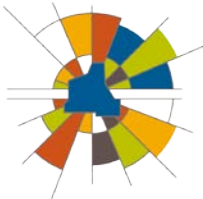


Fraud & Corruption Control Plan

June 2018



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

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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 a zero tolerance to fraud and corruption. Suspected fraud and corruption will be dealt with in accordance with Shire policies, procedures and the Corruption, Crime and Misconduct Act 2003.

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

What is the purpose of a Fraud and Corruption Control Plan

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

The Fraud and Corruption Plan ("the Plan") has been developed in line with Australian Standard AS8001-2008 Fraud and Corruption Control and the Shire's Fraud and Corruption Policy, and forms part of the Shire's Risk Management Framework.

Definitions

Fraud and Corruption Control Standard AS 8001-2008 defines **fraud** as

"Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business

purpose or the improper use of information or position for personal financial benefit."

Fraud and Corruption Control Standard AS 8001-2008 defines **corruption** as:

"Dishonest activity in which an executive manager, employee, or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity. The concept of "corruption" [within this standard] can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly"

Fraud and Corruption Control Plan

The Fraud and Corruption 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.

FRAUD & CORRUPTION CONTROL PLAN



Planning and Resourcing

This stage of the fraud and corruption control plan outlines the actions the Shire will undertake to develop and implement the fraud and corruption control 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	Risk Management Officer	
Reviewing	Review Fraud and Corruption Control Plan	Risk Management Officer	Every two years
Resourcing	Adequate resources are allocated to assess allegations when breaches occur including post-incident analysis	Executive Manager Corporate Services	Ongoing
Internal Audit Activity	Fraud and corruption risks are considered in the Strategic Internal Audit Plan and featured in internal audit activities	Executive Manager Corporate Services	

Prevention

This stage of the fraud and corruption control 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	Governance Statement is reviewed, maintained and communicated	Executive Manager Corporate Services	Every two years
	Lead by example in which behaviours follow the ethical culture that is a composite of the standards, codes and norms	Executive Managers	Ongoing
	Code of Conduct (Workers) reviewed, maintained and communicated	Executive Managers	Every two years
	Code of Conduct (Councillors) reviewed, maintained and communicated	Executive Managers	
	Ethical culture and awareness of fraud and corruption prevention and control procedures and processes to be promoted through Code of Conduct training	Executive Managers	
	Declarations of interest procedures to be maintained and reviewed regularly	Executive Managers	
	Staff advised to make appropriate declarations, and statutory registers to be	Executive Managers	
		As required	

FRAUD & CORRUPTION CONTROL PLAN



What	How	Who	When
Component	Action	Responsible Officer	Timeframe
	maintained		
Commitment to Controlling Risk	Level of commitment to controlling fraud and corruption risk as per the Risk Management Framework	Executive Managers	Ongoing
Accountability	Statement to promote staff accountability for their own work processes to be maintained	Executive Manager Corporate	
	Organisational chart is maintained and available to all officers	Chief Executive Officer	
	Fraud and Corruption accountabilities included in IPP System	Executive Manager Corporate	
	Where fraud and corruption risks are known, processes are to be clearly documented and reviewed	Business Unit Managers	
	Supervisors to monitor adherence to work procedures and ensure training and advice is provided where needed	Business Unit 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	Business Unit Managers Executive Manager Corporate	
	Fraud and Corruption policies and procedures are available via in the business model	Executive Manager Corporate	
	Internal audit to regularly review processes and provide recommendations for improvement in respect of fraud and corruption risks	Audit Committee	
Assessing Fraud and Corruption risk	Identify fraud and corruption risks as part of risk review process	Business Unit Managers	
	Fraud and corruption risk to be addressed as presented	Audit Committee	
Communication & Awareness	Ongoing communication of fraud and corruption awareness, including coverage for all Shire locations	Executive Manager Corporate	
	Fraud and corruption prevention and control information to be provided to all new staff	Executive Manager Corporate	

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What	How	Who	When
Component	Action	Responsible Officer	Timeframe
Employment Screening	Pre-employment screening to validate applicants qualifications, transcripts and other certification	Executive Manager Corporate	
	Criminal history checks required depending on role	Executive Manager Corporate	
	Re-validation checks of criminal history	Executive Manager Corporate	Every 3 years
Supplier Management	Shire website to include policy and plan (Statement of Ethics)	Executive Manager Corporate	Ongoing
	External providers dealing with the Shire are to be made aware of relevant policies	Executive Manager Corporate	
	Suppliers are expected to declare actual or perceived conflicts of interest as soon as they become aware as outlined in the Statement of Business Ethics for Contractors and Suppliers.	Executive Manager Corporate	
Controlling the risk	Where practical, there is a sufficient level of segregation of incompatible duties	Executive Managers	As required
	Probity Advisor is appointed for high value and high risk procurement as determined within policies and procedures	Executive Manager Corporate	

