Policy G14 – Fraud and Corruption Control

1. Policy Intention

The Shire of Murray (Shire) is committed to the prevention, detection, investigation, response and monitoring of fraud and corruption related activities.

The objective of this Policy is to ensure that the Shire actively seeks to identify and limit its exposure to fraud and corruption, and provide an avenue for the reporting of fraud and corruption related activities.

This Policy is consistent with, and supported by Council's legislative and policy obligations, and the Fraud and Corruption Control Strategy.

2. Policy

As Council is the custodian of significant public funds and assets, it is important that the community has assurance that these are adequately protected from fraud and corruption. Council has developed a structured framework and approach to the implementation and review of fraud and corruption prevention, detection, monitoring and reporting, and aims to ensure that strategies to control fraud and corruption related risks are integrated into existing and new work practices.

This Policy applies to all employees, Council Members, Committee Members, Contractors, Consultants, and other persons who perform functions on behalf of the Shire, such as Volunteers.

3. Definitions

3.1 Fraud

'Fraud' is defined by Australian Standard AS8001-2021 as:

Dishonest activity causing actual or potential financial loss to any person or agency including theft of monies or other property by employees or persons external to Council and whether or not deception is used at the time, immediately before or immediately following the activity. 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.

Examples of fraud include but are not limited to:

- evasion of payments owing to the Shire;
- false invoicing;
- obtaining by deceit, benefits to which the recipient is not entitled such as improper reimbursement of expenses or travel allowances;
- charging for goods or services not delivered or only part delivered;
- false timesheet claims or misrepresenting time and work commitments;
- theft of Council property, resources, inventory or cash;
- theft, misuse or wrongful use of information for financial or other gain;

- abuse of position or discretion such as accepting gifts or bribes to facilitate an outcome or gain some form of financial advantage;
- false accounting;
- credit card fraud;
- abuse of local government facilities or assets for personal use;
- disclosing confidential information for personal gain;
- making false statements or altering signatures or other information and materials so as to mislead or misrepresent a position or hide wrongdoing; and
- destroying or removing records without approval for personal gain or to conceal fraudulent activity.

3.2 Corruption

Corruption is defined by Australian Standard AS8001 – 2021 as:

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;
- payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver and may relate to a specific decision or action by the receiver or generally;
- release of confidential information in exchange for some form of non-financial benefit or advantage to the employee releasing the information;
- collusive tendering;
- payment or solicitation of donations for an improper political purpose;
- serious conflict of interest involving any local government employee, Council Members, Committee Member, Contractor, Consultant and other persons who perform functions on behalf of the Shire, such as Volunteers, acting in his or her own self-interest rather than the interests of the Shire;
- serious nepotism or cronyism where the appointee is inadequately qualified to perform the role to which appointed;
- manipulation of the procurement process by favouring one tenderer over others or selectively providing information to some tenderers;

- gifts or entertainment intended to achieve a specific or generic commercial outcome in the short to long-term – an essential element rendering conduct of this type corrupt would be that it is in breach of the entity's values, behavioural code or gifts policy or that it was done without the appropriate transparency;
- bribing officials in order to secure a contract for the supply of goods or services; and
- facilitation' payments – small one-off payments in cash or in kind intended to secure prompt delivery of goods or services.

4. Responsibilities

4.1 Council Members are responsible for:

(a) Effective fraud governance;

(b) Setting the strategic direction and monitoring management actions for fraud and corruption risk; and

(c) Adopting and adhering to the Fraud and Corruption Control Policy.

4.2 Chief Executive Officer and Executive are responsible for:

(a) Maintaining a corporate governance framework, which includes policies and procedures, such as the Fraud and Corruption Control Policy and applicable Codes of Conduct to minimise Council's vulnerability to fraud and corruption;

(b) Ensuring protection of Shire staff who report suspected fraud and corruption;

(c) Providing leadership, guidance and support to employees in preventing fraud and corruption;

(d) Identify high fraud risk areas; and,

(e) Participating in fraud and corruption risk reviews.

