



1/024 Fraud and Corruption Prevention

Objective

The objectives of this Policy are to:

- Demonstrate the Town of Port Hedland's (the Town) commitment to zero tolerance for acts of fraud or corruption in the performance of all its functions and interactions.
- Provide direction on the strategies to be utilised by the Town in implementing and monitoring fraud and corruption prevention, detection and mechanisms for response.

Scope

This Policy applies to the Town's Employees, Elected Members, Committee Members, Volunteers, Consultants and Contractors, who share in the collective responsibility to assess the risk of fraud and corruption in the activities undertaken by the Town, behave ethically and conduct their business in line with the Town's values of unity, integrity and quality.

Content

Fraud is the act of obtaining a benefit, financial or otherwise, by deception. By its nature it is deceitful and dishonest. Corruption is any dishonest activity in which a person associated with an organisation 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.

Fraud and corruption may take many forms, including but not limited to:

- Theft or obtaining any type of benefit by deception;
- Providing false or misleading information, or withholding information where there is a requirement for it to be provided; and
- Unlawful use of technology, vehicles, property or services.
- Release of information (including unauthorised access to systems and data)
- Undeclared conflicts of interest

Fraud and corruption prevention forms part of the Town of Port Hedland Risk Management Framework. It is a risk that the Town actively seeks to identify and limit its exposure to by reducing the risk likelihood for fraud and corruption to occur, where risk is identified.



Policy Principles

1. Fraud and corruption is taken seriously at the Town with zero tolerance of fraudulent activity or corrupt conduct;
2. Employees and other internal stakeholders must abide by the Town of Port Hedland Code of Conduct;
3. Employees will act with honesty and integrity by reporting suspected unethical, fraudulent, dishonest, illegal or corrupt behaviour to their Supervisor, Manager, or the CEO in accordance with Town of Port Hedland's relevant Internal Operating Procedure.
4. In accordance with the Corruption, Crime and Misconduct Act 2003, if the CEO suspects on reasonable grounds that the alleged behaviour may constitute misconduct as defined in that Act, the CEO will notify:
 - (i) the Corruption and Crime Commission, in the case of serious misconduct; or
 - (ii) the Public Sector Commissioner, in the case of minor misconduct; and
5. Disclosures of fraud or corruption may attract protections under the *Public Interest Disclosures Act 2003*.

Public Interest Disclosure

The *Public Interest Disclosure Act 2003* (PID Act) enables people to make disclosures about wrongdoing within the State Public Sector, Local Government Entities and Public Universities without fear of reprisal. The Act aims to ensure openness and accountability in government by encouraging people to make disclosures by maintaining confidentiality and providing immunity from detrimental action.

The Town will take all reasonable steps to provide protection to those who make such disclosures from any detrimental action in reprisal for the making of a public interest disclosure.

Disclosures can be made to the PID Officer. The Manager Governance, Senior Governance Advisor and Senior Legal Counsel are the Town's delegated PID Officers.

Controls

The Town has a zero tolerance policy for fraud and corruption and has several key controls in place to safeguard against fraud and corruption, including but not limited to:

1. **Town of Port Hedland Code of Conduct for Employees, Consultants, Contractors and Volunteers**

- The Code of Conduct provides employees, consultants, contractors and volunteers with clear guidelines for the standards of professional conduct and behaviour expected of them in carrying out their functions and responsibilities. It provides information on the reporting and handling of suspected unethical, fraudulent, dishonest, illegal, or corrupt behaviour.

2. Due Diligence / Pre-employment Checks

- Prior to appointment of a new-starter, Human Resources conduct reference checks, qualification and licensing checks and verify working rights where applicable.

3. Policies and Procedures

- The Town has policies and procedures in place around disclosure of conflicts of interests, disclosure of financial interests for relevant employees and elected members, handling of gifts and tenders. These policies and procedures assist in meeting legislated requirements.

Detection

The Town deploys several mechanisms in the identification and detection of fraud and corruption, including but not limited to:

1. Internal Audit

- Internal Audit's audit activities play an important role in identifying weaknesses in the fraud and corruption control environment.

2. External Audit

- Annual external audit of the Financial Reports assists in the detection of fraud under Australian Auditing Standard ASA 240: The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report.

3. Detection Strategies

- The Town to an extent relies on its employees to minimise the opportunity for fraud and corruption or its non-detection, through:
 - Internal control systems
 - Training and awareness
 - Risk management processes

Roles and Responsibilities

1. With guidance from the Mayor and Council, the CEO shares the role of accountable authority for taking, or causing to be taken, all the measures

to identify and arrest any fraud or attempted fraud.

