

## G13 – Fraud and Corruption Policy

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### 1 Objectives

The objectives of the Fraud and Corruption Policy are to:

- 1.1 Ensure a corporate culture which encourages awareness, vigilance, and confidence in identifying and reporting on instances of fraud, corruption, and misconduct.
- 1.2 Ensure the development and maintenance of corporate systems that discourage and eliminate the risk of fraud, corruption, and misconduct.
- 1.3 Encourage open dialogue about ethical concerns and fraud risks at all levels of the organisation.
- 1.4 Ensure that workers feel safe and supported when reporting suspected fraudulent or corrupt activities.
- 1.5 Provide clear and accessible channels for reporting misconduct, with assurances of confidentiality and protection against retaliation.
- 1.6 Protect the organisation's financial and non-financial assets from fraud and corruption.
- 1.7 Ensure compliance with all relevant laws, regulations, and industry standards related to fraud and corruption.

### 2 Scope

This policy applies to all workers.

### 3 Definitions

#### 3.1 Act

*Local Government Act 1995.*

#### 3.2 Corruption

means activity involving corrupt and/or criminal conduct described in sections 4(a), (b) and (c) of the *Corruption, Crime and Misconduct Act 2003*. This occurs when a public officer:

- Acts corruptly or corruptly fails to act in the course of their duties;
- Corruptly takes advantage of their position for the benefit or detriment of any person; or
- Commits an offence, while acting or purporting to act in his or her official capacity, which carries a penalty of two or more years' imprisonment.

#### 3.3 Councillor

means members of an elected body that make decisions on behalf of a local government through a formal meeting process. Generally, local government council members, who include the Mayor or President and Councillors, do not have any authority to act or make decisions as individuals.

### 3.4 Employee

means a person that's hired to provide a service to a company either on a full-time, part-time or casual basis in exchange for payment. Also known as staff.

### 3.5 Fraud

means dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity (Australian Standard AS 8001 – 2021 Fraud and Corruption Control).

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 for personal financial benefit.

The theft of property belonging to an entity by a person or persons internal to the entity by where deception is not used is also considered 'fraud' for the purposes of this Standard.

### 3.6 Misconduct

means behaviour by an employee that damages the relationship between the employee and the organisation and merits instant dismissal without notice or pay in lieu of notice or termination of the volunteer position. Serious misconduct dismissal requires only one instance of the damaging behaviour.

### 3.7 Public officer

means a member, officer, or employee of an authority, board, corporation, commission, local government, council, committee or other similar body established for a public purpose under an Act (*Corruption, Crime and Misconduct Act 2003*).

### 3.8 Public authority

includes an authority, board, corporation, commission, council, committee, local government, regional local government or similar body established under a written law. (*Corruption, Crime and Misconduct Act 2003*).

### 3.9 Serious Misconduct

means an employee deliberately behaving in a way that is inconsistent with continuing their employment. Examples include causing serious and imminent risk to the health and safety of another person or to the reputation or profits of their employer's business, theft, fraud, assault, sexual harassment or refusing to carry out a lawful and reasonable instruction that is part of the job. Other known term: misconduct.

### 3.10 Public Interest Information

means information that tends to show, in relation to its public function a public authority, a public officer, or a public sector contractor is, has been, or proposes to be, involved in:

3.10.1 Improper conduct;

3.10.2 An act or omission that constitutes an offence under a written law;

3.10.3 A substantial unauthorised or irregular use of, or substantial mismanagement of, public resources;

3.10.4 A matter of administration that can be investigated; or

3.10.5 An act done or omission that involves a substantial and specific risk of –

- injury to public health;
- prejudice to public safety;
- harm to the environment.

### 3.11 Worker

means a worker is any person who carries out work for a Person Conducting a Business or Undertaking (PCBU), including work as an employee, Councillor, outworker, apprentice or trainee, work experience student and volunteer.

## 4 Policy

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 Council's Fraud and Corruption Plan. 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.

