FRAUD & CORRUPTION
CONTROL PLAN

MAY 2024

SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

Contents

1. Introduction

The Shire of Merredin (the Shire) is committed to the highest possible values of respect, excellence, accountability and leadership in all its businesses.

The Shire has zero tolerance for fraudulent activities or corrupt conduct. The Shire is committed to preventing, deterring and detecting fraudulent and corrupt behaviour in the performance of Shire activities. Suspected fraud and corruption will be dealt with in accordance with Shire policies, procedures and the *Corruption, Crime and Misconduct Act 2003*.

The Shire is the custodian of significant public funds and assets and therefore it is important that the community are assured that these are adequately protected from fraud and corruption.

All staff are responsible and accountable for the assessment of fraud and corruption risks within their directorate, reporting suspected fraud and corruption and to behave ethically.

2. Purpose of a Fraud and Corruption Control Plan

The purpose of the Fraud and Corruption Control Plan (the Plan) is to detail the Shire's intended action in implementing and monitoring fraud and corruption prevention, detection, response and monitoring initiatives.

The Plan has been developed in line with Australian Standard AS8001-2021 Fraud and Corruption Control and the Shire's Fraud and Corruption Policy, and forms part of the Shire's Risk Management Framework.

Elected Members and the Shire Administration are committed to adopting and implementing policies and practices that prevent, deter and detect fraudulent and corrupt behaviour in the performance of Shire activities.

The desired outcome of the Shire's commitment is the elimination of fraud and corruption throughout the organisation.

3. Definitions

Fraud and Corruption Control Standard AS 8001-2021 defines **fraud** as:

"Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of monies or other property by persons internal and/ or external to the organisation and/ or where deception is used at the time, immediately before or immediately following the activity."

Fraud and Corruption Control Standard AS 8001-2021 defines **corruption** as:

"Dishonest activity in which a person associated with and organisation (e.g. director, executive, manager, employee or contractor) acts contrary to the interests of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interests of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly."

4. What is a Fraud and Corruption Control Plan?

The Plan gives guidance and direction to Shire officers and stakeholders on the processes for:

- preventing fraud and corruption;
- detecting fraud and corruption; and

- responding to fraud and corruption.

The Plan aims to:

- reduce the potential for fraud and corruption within and against the Shire;
- build a culture which seeks to prevent fraud and corruption;
- explain how suspected fraud and corruption is dealt with through risk management practices; and
- provide guidance on how any suspected instances of fraud or corruption are dealt with.

This Plan is comprised of four stages: planning and resourcing, prevention, detection, and response.

5. Roles and Responsibilities

Council

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

Audit Committee

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

- Reviewing risk management frameworks and associated procedures for the effective identification and management of fraud risks;
- Overseeing the development and implementation of the Fraud and Corruption Control 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.

Chief Executive Officer (CEO)

The CEO applies the Shire's resources to fraud prevention and ensures the implementation of adequate controls for managing fraud and corruption risks within the Shire.

The CEO, under the *Corruption, Crime and Misconduct Act 2003* must notify the Corruption and Crime Commission or the Public Sector Commission if misconduct is suspected.

Executive Managers

The Executive Managers are responsible for implementing the Fraud and Corruption Control Plan. In particular, the Executive Managers must:

- Provide leadership, guidance, training and support to employees in preventing fraud and corruption;
- Identify high fraud risk areas;
- Participate in fraud and corruption risk assessment reviews;
- Monitor the continued operation and effectiveness of controls;
- Report suspected fraud and corruption promptly, maintaining confidentiality; and
- Ensure the protection of complainants who report fraudulent and corrupt activities.

Public Interest Disclosure (PID) Officer

PID Officers investigate disclosures and take 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 procedures, resisting opportunities to engage in fraudulent or corrupt behaviour, and reporting suspected fraudulent or corrupt incidents or behaviour.

6. Reporting Suspected Fraud and Corruption Incidents

Reporting through the Grievance Procedure

The grievance resolution process contains an informal and formal stage which is detailed within Staff Policy 1.16 – Grievances, Investigations and Resolution.

The informal stage allows for grievances to be resolved directly and promptly by the key people involved, with or without the assistance of others, keeping procedural requirements to a minimum.

Where satisfactory resolution of the issue is not achieved, the matter will progress to the formal stage. The formal stage commences when an aggrieved party details a complaint in writing to the organisation via their direct manager or the CEO.

Making a Disclosure of Public Interest Information (PID)

The PID procedure is designed to encourage and facilitate the disclosure of improper conduct, provide protection for those who make disclosures, and provide protection for those who are subject of a disclosure.

A detailed procedure for making, receiving and investigating a disclosure are outlined in the Shire of Merredin PID Guidelines. Please refer to this document for further advice.

Making an Anonymous Fraud or Corruption Report

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 website for further details.

7. Planning and Resourcing

This stage of the Plan outlines the actions the Shire will undertake to develop and implement the Plan.

