



Shire of West Arthur

Fraud and Control Plan

2023 - 2025



Forest to Wheatbelt

Contents

1. Introduction	3
2. Scope.....	3
3. Definitions.....	3
4. Relationship with Policies, Procedures and or Plans	4
5. Internal Control Systems.....	5
6. Roles and Responsibilities.....	5
Council.....	5
Audit and Risk Committee	5
CEO.....	5
Management Team (MT)	5
Public Interest Disclosure (PID) Officer.....	6
All Employees.....	6
7. Risk Assessment.....	6
8. Reporting Suspected Fraud and Corruption Incidents.....	6
9. Planning and Resourcing.....	6
10. External Resources.....	7
11. Prevention.....	8
12. Detection.....	9
13. Response.....	11
14. Review.....	11

1. Introduction

The Shire of West Arthur (the 'Shire') has a zero tolerance to fraud and corruption.

The Shire is committed to an organisational culture that promotes a high standard of integrity and accountability by demonstrating professional behaviours that are consistent with our role and values and provides clear direction in supporting an effective risk management strategy, including fraud and corruption risk.

The Fraud and Corruption Plan (the Plan) details the Shire's intended action in monitoring fraud and corruption; and implementing prevention, detection and response initiatives.

The Plan has been developed in line with the Shire Strategic Community Plan, the Shire's Corporate Business Plan 2021 -2025 Australian Standards and the Shire's Fraud and Corruption Policy, and it forms an integral part of the Shire's Risk Management Framework.

2. Scope

The Shire's Fraud and Corruption Prevention Policy and Plan apply to:

- all employees whether by way of permanent appointment, secondment, contract, temporary or labour hire agency arrangement, volunteering, work experience or trainees (Parties);
- all elected members; and
- any external parties involved in providing goods or services.

Whilst the Chief Executive Officer (CEO) has overall responsibility to ensure proper controls are in place to prevent fraud and corruption from occurring and to monitor fraud and corruption risks, all employees, elected members, contractors, and volunteers (All Parties) are accountable for and have a role to play in fraud and corruption control. The Shire requires All Parties to report suspected fraudulent or corrupt activity.

3. Definitions

Fraud – 'Fraud' is defined by Australian Standard AS 8001-2008 (Fraud and Corruption Control) 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.

- Fraud may include (but is not limited to):
- theft or obtaining property, financial advantage or any other benefit by deception;
- providing false or misleading information, or failing to provide information where there is an obligation to do so;
- causing a loss, or avoiding or creating a liability by deception;
- making, using or possessing forged or falsified documents;
- unlawful use of computers, vehicles, telephones and other property or services; and
- manipulating expenses or salaries.

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

Corruption may include (but is not limited to):

- conflict of interest;
- dishonesty using influence;
- blackmail;
- failure to disclose gifts or hospitality;
- acceptance of a bribe; or
- unauthorised release of confidential, private information or intellectual property.

Serious misconduct - as defined by the Corruption, Crime and Misconduct Act 2003 is when a public officer:

- acts corruptly or corruptly fails to act in the course of their duties; or
- corruptly takes advantage of their position for the benefit or detriment of any person; or
- commits an offence which carries a penalty of two or more year's imprisonment.

Minor misconduct as defined by section 4(d) of the Corruption, Crime and Misconduct Act 2003 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 the public officer, whether the misuse is for the benefit of the public officer or the benefit or detriment of another person.

4. Relationship with Policies, Procedures and or Plans

The Shire has a range of policies and processes in place that govern and support its day-to-day operations and decision making.

Fraud and corruption prevention and detection controls are embedded in various policies and processes including (but not limited to):

- Risk Management Governance Framework Control
- Fraud & Corruption Policy
- Code of Conduct (Employees)
- Code of Conduct (Candidates Council and Committee Members)
- Council Members Entitlements Policy
- Purchasing and Tender Policy
- Leave and Flexible Work Arrangement Policy
- CEO Recruitment Performance and Termination Policy
- Register of Financial Interest Disclosures
- Register of Gifts
- Complaints Register
- Register of Interest Disclosures

The Shire's policies and documents are available on the Shire's Document Centre internet page.

