



1/024 Fraud and Corruption

1. Objective

The Town of Port Hedland (the “Town”) Fraud and Corruption Policy has been developed to support the Town to effectively discharge their responsibilities under Regulation 5 of the *Local Government (Financial Management) Regulations 1996*.

The objectives of this Policy are to:

- Demonstrate the Town’s commitment to zero tolerance for acts of fraud or corruption in the performance of all its functions and interactions.
- Provide clear direction on strategies for implementing and monitoring fraud and corruption prevention, detection and response mechanisms.
- Promote a culture of integrity and ethical behaviour among all Town employees, elected members, volunteers, consultants, and contractors.
- Enhance transparency and accountability in all Town operations and decision-making processes.
- Strengthen internal controls to minimise the risk of fraud and corruption.

2. 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.

3. Content

3.1 *Fraud*

Fraud is dishonest activity causing actual or potential gain or loss to any person or organisation (including theft of money or other property) by employees or persons external to the organisation, and/or where deception is used at the time, immediately before or immediately following the activity.

Fraud can be committed by employees (internal fraud) or by external parties (external fraud), and sometimes involves collaboration between an employee and an outside party.

3.2 *Corruption*

Corruption involves dishonest activities where an individual associated with an organisation (e.g., director, executive, manager, employee, or contractor) abuses



their position of trust and acts against the organisation's interests to gain a personal advantage or benefit another person or organisation.

3.3 *Examples of recognised fraudulent and corrupt behaviour*

- 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;
- Unlawful or unauthorised use of technology, vehicles, property or services;
- Release of information (including unauthorised access to systems and data); and
- Undeclared conflicts of interest

3.4 *Policy principles*

1. Fraud and corruption is taken seriously at the Town with zero tolerance of fraudulent activity or corrupt conduct;
2. Employees, Consultants, Contractors and Volunteers must abide by the Town of Port Hedland Code of Conduct for Employees, Consultants, Contractors and Volunteers.
3. Council Members, Committee Members and Candidates must abide by the Town of Port Hedland Code of Conduct for Council Members, Committee Members and Candidates.
4. Employees will act with honesty and integrity by reporting suspected unethical, fraudulent, dishonest, illegal or corrupt behaviour to their line leader, manager or the CEO in accordance with relevant plans and procedures.
5. 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
6. Disclosures of fraud or corruption may attract protections under the *Public Interest Disclosures Act 2003*.

3.5 *Controls*

Controls can be categorised as:

- Preventative (P) – aim to prevent issues before they occur
- Detective (D) – identify issues that have already occurred
- Responsive (R) – address and respond to issues that have been identified

The Town has a zero tolerance policy for fraud and corruption and has several key controls in place to safeguard against fraud and corruption. These include:

Key Control	Category		
	P	D	R
Fraud and corruption policy	✓		
Code of conduct	✓		
Employee awareness and training	✓	✓	
Workforce screening	✓		
Risk assessment	✓		
Internal controls	✓	✓	
Internal audit	✓	✓	
External audit	✓	✓	
Internal reporting		✓	✓
Public interest disclosures		✓	
Investigations			✓
External reporting			✓

The Town of Port Hedland Fraud Control Plan details each control.

3.6 Reporting mechanisms

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 following PID Officer's:

- Director Corporate Services
- Executive Manager Human Resources
- Manager Governance
- Senior Governance Advisor

The PID Officers can be contacted via email: pid@porthedland.wa.gov.au

Internal reporting

Employees should report concerns to their immediate line leader, who is responsible for escalating the issue to senior management when needed.

Where employees are hesitant to report concerns to their immediate supervisor or if they believe that appropriate action has not been taken, they may also report to:

- A more senior manager
- The Manager Governance
- The CEO
- The online form (intranet)
- The Public Sector Commission (PSC)
- The Corruption and Crime Commission (CCC)

External reporting

The Town is obligated to report minor misconduct to the PSC and serious misconduct to the CCC in accordance with the Corruption, Crime and Misconduct Act 2003.

