The General Manager will:

- (a) impartially assess each disclosure to determine:
- (i) whether the disclosure appears to be a protected disclosure within the meaning of the Act;

(ii) the appropriate action to be taken in relation to the disclosure, for example -

- no action/decline;
- the appropriate person to take responsibility for dealing with the disclosure;
- preliminary or informal investigation;
- formal investigation;
- prosecution or disciplinary action;
- referral to an investigating authority for investigation or other appropriate action;

or

- referral to the police (if a criminal matter) or the ICAC (if the matter concerns corrupt conduct);

- (b) receive reports from the Disclosure Co-ordinator on the findings of any investigation and any recommendations for remedial action, and determine what action should be taken;
- (c) take all necessary and reasonable steps to ensure that the identity of persons who make disclosures, and the persons the subject of disclosures, are kept confidential;
- (d) have primary responsibility for protecting staff who make disclosures, or provide information to any internal or external investigation of a disclosure, from victimisation, harassment or any other form of reprisal;
- (e) be responsible for implementing organisational reform identified as necessary following investigation of a disclosure; and
- (f) report criminal offences to the Police and actual or suspected corrupt conduct to ICAC (under s.11 of the *ICAC Act*).

#### **5.4 The Mayor**

The Mayor may receive internal disclosures from any member of staff of the Council or any Councillor concerning the General Manager or a Councillor. The Mayor will:

- (a) impartially assess each disclosure made to him/her about the General Manager or a Councillor to determine -
  - (i) whether the disclosure appears to be a protected disclosure within the meaning of the Act;

Note: In making this assessment the Mayor may seek guidance from: the Disclosure Co-ordinator or General Manager (if appropriate); an investigating authority (ie. the ICAC, or Ombudsman); or the Department of Local Government.

(ii) the appropriate course of action to be taken in relation to the disclosure (in consultation with the General Manager, if appropriate), for example -

- no action/decline;
- the appropriate person to take responsibility for dealing with the disclosure;
- preliminary or informal investigation;
- formal investigation;
- prosecution or disciplinary action;
- referral to an investigating authority for investigation or other appropriate action;

or

- referral to the police (if a criminal matter) or the ICAC (if the matter concerns corrupt conduct);

(b) refer disclosures to the General Manager for appropriate action if they concern the Council's administration, within the day to day responsibilities of the General Manager;

(c) protect/maintain the confidentiality of:

(i) the identity of person who make disclosures (unless any of the criteria in section 22 of the Act apply); and

(ii) the identity of persons the subject of the disclosures (unless disclosure is required to enable the allegations to be investigated or otherwise appropriately dealt with).

## 5.5 Alternative Avenues for Disclosures

Alternative avenues available to staff and councillors for making a protected disclosure under the Act (other than by means of the internal reporting system), are as follows:

- to the General Manager; or
- to one of the investigating authorities under the Act (eg. the ICAC and Ombudsman).

**Notes:**

- (i) While the Act includes the Auditor General as an external investigating authority, the Auditor General's jurisdiction relates to State Government authorities and not to local Councils.
- (2) The Department of Local Government is not an investigating authority under the Act, however, the ICAC, the Ombudsman or a Council may refer a protected disclosure to the Department for investigation, and in such a circumstance any protection conferred under the Act is maintained.

Disclosures made to a journalist or a member of Parliament will **only** be protected **if certain conditions are met:**

- (1) the person making the disclosure to a journalist or member of Parliament must have already made substantially the same disclosure through the internal reporting system, or to the General Manager or an investigating authority in accordance with the Act;
- (2) the information provided in the disclosure is substantially true; and
- (3) the investigating authority, public authority or officer to whom the matter was originally referred has -
  - (a) decided not to investigate the matter; or
  - (b) decided to investigate the matter but not completed the investigation within 6 months of the original disclosure; or
  - (c) investigated the matter but not recommended any action in respect of the matter; or
  - (d) failed to notify the person making the disclosure, within 6 months of the disclosure, of whether the matter is to be investigated.

## **6.0 Rights of Persons the Subject of Disclosures**

The rights of persons the subject of disclosures will also be protected. In this regard:

- (1) the confidentiality of the identity of persons the subject of disclosures will be protected/maintained (where this is possible and reasonable);
- (2) disclosures will be assessed and acted on impartially, fairly and reasonably;
- (3) responsible officials who receive disclosures in accordance with this Policy are obliged to -
  - protect/maintain the confidentiality of the identity of persons the subject of the disclosures;
  - assess disclosures impartially; and

