

Policy P694 Fraud & Corruption Prevention

Responsible Business Unit/s	Governance and Financial Services
Responsible Officer	Director Corporate Services
Affected Business Unit/s	All Business Units

Policy Objectives

The objective of the Fraud and Corruption Prevention Policy is to articulate that the City does not tolerate fraud and corruption. The policy proactively encourages the creation and maintenance of an effective internal control environment that minimises opportunity for fraud or corrupt activity occurring.

Policy Scope

Control of fraud and corruption is the responsibility of everyone in, or associated with, the City. Therefore, this policy applies to staff working in any part of the organisation as well as Elected Members, and contractors' working for the City of South Perth.

The success of this policy will be determined by all parties being aware of their responsibilities in relation to fraud and corruption prevention and control, the identification, treatment and recording of fraud or corruption risks, fraud or corruption auditing and detection processes, reporting responsibilities and obligations and investigation procedures.

Policy Statement

Statement of Purpose

All senior officers, Council Members and employees of the City are required to observe the highest standards of ethics and integrity in undertaking their roles as custodians of the City's assets, financial resources and information. They are also expected to act in an honest and professional manner that reflects the high standing of the City.

For the purpose of this policy:

'Fraud' is defined as dishonest activity causing actual or potential financial loss to the organisation including theft or other property whether or not deception is used at the time, before or after the activity. It also includes deliberate falsification, concealment, destruction or falsification of documentation used for a normal business purpose as well as improper use of corporate information or position.

'Corruption' is defined as an act done with intent to give or receive some advantage or benefit inconsistent with official duty and the rights of others.

It is recognised that fraudulent activity and corruption are illegal and contrary to the City's organisational values.

The City will take a proactive stance to ensure that incidences of fraudulent or corrupt activities or behaviours do not occur. Whilst the City endeavours to foster a culture which upholds trust (honesty and integrity), it must be recognised that not everyone within an organisation may share those values. In

responding to this, the City will ensure that the creation of an effective internal control environment, supported by a positive organisational culture and effective leadership that is aimed at the prevention of fraud and corruption.

A Fraud and Corruption Prevention framework has been developed to assist the City in meeting the objectives of this policy by ensuring that it has thorough, up-to-date procedures in place to mitigate the risk of fraud or corruption occurring in the organisation. The approach includes not only this policy but also a Fraud Risk Opportunity Assessment, a Register of Internal Controls and a Corruption Management Process.

Fraud Risk Opportunity Assessment

The City has developed a Fraud Risk Opportunity Assessment approach which has two components:

- Identification of the areas of the City's operations having potential for fraud opportunities to occur.
- Assessment of the in-place internal control mechanisms that allow the City to control and mitigate fraud opportunities.

City management is to conduct a Fraud Risk Opportunity Assessment annually and to review and document the measures that contribute to the internal control environment that is in place to manage the risk of fraudulent activities occurring. The Fraud Risk Opportunity Assessment and the Register of Internal Controls are to be presented to the May Audit, Risk & Governance Committee each year along with the Auditors' Fraud Risk Questionnaire.

Council will then consider its responses to the audit questionnaire and adopt them at the August Audit, Risk & Governance Committee when the committee meets with the auditors to consider the Annual Audit Plan.

The Fraud Risk Opportunity Assessment and Register of Internal Controls that are presented to the committee in May will also be forwarded to the City's nominated Auditors by City management as part of the City's Interim Audit - Management Representations documentation. This will ensure that systems and procedures are in place to prevent, detect, report and investigate incidents of fraudulent activities.

In the event of a significant fraudulent act being identified and referred to an external body (CCC, Public Sector Commission) both the Auditors and Council will be informed by the CEO in a timely manner through an appropriate mechanism.

Corrupt Behaviour:

Employees, Elected Members and contractors working for the City are accountable for, and have a role to play in corruption prevention and control. The City encourages all parties to disclose actual or suspected corrupt activity to the CEO. When identified, any suspected corrupt activity will be promptly notified and investigated, and where appropriate legal remedies are available under the law, they will be pursued.

All alleged incidences will be investigated thoroughly. Where appropriate, the City will protect the anonymity of those responsible for reporting the activity. This protection does not apply in the case of proven vexatious complaints and allegations.

In the event of a significant corrupt act being identified and referred to an external body (CCC, Public Sector Commissioner) both the Auditors and Council will be informed by the CEO in a timely manner through an appropriate mechanism.

Responsibilities:

The entire organisation has a role to play in contributing to prevention of fraud and corruption. A clear articulation and understanding of roles assists in getting the best outcomes from those complementary roles and responsibilities.

Audit, Risk & Governance Committee

- Ensures that the administration has a robust, structured process for preventing fraud and corruption.
- Receives the annual Assessment of Fraud Risk Opportunity and the City's Register of Internal Controls.
- Develops the Council's response to the annual Audit Fraud Risk Questionnaire

Executive

- Create an environment where all staff are aware of their responsibilities in relation to the prevention of fraud and corrupt activity.
- Ensure that staff receive suitable training in relation to their responsibilities relating to the prevention of fraud or corrupt activities.
- Respond proactively to reports of behaviour that may indicate fraudulent or corrupt activity.
- Model the highest standards of integrity and ethical behaviour.

Employees

- All employees, after appropriate training, will be vigilant to indications of potentially fraudulent or corrupt activity and will bring such matters promptly to the attention of the CEO.

Legislation / Local Law Requirements

Local Government Act 1995

Local Government (Functions & General) Regulations 1996

Public Sector Management Act 1994

Corruption, Crime & Misconduct Act 2003

Public Interest Disclosure Act 2003

Other Relevant Policies / Key Documents

City of South Perth Governance Framework (including Gift Register, Conflict of Interest Notifications)

Fraud Risk Opportunity Assessment

Register of Internal Controls

P695 Risk Management