### 4.1 Policy Framework

The Shire has established a comprehensive set of policies and processes that guide its operations and decision-making. These are designed to embed fraud and corruption prevention and detection controls throughout the organisation. Key policies and procedures include (but are not limited to):

- 4.1.1 Council Member, Committee Member and Candidates Code of Conduct
- 4.1.2 Employee Code of Conduct
- 4.1.3 FM 1 – Investment Policy
- 4.1.4 FM 4 – Purchasing Policy
- 4.1.5 FM 6 – Related Party Disclosures
- 4.1.6 FM 7 – Corporate Credit Card Policy
- 4.1.7 G 3 – Councillor's Allowances and Expenses
- 4.1.8 G 12 – Risk Management Policy
- 4.1.9 P 1 – Bullying, Harassment and Diversity Policy
- 4.1.10 P 3 – Grievance Resolution Policy
- 4.1.11 P 12 – Gratuity Gifts and Payments to Departing Employees Policy

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

## 4.2 Fraud and Corruption Risk Assessments

The Shire will conduct thorough risk assessments to identify and address potential risks of fraud and corruption. Special focus will be given to the following areas, recognised as having a higher potential for such risks:

- 4.2.1 Procurement
- 4.2.2 Contract Management
- 4.2.3 Regulatory Services
- 4.2.4 Employment
- 4.2.5 Misuse of Resources

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

## 4.3 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:

- 4.3.1 Provision of the Fraud and Corruption Plan and all the policy documents listed in Section 4.1. All new employees will receive copies and must acknowledge their understanding of the content.
- 4.3.2 Annual Reviews and Training: Regular training sessions will be conducted to keep employees informed about current policies and any updates.
- 4.3.3 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).

## 4.4 Detection of Fraud and Corruption

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

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

## 4.5 Common Red Flags

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

- 4.5.1 Over-familiar relationships between employees or Councillors and external parties (e.g. proponents, suppliers, contractors).
- 4.5.2 Disregard for internal controls.

- 4.5.3 Reluctance to take leave, particularly in roles involving cash control or debt collection.
- 4.5.4 Unnecessary access to work premises after hours.
- 4.5.5 Unreconciled accounting records or poor follow-up of outstanding accounts.
- 4.5.6 Lack of supporting documentation for purchases.

#### 4.6 Reporting Fraud and Corruption

- 4.6.1 Workers should report suspected unethical, fraudulent, dishonest, illegal, or corrupt behaviour to their supervisor, manager, or directly to the CEO.
- 4.6.2 The CEO must notify the Western Australian Police, Crime and Corruption Commission (CCC) and the Public Sector Commission if the suspected behaviour constitutes unethical, fraudulent, dishonest, illegal, or corrupt activity.
- 4.6.3 Workers may report concerns directly to the Western Australian Police, CCC or the Public Sector Commission, including anonymously if desired.

#### 4.7 Investigating Fraud and Corruption

Investigations into allegations of fraud and corruption will be conducted with independence, objectivity, and fairness. The process includes:

- 4.7.1 Comprehensive Investigations: Ensuring thorough and impartial investigations based on principles of natural justice. This includes using independent investigative consultants.
- 4.7.2 Internal Reporting Systems: Documenting all detected incidents internally.
- 4.7.3 External Reporting: Reporting matters to appropriate external agencies, such as the CCC, Public Sector Commission or Western Australian Police, as necessary.
- 4.7.4 Compliance with the Reportable Conduct Scheme: Notifying the Ombudsman of reportable allegations or convictions involving employees, as required by law.
- 4.7.5 Following investigations, processes will be reviewed, and improvements will be implemented to prevent future occurrences.

#### 4.8 Response to Investigations

The Shire will take appropriate actions based on investigation outcomes, which may include:

- 4.8.1 Disciplinary Action: Imposing disciplinary measures on individuals found guilty of fraud and corruption.
- 4.8.2 External Referral: Referring matters to the PCCC, Western Australian Police, or other relevant bodies as appropriate.
- 4.8.3 Reporting: The CEO will report fraudulent or corrupt activity to the CCC, Public Sector Commission or Western Australian Police, as required by the *Corruption, Crime and Misconduct Act 2003*.

#### 4.9 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.

#### 4.10 Monitor, Review and Evaluation

To ensure accountability and compliance with legislative and governance requirements, the Shire will:

- 4.10.1 Keep Records: Document all instances of suspected fraud and corruption.
- 4.10.2 Post-Incident Reviews: Conduct reviews after each incident to identify necessary changes to policies, procedures, or controls.
- 4.10.3 Audit Committee: Inform the Audit Committee of all instances of alleged fraud and corruption and the status of investigations to ensure robust control measures are in place.

### 5 Accountabilities and Responsibilities

5.1 Council is accountable and responsible for:

- Ensuring the organisation has in place a lawful, transparent, and accountable policy framework, supported by a suite of compliant and appropriate policies and procedures.
- Endorsing (or not) each organisational policy document in a timely and effective manner.
- Delegating implementation of each policy document to the CEO.

5.2 The CEO is accountable and responsible for ensuring the development, implementation, monitoring and review of this policy document, in accordance with governing legislation and Council directives.

5.3 The Executive Management Team and Managers are accountable and responsible for:

- Ensuring that all employees under their direction comply with this policy document.
- Enacting process to redress non-compliance with this policy document.