2. The Audit and Risk and Compliance Committee (ARC Committee) oversees the processes and systems which protect the Council against fraud and irregularities.
3. The Executive Leadership Team, responsible collectively and individually for the application of fraud and corruption prevention measures in their respective divisions
4. The Governance Business Unit, owner of this policy and of the legal, risk management, Public Interest Disclosure (PID) and Conflict of Interest Functions. The Governance Business Unit will communicate regularly with staff on the Public Interest Disclosure (PID) Procedures, who the Towns PID officer is and the Towns policy 1/023 Publish Interest Disclosure.
5. The Human Resources business unit, owner of disciplinary processes and of organisational development functions.

Below is a summary of Legislated Responsibilities that help control fraud risks. This list is not exhaustive.

Legislation	Responsibility
<p style="text-align: center;"><i>Local Government Act 1995</i></p>	<ul style="list-style-type: none"> • Disqualifies individuals from becoming elected members due to insolvency, criminal convictions, or misapplication of funds • Councils must believe that a person is suitably qualified for the position of CEO, and CEOs must believe that staff are suitably qualified for their positions • All employees must be selected in accordance with the principles of merit and equity • Mandates a general need for good government and the creation of a Code of Conduct • Council members, the CEO and designated staff members must disclose financial interests' • Employees must disclose any interests when they are advising or reporting to council • An audit committee must be formed sets out penalties for improper use of information
<p style="text-align: center;"><i>Local Government (Rules of Conduct) Regulations 2007</i></p>	<ul style="list-style-type: none"> • Requires council members to act ethically, be open and accountable



	<ul style="list-style-type: none"> • Forbids council members from influencing employees or using their office for personal advantage • Council members must declare any interests in matters being discussed at council or audit committee meetings • Sets out restrictions on gifts and travel contributions to councillors and requirements for records to be kept
<i>Local Government (Financial Management) Regulations 1996</i>	<ul style="list-style-type: none"> • CEOs are to establish efficient systems and procedures for collection and custody of money owing to the entity
<i>Local Government (Audit) Regulations 1996</i>	<ul style="list-style-type: none"> • Describes the function of the Audit Committee • Regulation 17 requires a CEO to review appropriateness and effectiveness of systems and procedures relating to risk management, internal control and legislative compliance. This is then reported to the audit committee
<i>Local Government (Administration) Regulations 1996</i>	<ul style="list-style-type: none"> • Sets out information on disclosure of financial interests • Provides detailed information on what value of gifts must be reported and which are prohibited • Requires a register of gifts to be publicly accessible • Requires Codes of Conduct to contain information on gifts, travel contributions and disclosing interests
<i>Local Government (Functions and General) Regulations 1996</i>	<ul style="list-style-type: none"> • Entities must develop a policy for purchases less than, or equal to, \$150,000 • Purchases worth more than \$150,000 must be conducted through tender • Sets out requirements for pre-qualified suppliers
<i>Public Interest Disclosure Act 2003</i>	<p>Entities must</p> <ul style="list-style-type: none"> ○ Publish internal procedures for reporting a PID ○ Designate at least 1 PID officer to receive reports. They must comply with the Public Sector Commissioner's minimum standards of conduct and integrity

The Town will report acts of Fraud and Corruption to the appropriate authority and will seek to recover losses suffered through these acts.

Definitions

For the purpose of this policy:

Code of Conduct: Document broadly communicated within the organisation setting out expected standards of behaviour.

Conflict of Interest: Situation where business, financial, family, political or personal interests could interfere with the judgement of persons in carrying out their duties for the organisation.

Control: Measure that is modifying risk.

Corruption: Dishonest activity in which a person associated with an 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.

Fraud: Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys 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

<i>Relevant legislation</i>	<i>Corruption and Crime Act 2003 Local Government Act 1995 Local Government (Audit) Regulations 1996 r17 AS 8001:2021 – Fraud and Corruption Control Town of Port Hedland Risk Appetite Statement Town of Port Hedland Risk Management Framework 1/022 Risk Management Policy 1/023 Public Interest Disclosure</i>
<i>Delegated authority</i>	<i>Nil</i>
<i>Business unit</i>	<i>Nil</i>
<i>Directorate</i>	<i>Office of the CEO</i>



<i>Governance to complete this section</i>			
<i>Version Control</i>	<i>Version No.</i>	<i>Resolution No.</i>	<i>Adoption date</i>
	V01	CM201617/046	31 August 2016
	V02	CM202223/020	07 September 2022
<i>Review frequency</i>	2 Yearly		

Document Control Statement – The electronic reference copy of this Policy is maintained by the Governance Team. Any printed copy may not be up to date and you are advised to check the electronic copy at <http://www.porthedland.wa.gov.au/documents/public-documents/policies> to ensure that you have the current version. Alternatively, you may contact the Governance Team.