
CGP012 – Fraud, Corruption and Misconduct Prevention

1. Intention

To develop and maintain a corporate culture and corporate systems which discourage and eliminate the risk of fraud, corruption and misconduct and to establish controls which support better practices that assist in the minimisation of risks.

2. Scope

This policy applies to:

- Elected Members;
- All workers whether by way of appointment, secondment, contract, temporary arrangement or volunteering, work experience, trainees and interns; and
- Any external party involved in providing goods or services to the Council, such as contractors, consultants, outsourced service providers and suppliers.

3. Definitions

Fraud is defined by AS 8001-2008 as:

“Dishonest activity causing actual or potential financial loss to any person or entity including theft of monies or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity.”

Fraud can take many forms including:

- The misappropriation of assets;
- The manipulation of financial reporting (either internal or external to Council); and
- Corruption involving abuse of position for personal gain.

Corruption is defined by AS 8001-2008 as:

“Corruption is dishonest activity in which an employee or contractor of the entity acts contrary to the interests of the entity and abuses their position of trust in order to achieve some 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”.

Corruption is any deliberate or intentional wrongdoing that is improper, dishonest or fraudulent and may include:

- Conflict of interest;
- Failure to disclose acceptance of gifts or hospitality;
- Acceptance of a bribe;
- Misuse of internet or email; or
- Release of confidential or private information or intellectual property.

Corrupt conduct tends to show a deliberate intent or an improper purpose and motivation and may involve conduct such as the deliberate failure to perform the functions of office properly; the exercise of a power or duty for an improper purpose; or dishonesty.

4. Statement

Council is committed to a strong culture and sound governance that will safeguard public funds and property. Council considers fraud, corruption and misconduct to be serious matters. Such behaviours are considered unacceptable and a zero tolerance approach is adopted by Council towards such behaviour.

Fraud and corruption are a risk to the Council, including in terms of:

- Financial loss;
- Reputational impact;
- Diversion of management energy;
- Organisational morale;
- Organisational disruption;
- Loss of employment;
- Reduced performances; and
- Diminished safety

All employees are accountable for, and have a role to play, in fraud and corruption prevention and control. Council encourages employees to disclose actual or suspected fraudulent or corrupt activity. When identified, any suspected fraudulent or corrupt activity will be promptly investigated, and where appropriate legal remedies available under the law will be pursued. All alleged incidences will be investigated thoroughly.

Where appropriate, Council will protect the anonymity of those reporting the activity.

Detrimental actions are not permitted against anyone who reports suspected or known incidents, consistent with Council's Public Interest Disclosure procedures. Council may take disciplinary action against those who maliciously and knowingly create a false allegation.

A Fraud and Corruption Control Plan has been developed to assist Council to meet the objectives of this policy by ensuring that it has thorough, up-to-date processes in place to mitigate the risk of fraud or corruption occurring in the Shire.

5. Fraud and Corruption Management

Council will minimise fraud and corruption through:

- Adopting the Fraud and Corruption Control Plan, which is aligned with *AS 8001-2008*;
- Incorporating fraud and corruption risk identification and mitigation strategies as part of the integrated and reporting planning framework;
- Educating employees in accountable conduct and fraud awareness issues, including ongoing performance assessment and counselling; and
- Monitoring, auditing and communication processes

6. Provisions

6.1 Fraud, Corruption and Misconduct Prevention Plan

The Shire of Waroona will develop and maintain a Fraud, Corruption and Misconduct Prevention Plan (FCM Plan) which will show how the Shire sets standards, procedures and requirements and how the program for improvement, monitoring and reporting will be implemented. The plan will be reviewed by each incoming Council (two yearly), or earlier if:

- Triggered by the results of an investigation or a breach, or
- Where in the discharge of responsibilities under Regulation 17 of the *Local Government (Audit) Regulations 1996*, the Chief Executive Officer considers a review necessary, or

- In the course of regular risk assessment practice a new risk is identified and it is judged a review is necessary.

The FCM Plan will be developed taking into account guidelines or requirements set out by the Office of the Auditor General, the Corruption and Crime Commission, the Public Sector Commissioner and the Department of Local Government, Sport and Cultural Industries. AS 8001-2008 will be used as a reference document.

The FCM Plan will address the following matters:

- Risk assessment;
- Internal audit;
- Planning and resourcing;
- Fraud, corruption and misconduct prevention;
- Fraud, corruption and misconduct detection;
- Responding to detected fraud, corruption and misconduct breaches; and
- Employee and elected member communication and education.

An annual report on progress on implementation of the plan will be made to Council's Finance and Audit Committee.

7. Risk Assessment

An annual probity risk assessment process will be undertaken. Any changes in risk status, or emergence of newly identified risks, will be entered on the risk register with the agreed follow-up requirements. If an area is identified as a medium status or higher risk and not previously addressed in the plan, a review of the plan will be undertaken for inclusion.

8. Legislative and Strategic Context

Australian Standard 8001:2008 Fraud and Corruption Control and the *Local Government Act 1995* and the associated subsidiary legislation, provide the broad framework within which this policy operates.

9. Review

This policy is to be reviewed as required.

10. Associated Documents

Nil.

Division	Corporate & Governance				
Policy Number	CGP012				
Contact Officer	Chief Executive Officer				
Related Legislation	AS8001:2008 Fraud and Corruption Control Local Government Act 1995 Local Government (Audit) Regulations 1996				
Related Shire Documents	Fraud, Corruption and Misconduct Prevention Plan				
Risk Rating	High	Review Frequency	As required	Next Review	When required
Date Adopted	18/12/2018				OCM18/12/126

Amendments		
Date	Details of Amendment	Reference
22/06/2021	Updated as part of major review and reformatted.	OCM21/06/071
Previous Policies		
CORP051 – Fraud, Corruption and Misconduct Prevention		