Public Sector Commission: minormisconduct@psc.wa.gov.au

Crime & Corruption Commission: reportcorruption@ccc.wa.gov.au

3.7 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 respond to 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 Audit, Risk & Insurance Business Unit are responsible for the development and maintenance of the following policies and plans which form part of the Town's Integrity Framework:
 - Policy 1/024 Fraud and Corruption
 - Policy 1/022 Risk Management
 - Fraud and Corruption Plan
 - Risk Management Framework
 - Relevant internal operating procedures and templates



5. The Governance Business Unit are responsible for the development and maintenance of the following policies and plans which form part of the Town's Integrity Framework:
 - Policy 1/023 Public Interest Disclosure
 - Relevant internal operating procedures (incl. conflicts of interest and gift disclosures)
6. The Human Resources business unit is the owner of disciplinary processes and of organisational development functions. The business unit are also responsible for the development and maintenance of the Code of Conduct.

3.8 Legislated responsibilities

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

Legislation	Reference	Responsibility
<i>Local Government Act 1995</i>	s2.21; s2.22; s2.24	Disqualifies individuals from becoming elected members due to insolvency, criminal convictions, or misapplication of funds.
	s5.36(2); s5.36(3)	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.
	s5.51A(1)	Mandates that the CEO must prepare and implement a code of conduct to be observed by all employees.
	Div 6	Council members, the CEO and designated staff members must disclose financial interests.
	s7.1A(1)	An Audit Committee must be formed.
	s5.93	Sets out penalties for improper use of information.
<i>Local Government (Financial Management) Regulations 1996</i>	Reg 5(2)	<p>The CEO is to:</p> <ol style="list-style-type: none"> a) ensure that the resources of the local government are effectively and efficiently managed; and b) assist the Council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.



Legislation	Reference	Responsibility
<i>Local Government (Audit) Regulations 1996</i>	Reg 17	The CEO is to review the 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>	Part 6	Sets out information on disclosure of financial interests.
	Reg 19AB; Reg 19AF	Provides detailed information on what value of gifts must be reported and which are prohibited
	Reg 28A	Requires a register of gifts to be publicly accessible.
	Div 2	Requires Codes of Conduct to contain information on gifts, travel contributions and disclosing interests.
<i>Local Government (Functions and General) Regulations 1996</i>	Reg 11A	Entities must develop a policy for purchases less than, or equal to, \$250,000.
	Reg 11(1)	Purchases worth more than \$250,000 must be conducted through tender.
<i>Public Interest Disclosure Act 2003</i>	s23	Entities must: <ul style="list-style-type: none"> • 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

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: Corruption involves dishonest activities where an individual associated with an organisation (e.g., director, executive, manager, employee, or contractor) abuses their position of trust and acts against the organisation's interests to gain a personal advantage or benefit another person or organisation.

Fraud: Fraud is dishonest activity causing actual or potential gain or loss to any person or organisation (including theft of money or other property) by employees or persons external to the organisation, and/or where deception is used at the time, immediately before or immediately following the activity.



Relevant legislation	<i>Corruption and Crime Act 2003</i> <i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996 r17</i> <i>AS 8001:2021 – Fraud and Corruption Control</i> <i>Town of Port Hedland Risk Appetite Statement</i> <i>Town of Port Hedland Risk Management Framework</i> <i>1/022 Risk Management Policy</i> <i>1/023 Public Interest Disclosure</i>		
Delegated authority	<i>Nil</i>		
Business unit	<i>Audit, Risk & Insurance</i>		
Directorate	<i>Corporate Services</i>		
Version control	<i>Version No.</i>	<i>Resolution No.</i>	<i>Adoption Date</i>
	<i>V01</i>	<i>CM201617/046</i>	<i>31 August 2016</i>
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	<i>V03</i>	<i>CM202425/145</i>	<i>25 September 2024</i>
Review frequency	<i>2-yearly</i>		

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.