

POLICY GC10 - Fraud and Corruption

Responsible Officer: Chief Executive Officer	Approved By: Council
Adoption Date: 28 May 2026	Last Reviewed: 27 June 2024
Version: 3	Next Review Date: May 2029

1. Purpose

The Shire of Bridgetown-Greenbushes (the Shire) is committed to strategies, policies and practices that prevent, deter and detect fraudulent and corrupt behaviour in the performance of Shire activities.

The Western Australian Auditor-General has recommended all councils adopt specific fraud control policies that address the risk of fraud and corrupt conduct.

The Executive Leadership Team (ELT) monitors, reports and guides the implementation of this Policy. The ELT also provides reports on its activity to Council's Audit, Risk and Improvement Committee.

Scope

This Policy applies to all Councillors and Shire employees, contractors and volunteers.

Allegations relating to the conduct or behaviour of Councillors are managed in accordance with the *Local Government Act 1995* and the *Local Government (Model Code of Conduct) Regulations 2021*.

This Policy does not replace or override the Model Code of Conduct. Matters relating to fraud, corruption or misconduct by employees, contractors or volunteers are addressed under this Policy, while Councillor behavioural complaints follow the statutory Model Code process.

2. Definitions

Term	Definition
Act	Means the <i>Local Government Act 1995</i> .
Corruption	Conduct involving the dishonest or improper misuse of power, position or resources to obtain an unauthorised benefit. <i>Source: Corruption, Crime and Misconduct Act 2003 (WA), s. 4(a)-(b).</i>
Councillor	A person elected and holding office as a member of the council of the Shire, including a person who also holds the office of mayor/president or deputy mayor/deputy president as part of that membership. <i>Source: Local Government Act 1995 (WA), ss. 2.17A(2)-(3), 2.18A and Part 2 generally.</i>
Employee	<ul style="list-style-type: none"> An individual employed by the Shire under s. 5.36 of the <i>Local Government Act 1995 (WA)</i>; contractors and their employees engaged by the Shire; and volunteers engaged by the Shire for the purposes of this Policy.

Term	Definition
Fraud	<p><i>Source: Local Government Act 1995 (WA), s. 5.36.</i></p> <p>Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of money or other property whether or not deception is used at the time, before or following the activity. It also includes deliberate falsification, concealment, destruction or falsification of documentation used for a normal business purpose as well as improper use of corporate information or position.</p>
Misconduct	<p>Misconduct means conduct by a public officer that:</p> <ul style="list-style-type: none"> • adversely affects, or could adversely affect, directly or indirectly, the honest or impartial performance of the functions of a public authority or public officer; or • constitutes or involves the performance of functions in a manner that is not honest or impartial; or • constitutes or involves a breach of trust placed in the public officer by reason of their office or employment; or • involves the misuse of information or material acquired in connection with the performance of functions as a public officer, whether for personal benefit or otherwise. <p>For local government, this definition is relevant to employees and other public officers; complaints about council members under the elected member code of conduct are dealt with under the <i>Local Government Act 1995 (WA)</i> and the <i>Local Government (Model Code of Conduct) Regulations 2021 (WA)</i>. <i>Source: Corruption, Crime and Misconduct Act 2003 (WA), s. 4(d); Local Government (Model Code of Conduct) Regulations 2021 (WA).</i></p>
Public Officer	<p>A member, officer or employee of a public authority, including a local government. <i>Source: Corruption, Crime and Misconduct Act 2003 (WA), s. 3 (term used: public officer).</i></p>
Public Authority	<p>An authority, board, corporation, commission, council, committee, local government, regional local government or similar body established under a written law. <i>Source: Corruption, Crime and Misconduct Act 2003 (WA), s. 3 (term used: public authority).</i></p>
Serious Misconduct	<p>Serious misconduct means conduct by a public officer that:</p> <ul style="list-style-type: none"> • constitutes or involves corruption by the public officer in the course of their duties; or • constitutes or involves the public officer corruptly taking advantage of their office or employment to obtain a benefit for themselves or another person, or to cause detriment to any person; or • constitutes or involves the commission of an offence by the public officer that is punishable by 2 or more years imprisonment. <p>In a local government context, serious misconduct by a public officer must be notified in accordance with the <i>Corruption, Crime and Misconduct Act 2003 (WA)</i>. <i>Source: Corruption, Crime and Misconduct Act 2003 (WA), s. 4(a)-(c), s. 28.</i></p>

Term	Definition
Public Interest Information	<p>Information that tends to show, in relation to the performance of a public function by a public authority, public officer or public sector contractor, that the authority, officer or contractor is, has been or proposes to be involved in:</p> <ul style="list-style-type: none"> • improper conduct; • an act or omission that constitutes an offence under a written law; • a substantial unauthorised or irregular use of, or substantial mismanagement of, public resources; • a matter of administration that can be investigated under Part 4 of the <i>Parliamentary Commissioner Act 1971 (WA)</i>; or • conduct involving a substantial and specific risk to public health, public safety or the environment. <p><i>Source: Public Interest Disclosure Act 2003 (WA), s. 3 (term used: public interest information).</i></p>

