

# Policy P694 Fraud & Corruption Control

Strategic Direction	Leadership
Responsible Business Unit/s	Governance and Finance
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 protect resources, including information, and safeguard the integrity and reputation of the City. This policy sets out the arrangements for the overall management of the risks and any instances of fraud and/or corruption.

## Policy Scope

The City does not tolerate fraud and corruption. Control of fraud and corruption is the responsibility of everyone in, or associated with, the City.

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

This policy ensures Employees, Elected Members, Committee Members, contractors and volunteers are 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 Council Members, employees, contractors and volunteers 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 of money 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 the creation of an effective internal control environment, supported by a positive organisational culture and effective leadership aimed at preventing fraud and corruption from occurring.

## PREVENTING

The City proactively engages in preventative measures designed to help reduce the risk of fraud and corruption from occurring. These include:

- leadership (setting the ethical tone for the organisation)
- risk assessments
- prevention systems (such as IT system controls, robust and transparent procurement processes and regular auditing processes)
- training and awareness
- Policies and management practices
- City of South Perth Employee Code of Conduct
- Councillor Code of Conduct

## DETECTING

Early detection is an essential element of fraud and corruption control. Although notifications of fraud and corruption from internal and external sources are common, other detection measures include monitoring high-risk areas, internal reviews and audits, intrusion detection systems, conducting reviews focused on risk, or data mining and data matching.

Fraudulent and corrupt conduct is able to be detected through the City's robust internal control systems and mechanisms. These include:

- Governance Framework (including Gift Register, Conflict of Interest notifications and delegations)
- Risk Management Framework
- City of South Perth Integrity Framework
- Procurement Framework
- Audit, Risk and Governance Committee
- Strategic Audit Plan
- Public Interest Disclosure Officers

## RESPONDING

When the City becomes aware of incidents of fraud and corruption the City will act promptly and decisively. Responses include:

- internal investigations
- referrals to external investigators where appropriate
- referrals to the police and/or the Corruption and Crime Commission
- remedies for dealing with misconduct, such as disciplinary action up to and including termination of employment
- active recovery of proceeds of fraud or corruption where appropriate
- internal reporting on fraud and corruption instances to the Audit, Risk and Governance Committee
- review of internal controls by the Executive Management Team.

## ROLES & RESPONSIBILITIES

The entire organisation has a role to play in preventing detecting and responding to actual or suspected fraud and corruption within the City.

## Employees and Elected Members

- All employees and Elected Members are to comply with the Code of Conduct, report actual or suspected fraud and corruption, and report potential sources of fraud and corruption.

## Audit, Risk & Governance Committee

- Will be notified of instances of alleged fraud and corruption through risk reporting.

## Executive Management Team

- Promote an ethical culture
- Create an environment where all employees are aware of their responsibilities in relation to fraudulent and corrupt activity
- Ensure that employees 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
- Receive reports on investigations into alleged fraud and corruption
- Maintain an awareness of fraud and corruption risks
- Ensures the City complies with the obligations set out in the *Public Interest Disclosures Act 2003*, *Public Sector Management Act 1994* and *Corruption, Crime and Misconduct Act 2003*.

## Management Team

- Maintain an effective system of internal controls
- Ensure compliance with the Fraud & Corruption Control Plan
- Ensure compliance with relevant policies & procedures

## Governance

- Maintain the Fraud & Corruption Control Plan and policies
- Manage investigations into alleged fraud and corruption
- Notify external agencies as required (e.g. Corruption and Crime Commission, WA Police, Office of the Auditor General)
- Provide reports to the Executive Management Team on fraud and corruption allegations

- Prepare reports to the to the Audit, Risk and Governance Committee on fraud and corruption

### People and Performance

- Manage investigations into allegations of misconduct
- Notify the Public Sector Commission of misconduct allegations
- Provide reports to the Executive Management Team on misconduct allegations

## 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 Fraud and Corruption Control Plan 2022

City of South Perth Governance Framework

P695 Risk Management

Integrity Framework

Employee Code of Conduct

Councillor Code of Conduct