5. Internal Control Systems

All business processes, especially those identified as having higher risk of fraud and corruption, are subject to a rigorous system of internal controls that are documented, reviewed and update regularly, and understood by relevant employees.

Strong internal controls are important in protecting against fraud and corruption. In many cases where fraud and corruption are detected, it is possible to identify a fundamental control weakness or failure that either allowed the incident to occur or failed to detect it quickly after it occurred.

Managers are responsible for ensuring appropriate work systems, including internal controls, are established and maintained.

Managers are to participate in regular control assurance reviews which may include compliance testing.

6. Roles and Responsibilities

Council

Council has the responsibility to adopt the Fraud and Control Policy and Plan.

Audit and Risk Committee

The Audit and Risk Committee's responsibilities include –

- reviewing risk management frameworks and associated procedures for the effective identification and management of fraud risks;
- overseeing development and implementation of the Fraud and Corruption Prevention Plan, and to provide assurance that the Shire has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information; and
- providing leadership in preventing fraud and corruption.

CEO

The CEO is responsible for –

- coordinating the fraud and corruption risk assessment process;
- developing and maintaining this Fraud and Corruption Prevention Plan, in consultation with key stakeholders;
- communicating the existence and importance of the Fraud and Corruption Prevention Plan;
- delivering and/or coordinating fraud and corruption training;
- provision of adequate resources to support fraud prevention and ensures the implementation of adequate controls for managing fraud and corruption risks within the Shire;
- notifying the Corruption and Crime Commission or the Public Sector Commission if misconduct is suspected.

Management Team (MT)

The Management Team is responsible for –

- implementing the Fraud and Corruption Prevention Plan with particular focus on prevention;
- coordinating the fraud and corruption risk assessment process;

- developing and maintaining this Fraud and Corruption Prevention Plan, in consultation with key stakeholders;
- communicating the existence and importance of the Fraud and Corruption Prevention Plan; and
- delivering and/or coordinating fraud and corruption training.

Public Interest Disclosure (PID) Officer

The PID Officer investigates disclosures and takes action following the completion of investigations under the Public Interest Disclosure Act 2003.

All Employees

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

7. Risk Assessment

Each service area within the Shire must systematically identify, assess and review fraud and corruption risks.

The most important outcome of the fraud and corruption risk assessment process is the development of a treatment Plan that specifically addresses the risks identified.

These measures should be monitored for effectiveness over time.

8. Reporting Suspected Fraud and Corruption Incidents

The Shire's Public Interest Disclosure (PID) Information Guidelines provide clear direction in regard to employees reporting suspicious or known illegal or unethical conduct. The policy also provides for alternative internal means by which to report matters of concern.

Reports can be made anonymously. Anonymous reports will be examined and investigated on the available evidence.

All employees have the right to make a disclosure in accordance with the Public Interest Disclosure Act 2003. This is encouraged where any person wishes to access the protections afforded by the Act.

The Shire's Public Interest Disclosure Information Guidelines are available on the Shire's website at [Public Interest Disclosures](#).

Anonymous complaints may be made to a range of external agencies such as the Crime and Corruption Commission or the Public Sector Commission. Please refer to their websites for further details.

[Corruption and Crime Commission](#)

[Public Sector Commission](#)

9. Planning and Resourcing

The Shire is committed to allocating the required resources across the organisation to ensure appropriate controls in regard to fraud and corruption. In particular resources will be made available to –

- develop and implement the Plan;
- undertake fraud and corruption risk assessments;
- deliver organisational training and awareness;
- review incidents reports; and
- undertake investigations.

The Table 9.1 outlines the action the Shire will undertake to develop and implement the Plan.

