

## Council Policy – Fraud and Corruption Control

<b>Responsible Directorate</b>	Corporate Performance
<b>Responsible Business Unit/s</b>	Governance
<b>Responsible Officer</b>	Coordinator Governance
<b>Affected Business Units</b>	All

### Objective

The objective of this Policy is to articulate the Shire of Serpentine Jarrahdale's approach to minimising and preventing fraud and corruption risks.

### Scope

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

### Policy

#### Introduction

The Shire has zero tolerance for fraud or corruption. The Shire is committed to demonstrating professional behaviour consistent with the Shire's values and operating in an environment of openness, probity and accountability in all aspects of Shire activities.

#### Roles and responsibilities

##### CEO

The CEO is accountable for the overall prevention and detection of fraud and corruption. The CEO is responsible for the effective, responsible, and economical use of the Shire's resources to manage fraud and corruption risks and to instil a culture of accountability and integrity.

Under the *Corruption, Crime and Misconduct Act (2003)* (CCM Act), the CEO is responsible for reporting suspected misconduct to the appropriate external agency.

##### Executive Management Group

The Executive Management Group (EMG) is responsible for promoting the implementation of effective risk management practices for fraud and corruption and demonstrating behaviour that complies with the Shire's Code of Conduct and applicable policies.

##### Director Corporate Services

The Director Corporate Services is the Shire's sponsor of the risk management process, including fraud and corruption, and oversees the development, implementation and continued management of the risk framework.

##### Managers

Managers are responsible for encouraging and maintaining a culture and working environment that upholds the Shire's values and fosters personal responsibility, integrity and accountability. Managers are required to develop and maintain best practice procedures for the prevention and

detection of fraud and corruption ensuring due consideration is given to confidentiality, natural justice and procedural fairness pertaining to any reported incidences.

#### Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) is responsible for the oversight of risk management, including fraud and corruption control. It provides advice to Council on potential fraud and corruption matters and reviews the Shire's Risk Register and Internal Audit Plan to ensure it covers fraud and corruption risks.

#### Internal Audit

The Internal Audit function is responsible for coordinating internal audits across the Shire and presenting these to the ARIC.

#### Governance

Governance is responsible for the development, implementation, and monitoring of the fraud and corruption policy as well as the implementation of fraud and corruption strategies across the Shire. Governance will record and collate fraud and corruption incident reports, coordinate investigations into allegations of fraud and corruption (in collaboration with People, Development and Wellbeing), and provide reports to the CEO on fraud and corruption as necessary.

#### Employees

Employees are responsible for understanding their responsibilities to perform official duties ethically and with integrity in accordance with the Shire's Employee Code of Conduct and other relevant policies and procedures. Employees will contribute to developing systems, policies and procedures, undertake fraud and corruption awareness training, and report all suspected or actual incidents of fraud and corruption.

#### Public Interest Disclosure (PID) Officers

The *Public Interest Disclosure Act 2003* (PID Act) provides for the appointment of PID Officers who are available for employees to report wrongdoing and protects them when they do.

The PID process is a way for people to report certain types of wrongdoing of public authorities or public officers. It provides certain protections for the person making the disclosure and those who are the subject of disclosures. It provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

PID Officers are responsible for receiving disclosures, assessing whether an investigation is required and carrying out the investigation if needed, reporting matters to the CEO, and maintaining a register of all PIDs received.

### **Fraud and corruption prevention**

#### **Awareness and communication**

The Shire aims to ensure all officers and elected members have an awareness and understanding of fraud and corruption. This is achieved through council policies, business operating procedures (BOPs), internal systems, and training aimed at preventing fraud and corruption risks. These include the documents listed in the related documents section of this policy.

### **Internal controls**

Strong internal controls and management systems are important in protecting against fraud and corruption. Managers are responsible for ensuring appropriate management systems, including internal controls, are established, maintained, and regularly reviewed.

The Shire's internal controls include:

- Conflict of interest declarations and management plans.
- Register of delegations and authorisations.
- Financial delegations to issue purchase requisitions.
- Procurement and contract management systems.
- Human resource management systems, including the use of OneComm for timesheet management.
- Gifts declaration process.

### **Risk assessment**

As part of the Shire's Risk Management Policy, business areas must periodically identify, assess and review fraud and corruption risks and develop plans that mitigate these risks.

### **Legislative compliance**

The Shire complies with all audit responsibilities in accordance with the *Local Government Act 1995* and associated regulations.

### **Training and awareness**

Shire officers and Elected Members will be provided with information on fraud and corruption identification and reporting, such as the public interest disclosure process and conflict of interest management. Training will be provided through online training and/or in-person induction training.

Updates to processes and procedures will be provided via all staff alerts.

### **Employment screening**

Prior to the appointment of any Shire officer, certain screening will be conducted. This may include:

- National police clearance
- Reference checks
- Identity verification
- Verification of formal qualifications (where required for the role)
- Working with children clearance (where required for the role)

### **Fraud and corruption detection**

The Shire uses a variety of strategies to detect and prevent fraud and corruption, including but not limited to:

- Reporting procedures, including public interest disclosure and misconduct reporting.