5.4 All employees are individually responsible for complying with this policy document.

Whilst the management of fraud and corruption is considered the collective responsibility of all people engaged with or associated with the Shire, certain roles within the Shire will have specific roles in the operation of this policy.

Role	Responsibility
Council	<ul style="list-style-type: none"> <li>Demonstrate leadership in the adoption of the Fraud and Corruption Policy.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Review Risk Management Framework and associated processes for the effective identification and management of fraud and corruption risks.</li> <li>Oversee the development and implementation of the Fraud, and Corruption Policy.</li> <li>Oversee the development and implementation of the Fraud, and Corruption Plan.</li> </ul>

Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>• Accountability for the effective and economical use of Shire resources and for determining appropriate controls needed to manage fraud and corruption risk.</li> <li>• Reporting obligations to the Corruption and Crime Commission and/or the Public Sector Commission under the <i>Corruption, Crime and Misconduct Act 2003</i>.</li> <li>• Coordinate and/or conduct investigations into allegations of fraud and corruption when required.</li> </ul>
Executive Leadership Team and Managers	<ul style="list-style-type: none"> <li>• Provide leadership, guidance and support to workers in preventing fraud and corruption and modelling ethical behaviour.</li> <li>• Implement and monitor operational fraud and corruption controls.</li> <li>• Identify significant fraud and corruption risk areas.</li> </ul>
Record Management Coordinator	<ul style="list-style-type: none"> <li>• Coordinate, monitor and review the fraud and corruption risk assessment process;</li> <li>• Assist with implementing fraud and corruption strategies with departments.</li> <li>• 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.</li> <li>• Deliver and/or coordinate fraud and corruption training.</li> </ul>

## 6 Risk Management

The risks of not having a Fraud and Corruption Policy in place include:

- 6.1 A corporate culture without awareness, vigilance, and confidence in identifying and reporting instances of fraud, corruption, and misconduct.
- 6.2 A lack of corporate systems that discourage and eliminate the risk of fraud, corruption, and misconduct.
- 6.3 No open dialogue about ethical concerns and fraud risks at any level of the organisation.
- 6.4 Workers do not feel safe and supported when reporting suspected fraudulent or corrupt activities.
- 6.5 No clear and accessible channels for reporting misconduct. No assurances of confidentiality and protection against retaliation.
- 6.6 The organisation's financial and non-financial assets are exposed to fraud and corruption.
- 6.7 Non-compliance with all relevant laws, regulations, and industry standards related to fraud and corruption.

## 7 Legislation, Policy and Other Related Documents

Act	s.2.7(2)(b) <i>Local Government Act 1995</i> – The council is to determine the local government’s policies <i>Corruption, Crime and Misconduct Act 2003</i> <i>Criminal Code Act Compilation Act 1913</i> <i>Public Interest Disclosure Act 2003</i> <i>Public Sector Management Act 1994</i> <i>Parliamentary Commissioner Act 1971</i>
Regulation	r.17, <i>Local Government (Audit) Regulations 1996</i> – CEO to review certain systems and procedures  r.5, <i>Local Government (Financial Management) Regulations 1996</i> – CEO’s duties as to financial management
Local Law	Nil
Shire Policies	<ul style="list-style-type: none"> <li>• Council Member, Committee Member and Candidates Code of Conduct</li> <li>• Employee Code of Conduct</li> <li>• FM 1 – Investment Policy</li> <li>• FM 4 – Purchasing Policy</li> <li>• FM 6 – Related Party Disclosures</li> <li>• FM 7 – Corporate Credit Card Policy</li> <li>• G 3 – Councillor’s Allowances and Expenses</li> <li>• G 12 – Risk Management Policy</li> <li>• P 1 – Bullying, Harassment and Diversity Policy</li> <li>• P 3 – Grievance Resolution Policy</li> <li>• P 12 – Gratuity Gifts and Payments to Departing Employees Policy</li> </ul>
Related Documents	<p>Australian Standard AS 8001-2021 – Fraud and Corruption Control</p> <p>Australian Standard AS ISO 31000:2018 Risk management – Guidelines</p> <p>Local Government Framework – Fraud &amp; Corruption Control, July 2015</p> <p>Risk Management Framework</p> <p>Auditor General – Fraud Risk Management – Better practice Guide June 2022</p> <p>Notification of misconduct in Western Australia – a joint information resource prepared by the Public Sector Commission and the Corruption and Crime Commission on misconduct as defined by the <i>Corruption, Crime and Misconduct Act 2003</i> – 1 July 2015</p>
Related Procedure	Nil

## 8 Administration

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