For the purposes of this Policy, the terms “misconduct” and “serious misconduct” are to be interpreted in accordance with the *Corruption, Crime and Misconduct Act 2003 (WA)*. For council members, behavioural standards and complaint processes under the *Local Government Act 1995 (WA)* and the *Local Government (Model Code of Conduct) Regulations 2021 (WA)* also apply. Employment-related disciplinary outcomes are managed separately under applicable industrial instruments and Shire employment policies.

3. Policy Statement

The Shire of Bridgetown-Greenbushes is firmly committed to the control and elimination of all forms of fraud and corruption. We strive to create and maintain an ethical environment and culture that actively discourages and prevents fraudulent and corrupt behaviour.

All individuals acting on behalf of the Shire are responsible for the prevention and detection of fraud and corruption and must adhere to this Policy. Integrity must be the guiding principle in all actions.

All allegations and suspicions of fraud and corruption will be addressed promptly and appropriately, using criminal, disciplinary, or administrative mechanisms as suitable.

The Shire will pursue the recovery of misappropriated funds when there is clear evidence of fraud and corruption, and when it is cost-effective to do so.

3.1. Confidentiality of Reports

All complaints, allegations, notifications and reports of suspected fraud, corruption or misconduct will be treated with the strictest confidentiality.

Information will only be disclosed on a need-to-know basis to authorised persons involved in the assessment, investigation, reporting or escalation of the matter, or where disclosure is required or permitted by law.

The Shire will take all reasonable steps to protect the identity of complainants and other persons involved, consistent with legislative obligations and the principles of procedural fairness.

3.2. Whistleblower Protection

The Shire of Bridgetown-Greenbushes is committed to protecting individuals who report suspected fraud, corruption or misconduct in good faith.

A person who makes a report or disclosure honestly, whether formally or informally, will not be subject to reprisal, victimisation, discrimination or adverse treatment as a result of making that report.

Where a disclosure meets the requirements of the *Public Interest Disclosure Act 2003 (WA)*, statutory protections apply, including protection from civil or criminal liability and confidentiality of the discloser's identity.

The Shire will not tolerate any act of reprisal against a complainant. Any such conduct may constitute misconduct or serious misconduct and will be dealt with accordingly.

4. Roles and Responsibilities

Role	Responsibility
Council	Demonstrate leadership in the adoption of the Fraud and Corruption Policy.
CEO	<ul style="list-style-type: none">• Accountability for the effective and economical use of Shire resources and for determining appropriate controls needed to manage fraud and corruption risk.• Reporting obligations to the Corruption and Crime Commission and/or the Public Sector Commission under the <i>Corruption, Crime and Misconduct Act 2003</i>.• Coordinate and/or conduct investigations into allegations of fraud and corruption when required.
Audit, Risk and Improvement Committee	<ul style="list-style-type: none">• Review Risk Management Framework and associated processes for the effective identification and management of fraud and corruption risks.• Oversee the development and implementation of the Fraud and Corruption Policy.
Executive Leadership Team	<ul style="list-style-type: none">• Provide leadership, guidance and support to workers in preventing fraud and corruption and modelling ethical behaviour.• Implement and monitor operational fraud and corruption controls.
Record Management Coordinator	<ul style="list-style-type: none">• Coordinate, monitor and review the fraud and corruption risk assessment process;• Assist with implementing fraud and corruption strategies with departments.• Undertake scheduled audits, which include examining established fraud and corruption controls to determine if these are robust enough to reduce the risks of fraud and corruption.

5. Policy Framework

5.1. Procedures / Implementation

The Shire has established a comprehensive set of policies, documents and processes that guide its operations and decision-making. These are designed to embed fraud and corruption prevention and detection controls throughout the organisation.

These policies, documents and processes are subject to regular revision to ensure they effectively address evolving risks of fraud and corruption and remain relevant.

5.2. Fraud and Corruption Risk Assessments

The Shire will conduct thorough risk assessments to identify and address potential risks of fraud and corruption.

These assessments will inform necessary amendments to policies and procedures to mitigate identified risks effectively.

5.3. Communication and Awareness

The Shire emphasises the importance of early identification and reporting of fraud and corruption. Awareness and understanding of the Shire's prevention policy and controls will be reinforced through:

- Annual Reviews and Training: Regular training sessions will be conducted to keep employees informed about current policies and any updates.
- Communication of Changes: Any amendments to any strategy, plan or policy will be promptly communicated to all employees (or workers dependent on the specific document).