Detection

This stage of the fraud and corruption control 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 Executive Manager Corporate	Ongoing
	Internal Audit Plan to take into account risk incidents as reported in the risk register	Executive Manager Corporate	
	Internal audit to conduct regular reviews of Council functions and processes to identify susceptible areas	Audit Committee	As per Strategic Audit Plan

FRAUD & CORRUPTION CONTROL PLAN

What	How	Who	When
Component	Action	Responsible Officer	Timeframe
Avenues for reporting	Culture of reporting to be supported and prompted through induction, training, planning, policies and procedures	Executive Managers	Ongoing
	Officers to report all suspected instances of improper conduct to PID Officer	All Workers	
Public Interest Disclosure	Public Interest Disclosure Policy and procedures to be maintained and reviewed	Executive Manager Corporate	Every two years
	Allegations are treated and assessed with the highest level of confidentiality	Executive Managers	Ongoing
	Reasonable actions to minimise risks of victimisation and to ensure victimisation of disclosure is managed swiftly and appropriately	Executive Managers	

Response

This stage of the fraud and corruption control plan outlines the processes for responding to fraud and corruption within the Shire and the channels for ensuring improvements for exposed or potential fraud and corruption are made.

What	How	Who	When
Component	Action	Responsible Officer	Timeframe
Policies and Procedures	Performance management process to be maintained and reviewed regularly	Executive Manager Corporate	Every two years
	Reporting process maintained and reviewed	Executive Manager Corporate	
Investigation	As per the legislative requirements	PID Officers	As required
	Investigations to be conducted according to the disciplinary policy and procedures 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 Corporate	
Internal Reporting	Risk incidents and risk reporting to be used in identifying risks, reviewing Strategic Risk Profile and identifying risk mitigation strategies	Executive Manager Corporate	

FRAUD & CORRUPTION CONTROL PLAN

What	How	Who	When
Component	Action	Responsible Officer	Timeframe
	Disciplinary process to be maintained and reviewed regularly	Executive Manager Corporate	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	Audit Committee	Annually
	Policies and procedures to be reviewed taking into account risk incidents and/or in response to recommendations by the internal auditors	Policy Owners	Two years
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	Executive Manager Corporate	As required

Communication, Training and Awareness Overview:

Shire wide interaction and awareness is at the core of the fraud and corruption control plan.

Communication, training and awareness	Communication Elements		
	The following communication elements are essential to the plan:		
	<ul style="list-style-type: none"> • General awareness of the Fraud and Corruption Policy • Understanding of organizational expectation relating to fraud and corruption. • Understanding of the requirements and references contained in the plan • Awareness and ownership of the responsibilities referenced within the policy and plan. 		
	Key Messages		
	<ul style="list-style-type: none"> • Council's stance on fraud and corruption is outlined in the policy. • The plan provides reference to the internal controls used within Council 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: Prevention and Control Plan	Intranet /Corporate Policy Register	Ongoing
	Importance and mechanisms of fraud and corruption control	Code of Conduct for Employees' Training	Two years
	Responsibilities of specific areas identified within the plan	Specific contact from plan owner	After review of plan
	Responsibilities of specific areas		
	Area	Outline of responsibility	
	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/incident reports	
Other	As outlined in plan		
Other communications - Reporting			
Report Content	Report To		
Risk Incident Report	Audit Committee		
PIDs	Follow Public Interest Disclosure Policy and Procedures		

Monitoring Action Items

Responsible Officers as indicated above will review and report on the progress of items through CID fraud and corruption risk reporting.

Framework Administration

Governance References

Statutory Compliance	Local Government Act 1995 Corruption, Crime and Misconduct Act 2003
Industry Compliance	AS 8001 - 2008 Fraud and Corruption Control. AS 8003 - 2003 Good Governance Principals
Organisational Compliance	Shire of Merredin Strategic Community Plan 2018-2028
Decision Maker	Council
Process Links	Fraud and Corruption Policy

Framework Administration

Business Unit Name		Officer Title	Contact:
Corporate			
Risk Complexity Classification	X	Review Frequency	Biennial
		Next Due	201X

Version	Decision Reference	Synopsis
1.	Executive	
2.		
3.		