Table 9.1

Objective	Action	Responsible Officer	Timeframe
Planning	Develop a Fraud and Corruption Control Plan.	Manager Corporate Services	Complete
	Monitor the operation of the Fraud and Corruption Control Plan through the internal audit processes.	Manager Corporate Services	Annual
	Communicate the Fraud and Corruption Control Plan	Manager Corporate Services	Ongoing
	Review the Fraud and Corruption Control Plan.	Manager Corporate Services	Once every 2 years < 2025
	Fraud Awareness Training for Employees and Elected Members	Manager Corporate Services	Annual
	Dissemination of Public Interest Disclosure Policy and Officer's details on the internet.	Manager Corporate Services	Ongoing
	Pre employment screening for all new employees	Manager Corporate Services	Ongoing
Ensure that an appropriate level of resources is applied to controlling fraud and corruption risk.	Appoint a Fraud and Corruption Control Officer.	CEO	Ongoing
Internal Audit Activity	Fraud and Corruption risks are considered and featured in internal audit activities.	CEO	Ongoing

10. External Resources

Where required, external assistance will be engaged to support the delivery of any aspect of this Plan.

11. Prevention

Robust internal controls and systems are a prime defence mechanism against fraud and corruption. These controls include but are not limited to those detailed in Table 11.1.

Table 11.1

Objective	Action	Responsible Officer	Timeframe
Implementing and maintaining an integrity framework	Codes of Conduct deemed as key enablers are monitored and regularly reviewed	Manager Corporate Services	Annual
	Leadership Team – lead by example in which behaviours to follow.	CEO, Managers	Ongoing
	Ethical culture and awareness of fraud and corruption prevention to be promoted and monitored through Code of Conduct training.	Manager Corporate Services	Induction and Ongoing, breaches monitored, and trends addressed through policies, training and reporting.
	Declarations of interest procedures to be maintained and reviewed.	Manager Corporate Services	Once every 2 years < 2025
	Staff advised of their obligations when receiving gifts and reporting in the Gifts Register.	Manager Corporate Services	Ongoing and as required
	Dissemination of Public Interest Disclosure Policy and Officer's details on the internet.	Manager Corporate Services	Ongoing
Management Commitment to Controlling Risks of fraud and corruption	Leadership has a high level awareness of the risks of fraud and corruption, and if not, appropriate awareness training is provided.	CEO, Managers	Ongoing
Accountability	Statement to promote staff accountability for their own work processes.	Manager Corporate Services	Ongoing
	Preventing fraud and corruption is annotated in the position descriptions.		
Internal Controls	Biannual reports to the Audit and Risk Committee on the review and improvement of the Shire's internal control framework.	Manager Corporate Services	Biannual
	Fraud and Corruption Control Policy/Plan available to all staff via the Document Centre.		

	Internal audit to regularly review processes and provide recommendations in respect of fraud and corruption risks.		
Assessing Fraud and Corruption Risk	Continually assess fraud and corruption risks.	CEO, Manager Corporate Services	Ongoing
	Monitor and review the fraud and corruption complaints.		
	Ensure all new employees receive Code of Conduct training in their induction and throughout the period of their employment, appropriate to their level of responsibility.	Manager Corporate Services	As required
	Ensure updates and changes to fraud related policies, procedures, Code of Conduct etc. are effectively communicated to all employees.	Manager Corporate Services	As required
	Encourage staff to report any suspected incidences of fraud or corruption.	CEO, Managers	Ongoing
Employment Screening	Pre-employment screening to validate applicant qualifications, identity, working with children, transcripts and other certifications	Manager Corporate Services	As required
	Pre-employment screening is included in recruitment policy/procedure.		To be reviewed and completed July 2023
Supplier Vetting	Review Tendering and Purchasing policies to ensure suppliers are bona fide	Manager Corporate Services	To be reviewed by May 2023.
	Undertake Vendor audits		Ad hoc

12. Detection

The Shire has the following measures as detailed in Table 12.1 in place to identify and detect incidents of fraud and corruption.