5.4. Detection of Fraud and Corruption

To detect fraud and corruption, the Shire has implemented multiple tools, including but not limited to:

- Observation and Awareness: Employees are trained to recognise and report suspicious activities as per the Employee's Code of Conduct.
- Risk Management System: The Shire employs a Risk Management system to identify, evaluate, and manage risks, including those related to fraud and corruption.
- Internal Audit: Regular internal audits provide assurance that the Shire's controls are effective in managing risks and identifying weaknesses.
- External Auditors: External audits are conducted in line with Australian auditing standards to detect material misstatements due to fraud and corruption.

5.5. Common Red Flags

Common red flags of fraud and corruption include (but are not limited to):

- Over-familiar relationships between employees or Councillors and external parties (e.g. proponents, suppliers, contractors).
- Disregard for internal controls.
- Reluctance to take leave, particularly in roles involving cash control or debt collection.
- Unnecessary access to work premises after hours.
- Unreconciled accounting records or poor follow-up of outstanding accounts.
- Lack of supporting documentation for purchases.

5.6. Reporting Fraud and Corruption

If an employee, Councillor, contractor, volunteer or member of the public is dissatisfied with the way a complaint or allegation has been handled by the Shire, they may make a complaint to the Local Government Inspector where the matter falls within the Inspector's jurisdiction.

Employees should report suspected unethical, fraudulent, dishonest, illegal, or corrupt behaviour to their supervisor, manager, or directly to the Chief Executive Officer.

In accordance with the *Corruption, Crime and Misconduct Act 2003 (WA)*, if the Chief Executive Officer suspects on reasonable grounds that the alleged behaviour may constitute minor or serious misconduct, the Chief Executive Officer must notify:

- the Corruption and Crime Commission, in the case of serious misconduct; or
- the Public Sector Commissioner, in the case of minor misconduct.

Reports may also be made directly to Western Australia Police, the Corruption and Crime Commission or the Public Sector Commission, including anonymously.

Where an informant reasonably believes their manager is implicated, the matter must be reported to the Manager Executive Services.

Where Chief Executive Officer involvement is suspected, the matter must be reported to the Shire President.

Where Councillor involvement is suspected, the matter must be reported to the Chief Executive Officer.

5.7. Investigating Fraud and Corruption

- Investigations into allegations of fraud and corruption will be conducted with independence, objectivity, and fairness. The process includes:
 - Comprehensive Investigations: Ensuring thorough and impartial investigations based on principles of natural justice. This includes using independent investigative consultants.
 - Internal Reporting Systems: Documenting all detected incidents internally.
 - External Reporting: Reporting matters to appropriate external agencies, such as the CCC, Public Sector Commission or Western Australian Police, as necessary.
 - Following investigations, processes will be reviewed, and improvements will be implemented to prevent future occurrences.
- The Manager Executive Services has primary responsibility for investigation of all suspected unauthorised possession (theft), fraudulent or corrupt acts or behaviour as defined in this policy.
- Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Council.
- At the conclusion of the investigation, the events will be documented in a confidential report provided directly and without delay to the Chief Executive Officer. The report will include recommendations to enhance internal controls.

Note: Complainants who remain dissatisfied with the manner in which an internal investigation has been conducted, or with its outcome, will be formally reminded that they may escalate the matter to the Local Government Inspector where the matter falls within the Inspector's jurisdiction.
- Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Chief Executive Officer, in consultation with the Manager Executive Services and with legal advice if appropriate.

- The Manager Executive Services has free and unrestricted access to all Council records and premises, and authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consultation with any individual who may have custody of those items or facilities, where this is within the scope of the investigation.

At the conclusion of any investigation into alleged fraud, corruption or misconduct, the Manager Executive Services must prepare a confidential investigation report and provide it directly and without delay to the Chief Executive Officer.

The report will document the findings of the investigation and include recommendations for corrective action and improvements to internal controls.

Complainants who remain dissatisfied with the outcome or conduct of an investigation will be formally advised of their right to escalate the matter to the Local Government Inspector.

5.8. Responses to Investigations

All reports of suspected fraud, corruption or misconduct will be investigated according to Shire policies and processes or referred to an external investigative agency as appropriate.

Appropriate action will be taken, which may include disciplinary action or referral to an external agency such as the Corruption and Crime Commission or the WA Police.

If there is a reasonable suspicion that an incident constitutes minor misconduct or serious misconduct, the Chief Executive Officer is required under legislation to report the matter to the Public Sector Commission (PSC) or the Corruption and Crime Commission (CCC), respectively.

The PSC or CCC respectively may choose to investigate the matter itself, refer it back to the Shire, or work with the Shire to investigate the matter.