What	How	Who	When
Component	**Action**	**Responsible Officer**	**Timeframe**
Planning	Executive endorsement and commitment to the Plan	Chief Executive Officer	Ongoing
Communicating	Commitment to the Plan is communicated to stakeholders via Shire's website	Media and Communications Officer	Ongoing
Reviewing	Review Fraud and Corruption Control Plan	Executive Manager Corporate Services	Every two years
Resourcing	Adequate resources are allocated to assess allegations when breaches occur including post-incident analysis	Executive Manager Corporate Services	Ongoing

Audit Activity	Fraud and corruption risks are considered in audit activities	Executive Manager Corporate Services	

8. Prevention

This stage of the Plan outlines the systems, frameworks and processes the Shire has in place to support the prevention of fraud and corruption.

What	How	Who	When
Component	**Action**	**Responsible Officer**	**Timeframe**
Implementing & Maintaining Ethical Culture	Corporate Governance Framework developed, reviewed, maintained and communicated	Chief Executive Officer/ Executive Officer	Every two years
	Leadership Team lead by example demonstrating which behaviours should be followed.	Chief Executive Officer/ Executive Managers	Ongoing
	Code of Conduct (Staff) reviewed, maintained and communicated	Chief Executive Officer/ Executive Managers	Every two years
	Code of Conduct (Councillors) reviewed, maintained and communicated	Chief Executive Officer/ Executive Officer	
	Ethical culture and awareness of fraud and corruption prevention and control procedures promoted through Code of Conduct training	Executive Managers	
	Declarations of interest procedures to be maintained and reviewed	Chief Executive Officer/ Executive Managers	
	Staff advised to make appropriate declarations, and statutory registers to be maintained	Chief Executive Officer/ Executive Managers	As required
Commitment to Controlling Risk	High level of commitment to controlling fraud and corruption risk as per the Risk Management Framework	Chief Executive Officer/ Executive Managers	Ongoing
Accountability	Statement to promote staff accountability for their own work processes to be maintained	Executive Managers	
	Organisational chart is maintained and available to all officers	Chief Executive Officer/ HR	
	Preventing fraud and corruption should be specified in the position description of line managers	Human Resources	
	Fraud and Corruption accountabilities included in performance management system	Executive Managers/ Human Resources	

	Where fraud and corruption risks are known, processes are to be clearly documented and reviewed	Executive Managers	
	Supervisors to monitor adherence to work procedures and ensure training and advice is provided where needed	Chief Executive Officer/ Executive Managers/ Line Managers	
Internal Controls	An adequate level of scrutiny, verification and reconciliation is performed by the relevant level of management to ensure policies and guidelines have been complied with by the Shire Officers	Chief Executive Officer/ Executive Managers	
	Fraud and Corruption policies and procedures are available via the intranet and shared drive.	Executive Manager Corporate Services/ Media and Communications Officer	
	Internal review of processes regularly and provide recommendations for improvement in respect of fraud and corruption risks	Executive Manager Corporate Services/ Audit Committee	Quarterly
Assessing Fraud and Corruption Risk	Identify fraud and corruption risks as part of the risk review process	Chief Executive Officer/ Executive Managers	Ongoing
	Document fraud and corruption risks within the Risk Dashboard	Chief Executive Officer/ Executive Managers	Ongoing/ Full review every two years
	Fraud and corruption risks to be monitored via the Risk Dashboard	Audit Committee/ Executive Managers	Ongoing/ Full review every two years
Communication & Awareness	Ongoing communication of fraud and corruption awareness, including coverage for all Shire locations	Executive Managers	Ongoing
	Fraud and corruption prevention and control information to be provided to all new staff, along with Code of Conduct	Executive Managers	Ongoing
	Encourage staff to report any suspected incidences of fraud or corruption	Executive Managers	Ongoing
	Ensure staff are aware of the alternative ways in which they can report allegations of fraud or unethical conduct	Executive Managers	Ongoing

Employment Screening	Pre-employment screening to validate applicant's qualifications, transcripts and other certifications	Executive Manager Corporate Services/ HR Admin	Ongoing
	Criminal history checks required for all new employees	Executive Manager Corporate Services/ HR Admin	Ongoing
	Re-validation checks of criminal history	HR Admin	Every 3 years
	Working with Children Checks required for all staff working with children	HR Admin	As required
Supplier Management	Shire website to include Policy and Plan	Executive Manager Corporate Services/ Media and Communications Officer	Ongoing
	External providers dealing with the Shire are to be made aware of relevant policies	Executive Managers	
	Suppliers are expected to declare actual or perceived conflicts of interest as soon as they become aware	Executive Managers	
Controlling the Risk	Where practical, there is a sufficient level of segregation of duties	Executive Managers	

9. Detection

This stage of the Plan outlines strategies in place to detect or expose fraud and corruption.