- act fairly to persons the subject of disclosures;
- (4) disclosures will be investigated as discreetly as possible, with a strong emphasis on maintaining confidentiality both as to the identity of persons making protected disclosures and the persons the subject of disclosures.
- (5) where investigations or other enquiries do not substantiate disclosures, the fact the investigation/enquiry has been carried out, the results of the investigation/enquiry, and the identity of persons the subject of the disclosures will be kept confidential, unless the persons the subject of the disclosures request otherwise;
- (6) the persons the subject of disclosures (whether protected disclosures under the Act or otherwise) which are investigated by or on behalf of a Council, have the right to -
- (a) be informed as to the substance of the allegations;
  - (b) be informed as to the substance of any adverse comment that may be included in a report/memorandum/letter or the like arising out of any such investigation; and
  - (c) be given a reasonable opportunity to put their case (either orally or in writing) to the persons carrying out the investigation for or on behalf of the Council,
- before any decision/determination/report/memorandum/letter or the like is made or finalised;
- (7) where the allegations in a disclosure have been investigated by or on behalf of a Council, and the person the subject of the allegations is aware of the substance of the allegations, the substance of any adverse comment, or the fact of the investigation, he or she should be formally advised as to the outcome of the investigation, regardless of the outcome; and
- (8) where the allegations contained in a disclosure are clearly wrong or unsubstantiated, the person the subject of the disclosure is entitled to the support of the Council and its senior management (the nature of the support that would be reasonable and appropriate would depend on the circumstances of the case, but could include a public statement of support or a letter setting out the Council's views that the allegations were either clearly wrong or unsubstantiated).

## 7.0 Protection Available Under the Act

### 7.1 Protection against Reprisals

The Act provides protection by imposing penalties on a person who takes “*detrimental action*” against another person substantially in reprisal for a protected disclosure. Penalties can be imposed by means of fines and imprisonment. “*Detrimental action*” means action causing, comprising or involving any of the following:

- injury, damage or loss;
- intimidation or harassment;
- discrimination, disadvantage or adverse treatment in relation to employment;

- dismissal from, or prejudice in, employment; or
- disciplinary proceeding.

Any member of staff or Councillor who believes that “*detrimental action*” is being taken against them substantially in reprisal for the making of an internal disclosure to the General Manager or in accordance with this Policy should immediately bring the allegations to the attention of the General Manager or Mayor (as appropriate).

If a member of staff or Councillor who made an internal disclosure feels that such reprisals are not being effectively dealt with, they should contact the ICAC, or the Investigations and Review Branch of the Department of Local Government.

If an external disclosure was made to an investigating authority, that body will either deal with the allegation or provide advice and guidance to the person concerned.

## **7.2 Protection against Actions, Etc**

The Act provides that a person is not subject to any liability for making a protected disclosure and no action, claim or demand may be taken or made of or against the person for making the disclosure. This provision has effect despite any duty of secrecy or confidentiality or any other restriction on disclosure by a public official.

A person who has made a protected disclosure has a defence of absolute privilege in proceedings for defamation.

A person who has made a protected disclosure is taken not to have committed any offence against an Act which imposes a duty to maintain confidentiality with respect to any information disclosed.

## **7.3 Confidentiality**

The Act requires investigating authorities, public authorities and public officials to whom protected disclosures are made or referred, not to disclose information that might identify or tend to identify the person who made the disclosures. The exceptions to the confidential requirement are where:

- the person consents in writing to the disclosure of that information; or
- it is essential, having regard to the principles of natural justice that the identifying information be disclosed to a person whom the information provided by the disclosure may concern; or
- the investigating authority, public authority, officer or public official is of the opinion that disclosure of the identifying information is necessary to investigate the matter effectively; or
- disclosure is otherwise in the public interest.

In all cases the person who made the disclosure will be consulted before such a decision is made.

Note: If guidance is needed in relation to the requirements of natural justice, effective investigation and public interest, this may be sought from an investigating authority or the Department of Local Government.

#### **7.4 Freedom of Information Exemption**

Under the *Freedom of Information Act 1989*, a document is exempt from release if it contains matter the disclosure of which would disclose matters relating to a protected disclosure within the meaning of the Act.

#### **8.0 Notification of Action Taken or Proposed**

A person who makes a protected disclosure must be notified, within 6 months of the disclosure being made, of the action taken or proposed to be taken in respect of the disclosure.

If a disclosure is made in accordance with this Policy, the Disclosure Co-ordinator is responsible for the 6 month notification to the person who made the disclosure, unless this responsibility has been retained by or allocated to another officer by the General Manager.

If a disclosure is made to the Mayor under this Policy, the Mayor is responsible for such notification to the person who made the disclosure, unless he or she directs the General Manager, Disclosure Co-ordinator or another nominated officer to assume this responsibility.

The notification provided to the person who made the disclosure should contain sufficient information to demonstrate that adequate and appropriate action was taken, or is proposed to be taken, in respect of the disclosure. **This should include a statement of the reasons for the decisions made or action taken in response to the disclosure.**

The notification should include sufficient information to enable the person who made the disclosure to make an assessment as to whether the circumstances listed in section 19(3)(a)-(c) of the Act (relating to disclosures to members of Parliament and journalists) apply, ie. whether:

- (1) a decision was made not to investigate the matter; or
- (2) a decision was made to investigate the matter, but the investigation was not completed within 6 months of the original being made; or
- (3) a decision was made to investigate the matter, but the investigation has not been completed within 6 months of the original decision being made; or
- (4) the matter was investigated but no recommendation was made for the taking of any action in respect of the matter.

Without such information it would be difficult for the person to be able to properly assess whether it is appropriate or warranted to make a disclosure to an MP or journalist.

#### **9.0 Review**

This Policy shall be reviewed annually to ensure that it meets the object of the legislation, and facilitates the making of disclosures under the Act.