The Chief Executive Officer, under the *Corruption, Crime and Misconduct Act 2003* must also notify the Corruption and Crime Commission or the Public Sector Commission if misconduct is suspected.

4.3 Corporate Risk Team is responsible for:

(a) Reviewing risk management framework and associated procedures for the effective identification and management of fraud risks;

(b) Overseeing development and implementation of the Fraud and Corruption Control Strategy, to provide assurance that the Shire has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information; and

(c) Providing leadership in preventing fraud and corruption.

4.4 Management are responsible for:

(a) Ensuring that all employees adhere to the Shire of Murray Code of Conduct Local Government Employees and Fraud and Corruption Control Policy;

(b) Establishing, maintaining and reviewing control systems to ensure the Shires resources are protected and the risk of fraud or corruption occurring is minimised;

(c) Setting up effective internal controls to detect fraudulent and corrupt activities, and regularly reviewing these controls;

(d) Establishing adequate segregation of duties for all functions where the potential for fraud or corruption risk has been assessed as high;

(e) Reinforcing the requirement for all staff to not engage in corrupt conduct, fraudulent activities or maladministration; and

(f) Encouraging the reporting of any suspected fraud, corrupt conduct or maladministration.

4.5 Employees are responsible for:

(a) Contributing to preventing fraud and corruption by following the Shire of Murray Code of Conduct Local Government Employees, complying with controls, policies, processes and resisting opportunities to engage in fraudulent or corrupt behaviour;

(b) Acting appropriately when using official resources and handling and using public funds, whether they are involved with cash or payment systems, receipts or dealing with suppliers;

(c) Being alert to the possibility that unusual events or transactions could be indicators of fraud or corruption;

(d) Reporting details immediately if they suspect that a fraudulent or corrupt act has been committed or see any suspicious acts or events; and

(e) Co-operating fully with whoever is conducting internal checks, reviews or investigations into possible acts of fraud or corruption.

4.6 Contractors, Consultants, Volunteers and any other persons who perform public official functions on behalf of Council are responsible for:

(a) Supporting the Shires commitment to preventing fraud and corruption through reporting suspicious behavior; and

(b) Complying with Council policies and refraining from engaging in fraudulent and corrupt conduct.

5. Detecting, Reporting and Responding to Fraud and Corruption

Strategies used to detect fraud and corruption include audits, internal reviews, and reports of suspected breaches. Any person who has reason to believe that a Council Member, Committee Member or an employee of the Shire has committed a breach of any adopted Code of Conduct (including engaging in fraud or corruption), may complain about the breach to the Shire's designated complaints officer.

Disclosures being made about fraud, corruption or other improper conduct can be done so in accordance with Policy G6 – Public Interest Disclosure.

Alternatively, reports of fraud or corruption can be made directly to external parties, such as the Office of the Auditor General, Corruption and Crime Commission, Public Sector Commission and Western Australian Police Force.

Any instances of detected or reported fraud or corruption will be investigated.

6. Fraud and Corruption Control Strategy

The Fraud and Corruption Control Strategy has been developed to assist the Shire to meet the objectives of this Policy, and aims to:

- reduce the potential for fraud and corruption within and against the Shire;
- create a culture which seeks to prevent fraud and corruption;
- dedicate resources to the prevention of fraud and corruption;
- implement processes to manage fraud and corruption through risk management practices; and
- provide guidance regarding how to manage suspected instances of fraud or corruption.

Policy Detail		
Responsible Directorate	Office of the CEO	
Responsible Department	Governance and Strategy	
Responsible Officer	Manager Governance and Strategy	
Next Policy Review / Schedule	2025 (3-yearly)	
Council Adoption	**Date / Resolution**	19 December 2019 (OCM19/270)
Amendment Record	**Date / Resolution**	22 July 2021 (OCM21/114)
		23 June 2022 (OCM22/070)