

Governance & Compliance

Fraud and Corruption Control

Objective

To articulate the Shire of Koorda's ("the Shire's") commitment to a zero-tolerance attitude to fraud and corrupt conduct in the performance of its functions.

Policy

This policy applies to –

- elected members, external committee members and employees of the Shire, including volunteers and trainees;
- contractors, consultants and suppliers who provide goods or services to the Shire; and
- members of the public who may have business or other dealings with the Shire.

Definitions

TERM	DEFINITION
Fraud	<p>Dishonest activity causing actual or potential financial loss to any person or entity, including theft of monies or other property by elected members, employees or persons external to the entity and where deception is used at the time immediately before or immediately following the activity Page 2 of 5 (<i>Australian Standard AS8001 – 2008 Fraud and Corruption Control</i>).</p> <p>Fraud can include –</p> <ul style="list-style-type: none">• Deliberate falsification, concealment, destruction or use of falsified documentation;• Improper use of information or abuse of position for personal financial benefit;• Misappropriation of assets;• Manipulation of financial reporting.
Corruption	<p>Dishonest activity in which an elected member, employee or contractor of the entity acts contrary to the interests of the entity and abuses their position of trust in order to achieve personal gain or advantage for themselves or for another person or organisation. The concept of "corruption" can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity (<i>Australian Standard AS8001 – 2008 Fraud and Corruption Control</i>).</p> <p>Corruption is any deliberate or intentional wrongdoing that is improper, dishonest and fraudulent and may include –</p> <ul style="list-style-type: none">• Concealed or undisclosed conflict of interest;• Failure to disclose acceptance of gifts or hospitality;• Acceptance of a bribe;• Misuse of internet or email;• Release of confidential information or intellectual property.

The Shire of Koorda is committed to an organisational culture that promotes a high standard of ethical and professional behaviour, consistent with its Code of Conduct.

The Shire takes a zero-tolerance approach to fraudulent and corrupt conduct.

Any reported or suspected acts of fraud or corruption will be thoroughly investigated. An objective and impartial investigation will be conducted regardless of the position, title, length of service or standing of any person who becomes the subject of such investigation.

In all circumstances where the Shire's investigation indicates that serious fraudulent or corrupt activity may have occurred, the matter will be reported to the appropriate authority: Public Sector Commission, Corruption and Crime Commission and/or WA Police.

Any person who detects suspected or actual fraud or corruption is strongly encouraged to report such conduct. No detrimental action will be taken against a person acting in good faith, unless that person is also involved in the fraudulent or corrupt activity.

Fraud and Corruption Control

This policy details the Shire's approach fraud and corruption prevention, detection and response.

Roles and responsibilities

Role	Responsibility
Council	<ul style="list-style-type: none"> • Adopts the Fraud and Corruption policy. • Adheres to the Fraud and Corruption policy.
Chief Executive Officer	<ul style="list-style-type: none"> • Legislated responsibility to exercise authority on behalf of the Shire. • Overall accountability for prevention and detection of fraud and corruption in the workplace. • Ensures integrity and accountability in the performance of the Shire's functions. • Responsibility for the effective and efficient use of the Shire's resources. • Promotes continuous evaluation and improvement of the Shire's management practices. • Notifies the Corruption and Crime Commission or Public Sector Commission if misconduct is suspected. • Provides accurate and timely advice to the Audit and Risk Committee on fraud and corruption matters. • Ensures training and awareness programs are designed to assist employees and contractors to identify, prevent, detect and report fraud and corruption. • Ensures the policy is reviewed biennially. • Investigate disclosures under the <i>Public Interest Disclosure Act 2003</i>.
Executive Management Team	<ul style="list-style-type: none"> • Oversees implementation and continued monitoring of the fraud and corruption policy. • Encourage and maintain a culture and working environment that fosters personal responsibility, integrity and accountability. • Model the highest standards of integrity and ethical behaviour, consistent with the Code of Conduct. • Ensure effective employee communication about the process for identifying and reporting potential fraudulent and corrupt activities.
Audit and Risk Committee	<ul style="list-style-type: none"> • Oversight of risk management, including fraud and corruption control. • Review governance processes to ensure all matters

	<p>relating to alleged fraud and corruption or unethical conduct are managed appropriately.</p> <ul style="list-style-type: none"> • Review the Shire's risk dashboard for identifying, monitoring and managing business risk, including risks associated with fraud and corruption. • Review the Internal Audit Plan annually to ensure it covers fraud and corruption risks.
All Employees	<ul style="list-style-type: none"> • Understand responsibilities associated with performing their official duties and commit to acting ethically and with integrity in accordance with the Shire's Code of Conduct and relevant policies and procedures. • Undertake awareness training and education. • Report all suspected or actual incidents of fraud and corruption that they may be aware of to a line manager and/or director.

Prevention

Robust internal controls and systems are a prime defence mechanism against fraud and corruption. The Shire of Koorda demonstrates these by –

- Adopting a Code of Conduct, which reinforces a commitment to a high standard of integrity and accountability by demonstrating professional behaviours consistent with the Shire's values. The Code of Conduct covers fraud and corruption.
- A commitment from the Executive Leadership Team to be role models and demonstrate ethical and accountable behaviour in their actions.
- Ensuring effective management of conflicts of interest in accordance with the Shire's Conflict of Interest Guidelines.
- Establishing effective reporting mechanisms and protection for employees making disclosures about fraud and corruption activities.
- Promoting, practicing and adhering to risk management policies and procedures, ensuring risk assessments are conducted and regularly reviewed and controls developed to address identified risks as required.
- Pre-employment screening to verify qualifications, suitability and experience of a potential candidate for employment.
- Thorough screening of suppliers to verify credentials and stringent assessment of grant recipients.

Detection

The Shire of Koorda has the following measures in place to identify and detect incidents of fraud and/or corruption –

- Risk management system to identify, analyse, evaluate and treat risk, including corruption and fraud;
- Segregation of duties in high risk areas (finance, procurement, contract management, regulatory functions etc.);
- Regular reviews and checks to detect irregularities in high risk areas;
- Reconciliations (payroll, accounts payable);
- Analysis of management accounts and financial statements;
- Delegations manual;
- IT system controls (access restrictions, strong passwords etc.);
- Internal audit plan covers high risk fraud areas (procurement, credit cards etc.); and
- Public Interest Disclosure.

Response

- All reports of suspected fraud or corruption will be investigated by the Chief Executive Officer.

- Immediate action will be taken to preserve relevant evidence from theft, removal, alteration or destruction. Evidence includes but is not limited to documents and IT (computers, laptops, portable devices, system access etc.).
- Appropriate action will be taken, which may include disciplinary action and/or referral to an external agency (CCC, Public Sector Commission or Police).
- Confidentiality will be maintained throughout this process.
- In each instance where fraud or corruption is detected, the Chief Executive Officer will instruct the Deputy CEO to reassess the adequacy of internal control systems, particularly those directly relating to the fraud and corruption incident and recommend improvements where necessary.

Related Documents (Legislation/Local Law/Policy/Procedure/Delegation)

Local Government Act 1995

Local Government (Rules of Conduct) Regulations 2007

Public Interest Disclosure Act 2003

Corruption Crime and Misconduct Act 2003

Elected Members Code of Conduct

Employee Code of Conduct

Risk Management Policy

Purchasing Policy

Review History

Review Due: March 2024

Date	Council Resolution	Description of review/amendment
28/06/2023	RES: 120623	V1.0. Adoption of Policy following release of OAG Report "Fraud Prevention in Local Government."