- Internal audit activities.
- Operational risk management processes.
- Vigilance and awareness of officers.
- Analysis of accounting reports.
- External review of procurement processes.

### **Internal auditing**

Internal audit activities provide independent assessments to the Shire of:

- compliance with legislation
- the adequacy, efficiency and effectiveness of governance, risk management, operational and control processes
- integrity of information and reporting

This assists the Shire by identifying controls that require strengthening and preventing future fraud and corruption.

### **Risk management**

Business areas must systematically identify and assess fraud and corruption risks in line with the Shire's Risk Management Framework. The Risk Management Policy provides a process by which risks are identified, managed, monitored and reviewed within the Shire.

Regular assessment of fraud and corruption risks are to be informed by a review of critical preventative controls and analysis of information and data collected by the Shire regarding its key risks. This includes, but is not limited to:

- grievance and disciplinary data;
- gifts, benefits and hospitality data; and
- conflict of interest declarations.

### **Fraud and corruption response**

#### **Disciplinary procedures**

The Shire will review suspected fraud and corrupt conduct through the internal disciplinary process to determine if misconduct has occurred. All suspected breaches will be investigated according to the Disciplinary Business Operating Procedure (BOP).

#### **External reporting**

Where misconduct is suspected, the Shire will record and report all reasonable suspicions to either the Public Sector Commission (minor misconduct) or the Corruption and Crime Commission (serious misconduct), as per the *Corruption, Crime and Misconduct Act 2003* (CCM Act).

These reports may be referred to the Department for further investigation or to the Western Australia Police if criminal conduct has occurred.

#### **Legal proceedings**

The Shire may seek to recover any losses due to fraud or corruption.

### Internal control review

Where fraud or corruption is detected, the manager of the relevant team will be responsible for reassessing the adequacy of the internal control systems and provide a report to the Executive Management Group with any recommended improvements. Managers will also be responsible for ensuring that recommendations arising out of the assessment are allocated, with an associated time frame.

### Recording fraud, corruption, and misconduct

Every reported incident of fraud and corruption will be documented in a confidential register, maintained by Governance.

### Definitions

#### Fraud

Fraud is defined by Australian Standard AS8001 – 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.”

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 the Shire by a person or persons internal to the Shire but where deception is not used is also considered ‘fraud’.

#### Corruption

Corruption is defined by Australian Standard AS8001 – 2008 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 wrong-doing 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.

#### Misconduct

The *Corruption, Crime and Misconduct Act 2003* defines serious and minor misconduct as provided below.

**Serious** misconduct, defined by section 4(a), (b) or (c), occurs if a public officer:

- corruptly acts or corruptly fails to act in the performance of undertaking their duties; or
- corruptly takes advantage of their position to obtain a benefit for themselves or another person, or cause a detriment to any person; or
- in an official capacity commits an offence punishable by two or more years’ imprisonment.

**Minor** misconduct, defined by section 4(d), occurs if a public officer engages in conduct that:

- adversely affects, or could adversely affect, directly or indirectly, the honest or impartial performance of the functions of a public authority or public officer, whether or not the public officer was acting in their public officer capacity at the time of engaging in the conduct; or
- constitutes or involves the performance of his or her 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 his or her office or employment as a public officer; or
- involves the misuse of information or material that the public officer has acquired in connection with his or her functions as a public officer, whether the misuse is for the benefit of the public officer or the benefit or detriment of another person

### **Related Documents**

- Employee Code of Conduct
- Code of Conduct for Councillors, Committee Members and candidates
- Volunteer code of conduct
- Shire of Serpentine Jarrahdale Integrity Framework
- Register of Delegations and Authorisations
- Council Policy – Complaints Resolution
- Council Policy – Contract Management
- Council Policy – Procurement of Goods or Services through Public Tendering
- Council Policy – Procurement of Goods or Services up to \$250,000
- Council Policy – Project Management
- Council Policy – Related Party Disclosures
- Council Policy – Risk Management
- Business Operating Procedure – Conflict of Interest
- Business Operating Procedure – Public Interest Disclosure (E17/12054)
- Business Operating Procedure – Internal Audit – Responding to Audit Findings (E19/6040)
- Business Operating Procedure – Internal Audit – Request for Information (E19/6035)
- Business Operating Procedure – Grievance
- Business Operating Procedure – Authorisation to Issue Purchase Requisitions
- Integrity Reporting Framework (E25/13571)

### **Legislation / Local Law Requirements**

- *Local Government Act 1995*
- *Corruption, Crime and Misconduct Act 2003*
- *Public Interest Disclosure Act 2003*

**Amendment Record**

<b>Relevant Delegations</b>		Nil.	
		<b>Date</b>	<b>Resolution Number</b>
<b>Council Adoption</b>		<b>16 March 2026</b>	<b>OCM-69-2026</b>
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