What	How	Who	When
Component	**Action**	**Responsible Officer**	**Timeframe**
Detection System	An adequate level of scrutiny, verification and reconciliation is performed by the relevant level of management to ensure policies and guidelines have been complied with by the Shire Officers	Executive Managers	Ongoing
	Internal reviews of Shire functions and processes to identify susceptible areas	Audit Committee	Ongoing
	Financial Management Review and Regulation 17 Reviews to be completed not less than every three years	Chief Executive Officer/ Executive Manager Corporate Services	At least every three years
Avenues for Reporting	Culture of reporting to be supported and encouraged through induction, training, planning, policies and	Executive Managers	Ongoing

Public Interest Disclosure	procedures		Ongoing
	All suspected instances of improper conduct reported to PID Officer	All Staff, Volunteers and Contractors	Ongoing
	Public Interest Disclosure Guidelines and procedures to be maintained and reviewed	Executive Manager Corporate	Every two years
	Allegations are treated and assessed with the highest level of confidentiality	Chief Executive Officer/ Executive Managers/ PID Officer	Ongoing
	Reasonable actions to minimise risks of victimisation and to ensure victimisation of disclosure is managed swiftly and appropriately	Chief Executive Officer/ Executive Managers	

10.   Response

This stage of the Plan outlines the processes for responding to fraud and corruption within the Shire and the channels for ensuring improvements are made.

What	How	Who	When
Component	Action	Responsible Officer	Timeframe
Policies and Procedures	Performance management process to be maintained and reviewed regularly	Chief Executive Officer/ Executive Managers	Every two years
	Fraud and Corruption Control Plan and Policy reviewed, maintained and communicated	Executive Manager Corporate Services	
Investigation	Investigations to occur as per the legislative requirements	Chief Executive Officer/ Executive Managers/ PID Officer	As required
	Investigations to be conducted according to the Grievances, Investigations and Resolution Policy or referred to external investigative agency as appropriate	Chief Executive Officer	
	Investigation outcomes/ results supported and implemented by means determined by the Executive Management Team	Executive Managers	
	All occurrences of alleged or proven fraud and/or corruption to be reported as a risk incident and recorded in the risk register	Executive Managers	
Internal Reporting	Risk incidents and risk reporting to be used in identifying risks, reviewing Strategic Risk Profile and identifying risk mitigation strategies	Executive Managers	Ongoing

	Disciplinary process to be maintained and reviewed regularly	Chief Executive Officer	Every two years
Disciplinary Procedures	The Chief Executive Officer to report any improper conduct that amounts to corrupt conduct as per the Corruption, *Crime and Misconduct Act 2003* with appropriate actions taken in regard to CCC and PSC recommendations	Chief Executive Officer	As required
External Reporting	External auditing and financial statements to be consistent with relevant or applicable Standards	Executive Manager Corporate Services/ Audit Committee	Annually
	Policies and procedures to be reviewed taking into account risk incidents and/or in response to recommendations by auditors	Policy Owners	Every two years
	CEO to report any improper conduct that amounts to corrupt conduct as per the *Corruption, Crime and Misconduct Act 2003*	Chief Executive Officer	As required
Review of Internal Controls	Awareness of internal controls/ prevention mechanisms to be reinforced through training on any new processes or procedures	Executive Managers	Ongoing and every two years
	Council stance on fraud and corruption to be stated in relevant corporate documents	Chief Executive Officer/ Executive Managers	As required
	Where fraud is detected, assess adequacy of internal controls and consider whether improvements are required	Chief Executive Officer/ Executive Managers	As required

11. Communication, Training and Awareness Overview

Shire wide interaction and awareness is at the core of the Plan.

	Communication Elements		
Communication, training and awareness	The following communication elements are essential to the Plan: • General awareness of the Fraud and Corruption Policy; • Understanding of organisational expectation relating to fraud and corruption; • Understanding of the requirements and references contained in the Plan; and • Awareness and ownership of the responsibilities referenced within the Policy and Plan.		
	Key Messages		
	• Council's stance on fraud and corruption is outlined in the Policy.		

	• The Plan provides reference to the internal controls used the Shire to prevent, detect and respond to fraud and corruption. • Fraud and corruption risks are assessed and mitigating options are developed through risk management processes. • Reporting requirements regarding fraud and corruption are aligned with and use, where possible, current complaints/ PIDs/ misconduct and risk reporting processes.		
	Key Communication		
	Communication	**Channel**	**Frequency**
	Fraud and Corruption Control Plan	Intranet, shared drive	Ongoing
	Fraud and Corruption Policy	Policy manual – website, intranet, shared drive	Ongoing
	Code of Conduct	Intranet, shared drive	Two years
	Responsibilities of specific areas identified within the Plan	Specific contact from Plan owner	After review of Plan
	Area Specific Responsibilities		
	Area	**Outline of Responsibility**	
	Executive Manager Corporate Services	Policy and Plan owner – maintenance and review with prevention input as required	
	Audit Committee	Oversight of risk management function and assessment of risk management profiles	
	Other	As outlined in Plan	
	Reporting		
	Report Content	**Report To:**	
	Risk Dashboard	Audit Committee	
	PIDs	Follow Public Interest Disclosure Policy and Procedures	

12.   Monitoring Action Items

Monitoring action items will occur as per the above tables, with reporting to necessary parties occurring as required.