Any allegation involving criminal offences against the Shire, by employees or external parties, needs to be referred to the Police. In the event the Police do not lay criminal charges, but the information requires further enquiry because the allegation raises a reasonable suspicion of employee misconduct which, if proven, would be likely to result in formal disciplinary action, an investigation will be commenced.

The Chief Executive Officer is to ensure that all incidents of fraud, corruption and misconduct are investigated, documented and registered on the organisation's document management system in a confidential manner.

The Audit, Risk and Improvement Committee is to be informed of all instances of alleged fraud and the status of investigations to consider and ensure controls are appropriately designed and implemented.

5.9. Media

No information concerning the status of an investigation will be disclosed, except to the Chief Executive Officer, Shire of Bridgetown-Greenbushes Grievance Officer, Public Interest Disclosure Officer and/or Manager Executive Services in cases where an employee is suspected of unauthorised possession or fraud.

5.10. Recovery of Losses

The Shire reserves the right to recover losses incurred due to fraud, corruption, or misconduct. Recovery actions will be pursued when the potential benefits outweigh the costs involved in the investigation and recovery efforts.

6. Public Interest Disclosures

6.1 Public Interest Disclosure Framework

The Shire of Bridgetown-Greenbushes is committed to encouraging and facilitating the reporting of wrongdoing in accordance with the *Public Interest Disclosure Act 2003 (WA)* (PID Act). The Shire recognises that the effective disclosure of public interest information is an important element of integrity, accountability and transparency in local government.

6.2 Public Interest Information

Public Interest Information is information that tends to show that a public authority, public officer or public sector contractor has been, is, or proposes to be involved in:

- improper conduct;
- an offence under a written law;
- substantial unauthorised or irregular use of public resources;
- substantial mismanagement of public resources;
- conduct involving a substantial and specific risk to public health, public safety, or the environment.

6.3 Who Can Make a Disclosure

A Public Interest Disclosure may be made by:

- employees;
- Councillors;
- contractors and their employees;
- volunteers; or
- members of the public.

Disclosures may be made anonymously.

6.4. Public Interest Disclosure Officer

The Shire has appointed a Public Interest Disclosure Officer (PID Officer) in accordance with the PID Act.

Disclosures of public interest information should be made directly to the PID Officer or an authorised officer nominated under the Shire's PID procedures.

Details of the PID Officer and disclosure procedures are available on the Shire's website or by contacting the Shire's administration.

6.5. Protections for Disclosers

A person who makes a Public Interest Disclosure in accordance with the PID Act:

- will not be subject to civil or criminal liability for making the disclosure;
- is protected from dismissal, disciplinary action or other detriment as a result of making the disclosure; and
- is entitled to have their identity kept confidential, subject to the requirements of the PID Act.

The Shire will not tolerate any act of reprisal, harassment or victimisation against a person who makes, or is believed to have made, a Public Interest Disclosure. Any such conduct may constitute misconduct or serious misconduct and will be dealt with accordingly.

6.6. Assessment and Investigation of Disclosures

All Public Interest Disclosures will be assessed and, where appropriate, investigated in accordance with the PID Act and the Shire’s PID procedures.

Where a disclosure relates to suspected fraud, corruption or misconduct, the matter may also be referred to the:

- Corruption and Crime Commission;
 - Public Sector Commissioner; or
 - Western Australian Police,
- as required by legislation.

6.7. Relationship to This Policy

Nothing in this Policy prevents or discourages a person from making a disclosure under the *Public Interest Disclosure Act 2003*.

Where a matter falls within the scope of both this Policy and the PID Act, the PID Act will prevail.

7. Legislative and Other References

- *Local Government Act 1995*
- *Local Government (Audit) Regulations 1996*
- *Local Government (Financial Management) Regulations 1996*
- *Corruption, Crime and Misconduct Act 2003*
- *Public Interest Disclosure Act 2003*

8. Review and Monitoring

This Policy will be reviewed every three years, or earlier if:

- Legislative changes occur
- Governance requirements change

The Chief Executive Officer retains operational responsibility for the implementation of this Policy, while Council and the Audit, Risk and Improvement Committee provide strategic oversight and assurance

9. Related Documents / Forms

Document / Form	Description / Purpose
Model Code of Conduct	<p>The WA Local Government Elected Member Code of Conduct is a mandatory, legally enforced framework based on the 2021 Model Code, setting essential standards for personal integrity, respectful relationships, and accountability that council members, committee members, and candidates must adhere to in their official duties.</p> <p>The policy notes that employee misconduct uses the <i>Corruption, Crime and Misconduct Act</i>, while Councillor complaints route through the <i>Local Government (Model Code of Conduct) Regulations 2021</i> (p. 2).</p>

Document / Form	Description / Purpose
Australian Standard AS 8001-2021	Fraud and corruption control
Australian Standard AS ISO 31000:2018	Risk Management Guidelines