

A14. Fraud, Corruption and Misconduct Policy

Policy Objective

To articulate the Shire's commitment to a zero-tolerance approach to fraud, misconduct, bribery and corruption through the identification and implementation of strategies to prevent, detect and respond to fraud and corruption.

Policy Statement

The Shire of Dundas has adopted a zero-tolerance approach to Fraud and Corruption and will appropriately deal with all allegations and suspected instances of Fraud and Corruption. This includes notifying, reporting or referring any such instances to the appropriate authority for investigation and possible prosecution.

In accordance with the best practice guidance as set out in the *Fraud and Corruption Control Standards (AS 8001-2008)* the Shire will —

- (a) provide a complainant with access to an open and responsive complaints process;
- (b) enhance an organization's ability to manage complaints in a consistent, systematic and responsive manner;
- (c) enhance an organization's ability to identify trends and eliminate causes of complaints and improve the organization's operational effectiveness;
- (d) encourage and support staff to improve their skills in complaint management;
- (e) provide a basis for the ongoing review and analysis of the complaint management system, resolution of complaints, and process improvements made; and
- (f) reduce the likelihood of complaints developing into ongoing disputes.

Policy Scope

This policy applies to:

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

Definitions

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.”

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Fraud can take many forms including:

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

Corruption is defined by Australian Standard AS8001 – 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.

Fraud and Corruption Management

This Policy along with the Code of Conduct, the Shire’s values and culture and its governance and risk management policies all operate in synergy to prevent, detect and respond to potential or actual fraud and misconduct. The Shire’s organisational structure provides clearly defined responsibilities and appropriate segregation of duties and controls within systems, particularly financial and procurement, that inhibits opportunities for fraud to occur. The zero-tolerance tone is set by the Chief Executive Officer and the Senior Leadership Team. The structure also includes an independent external audit function and a proactive internal Audit Committee who receives reports from the Chief Executive Officer on the appropriateness and effectiveness of internal control, legislative compliance and risk management.

To provide guidance to Council members, committee members, contractors, employees, and volunteers, rules and requirements will be enforced as prescribed in relevant legislation as per the Code of Conduct. When any of the above are acting on behalf of the Shire, they must hold our values and code in the highest esteem.

The strategies relating to planning and resourcing, prevention, detection and response of fraud and corruption control includes but is not limited to:

- Training and awareness;

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- Pre-employment screening;
- Risk assessment;
- Internal and external audit;
- Whistleblowing; and
- Investigation procedures

Reporting Serious or Minor Misconduct

A Public Officer or any other person may report to the Corruption and Crime Commission (CCC) or the Public Sector Commission (PSC) on any matter which that person suspects on reasonable grounds concerns or may concern serious or minor misconduct. Information on reporting to the appropriate authority is available on respective websites.

Public Sector Commission (PSC) : <https://publicsector.wa.gov.au/conduct-integrity/minor-misconduct>

Corruption and Crime Commission (CCC) : <https://www.ccc.wa.gov.au/reporting-corruption>

Public Interest Disclosure

Any person may make an appropriate disclosure of public interest information to a proper authority (includes a local government). The legislation which governs such disclosures is the *Public Interest Disclosure Act 2003*. A disclosure can be made by anyone and may be made anonymously. If disclosures are made in accordance with the Act, the person making them is protected from reprisal. This means that the person enjoys immunity from civil or criminal liability and is protected from any disciplinary action or dismissal. The Act requires local governments to appoint a person, known as the Public Interest Disclosure Officer (PID Officer), to whom disclosures may properly be made. The PID Officer should be consulted when considering whether to make a disclosure. The CEO has been appointed as the PID officer for the Shire of Dundas.

Disciplinary and Recovery Action

The Shire will respond to all instances of Fraud, Corruption and Misconduct in accordance with its complaints and grievances handling process which may lead to termination. The Shire will also seek to recover any losses it may have suffered through Fraud, Corruption and Misconduct.

Roles and Responsibilities

Council

Council has the responsibility to adopt the Fraud and Corruption policy and to adhere to the policy.

Audit Committee

In relation to fraud control, the Audit Committee's responsibilities include:

- overseeing development and implementation of policies and procedures, to provide assurance that the entity has appropriate processes and systems in place to prevent, detect and effectively respond to fraud and corruption; and
- providing leadership in preventing fraud and corruption.

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Chief Executive Officer

The Chief Executive Officer:

- applies the Shire's resources to fraud prevention and ensures the implementation of adequate controls for managing fraud and corruption risks within the Shire.
- under the Corruption, Crime and Misconduct Act 2003 must notify the Corruption and Crime Commission or the Public Sector Commission if misconduct is suspected.

Employees

All employees have a responsibility to contribute to preventing fraud and corruption by following the Code of Conduct, complying with controls, policies, processes, resisting opportunities to engage in fraudulent or corrupt behaviour and reporting suspected fraudulent or corrupt incidents or behaviour.

Procedure for handling complaints relating to PID Officer:

If the complaint relates to the PID officer who is the CEO, the complaining officer may report the allegation to the Corruption & Crime Commission (CCC). or Public Sector Commission (PSC) provided there are reasonable grounds or concerns over the misconduct.

Alternatively, the complaining officer can report the allegation to the Shire President who will make necessary arrangements to investigate the matter independently in compliance with local government act and regulations.

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