Table 12.1

Objective	Action	Responsible Officer	Timeframe
Detection system	Conducting unscheduled internal reviews and audits on a surprise basis	Manager Corporate Services	Ad hoc

	<p>Comprehensive Fraud and Corruption risk audit to include a review of:</p> <ul style="list-style-type: none"> • IT and information security • Grants and other payments • Tendering processes, purchasing and contract management • Services provided to the community • Revenue collection • Use of credit cards • Travel allowance and other allowances • Salaries • Money, property and other physical assets 	Manager Corporate Services, Manager Financial Reporting	Annual
	Annual report to Audit and Risk Committee regarding the position of Risk Management, Internal Controls and Legislative Compliance.	Manager Corporate Services	Annual
External Auditor	<p>External Audit of appropriateness and effectiveness of Shire systems and procedures in relation to:</p> <ol style="list-style-type: none"> i. Risk management ii. Internal control iii. Legislative compliance 	CEO, Manager Corporate Services, Manager Financial Reporting, Audit and Risk Committee	Once in every three financial years
Avenue for reporting	There are adequate means for reporting suspicious or known illegal or unethical conduct available to all personnel.	CEO, Manager Corporate Services	Ongoing
Public Interest Disclosure	Dissemination of Public Interest Disclosure Policy and Officer's details on the internet.	Manager Corporate Services	Ongoing
Whistle blower Protection	Policy is to actively protect whistleblowers.	CEO, Managers	To be reviewed and completed by July 2023
Accountability	Statement to promote staff accountability for their own work processes.	Manager Corporate Services	Ongoing
	Preventing fraud and corruption is annotated in the position descriptions.		
Supplier Vetting	Review Tendering and Purchasing policies to ensure suppliers are bona fide	Manager Corporate Services	To be reviewed by May 2023.
	Undertake Vendor audits		Ad hoc
Actual vs Budget Analysis	Monitor actual income or expenditure.	Managers, Budget Responsible Officers	Ongoing

13. Response

Fraud response as detailed in Table 13.1 is a key element of the overall Fraud and Control Plan. As fraud and corruption are criminal offences the primary responsibility for investigating and initiating prosecution for suspected fraud or corruption rests with the Police Service.

Table 13.1

Objective	Action	Responsible Officer	Timeframe
Policies and Procedures	Fraud and Corruption Control Policy/Plan reviewed, maintained and communicated.	CEO, Manager Corporate Services	Once every 2 years <2025
Investigation	Internal Investigation process established	CEO, Manager Corporate Services,	As required
	Appointment of External Investigator Process		
Internal Reporting	Develop and maintain a fraud and corruption incident register	Manager Corporate Services	To be developed by July 2023
	Table fraud and corruption incident register at the Audit and Risk Committee on six monthly basis.	CEO	Six monthly
Disciplinary Procedures	Disciplinary action, which may include termination of employment, is taken against officers involved in any misconduct in accordance with the Shire's policies.	CEO, Managers	As required
External Reporting	The Shire will report suspected fraudulent and corrupt conduct in accordance with the <i>Corruption, Crime and Misconduct Act 2003</i> , and to the Police where appropriate.	CEO, Managers	As required
Civil action for recovery of losses	The Shire may seek to recover any money or assets lost due to incidents of fraud and corruption where appropriate.	CEO, Manager Corporate Services	As required
Review of internal controls	Where fraud is detected, assess adequacy of internal controls and consider whether improvements are required.	Manager Corporate Services	As required
Fidelity guarantee insurance	Maintain a fidelity guarantee insurance policy, that insures the entity against the risk of loss arising from internal fraudulent conduct.	Manager Corporate Services	Ongoing

14. Review

The Fraud and Control Plan will be reviewed at least once every two years.