12.1 OUTCOME OF ADVERTISING AND ADOPTION OF AMENDED FRAUD AND CORRUPTION PREVENTION POLICY

Attachments: **1. Fraud and Corruption Prevention Policy - Updated**
2. Fraud and Corruption Prevention Policy - Current

RECOMMENDATION:

That Council ADOPTS the updated Fraud and Corruption Prevention Policy, at Attachment 1, which is proposed to replace the Fraud and Corruption Prevention Policy at Attachment 2.

PURPOSE OF REPORT:

To present the outcome of community consultation and seek adoption of the updated Fraud and Corruption Prevention Policy at **Attachment 1**.

DELEGATION:

Section 2.7 of the *Local Government Act 1995* sets out the Role of Council as being to 'determine the local government's policies. There is no delegation to Administration to make, review or repeal policies.

BACKGROUND:

At its 8 April 2025 meeting, Council approved conducting community consultation of its intention to amend the Fraud and Corruption Prevention Policy (Policy).

In accordance with the City's Community and Stakeholder Engagement Policy, community consultation was undertaken between 21 May 2025 and 18 June 2025, which is in excess of the 21 days required.

The proposed policy was advertised on the City of Vincent website as follows:

- The consultation webpage was published on the Imagine Vincent website from 21 May 2025 to 18 June 2025 and received 5 views.
- News Item on the City's website – 21 May 2025 received 9 views.
- E- news publication on 22 May 2025 and 5 June 2025 – estimated to have reached 10,000 people; and
- Notice exhibited on the notice board at the City's Administration and Library and Local History Centre.

No public submissions were received.

DETAILS:

Requirement for a documented City position (including community need or legislative requirement):

In accordance with the Australian Standard AS 8001:2021 – Fraud and Corruption Control, organisations are required to implement a Fraud and Corruption Control System (FCCS) that integrates prevention, detection, and response mechanisms into broader governance practices.

While there is no explicit legislative requirement for a fraud and corruption prevention policy, it is considered best practice for local governments to maintain a documented position outlining their commitment to integrity and accountability.

A documented policy provides:

1. A clear framework for managing fraud and corruption risks across all operations;
2. A mechanism to align with community expectations for ethical governance and transparency; and
3. Support for compliance with external oversight and accountability requirements under legislation such as the *Corruption, Crime and Misconduct Act 2003*.

By aligning the Policy with the Fraud and Corruption Risk Register and the Integrity Framework, the City is positioned to:

- Meet best practice standards as defined by AS 8001:2021;
- Demonstrate leadership in integrity to the community; and
- Proactively address vulnerabilities identified in high-risk areas such as procurement, invoice fraud, asset misappropriation, and payroll fraud.

Examples of current / best practice:

1. <u>Australian Standard AS 8001:2021:</u>

   The updated Standard promotes an integrated Fraud and Corruption Control System (FCCS) that goes beyond standalone plans to incorporate fraud control into broader organisational governance.

   This approach focuses on risk-based assessments, enhanced internal controls, and continuous monitoring for improvement.

2. <u>Public Sector Commission (PSC) Integrity Framework:</u>

   The City's Integrity Framework is based on the PSC template, which emphasises ethical conduct, robust risk management, and clear governance structures.

   PSC guidance advocates for proactive risk analysis and planning in priority areas, which has been incorporated into the City's Fraud and Corruption Risk Register.

3. <u>OAG Better Practice Guide:</u>

   The OAG highlights the importance of transparency and accountability in fraud prevention.

   Recommended practices include strong controls in high-risk areas such as procurement, invoice validation, and asset management, as well as regular audits and governance oversight.

An evaluation of the effectiveness of the existing policy:

The findings of Administration's review are as follows:

<u>Integration with the Integrity Framework</u>

Reference to the Integrity Framework (Framework) as the overarching structure for fraud and corruption control is proposed to establish the Framework as the central mechanism for ensuring ethical conduct and integrity. Detailed operational elements, such as roles and responsibilities, which are comprehensively covered in the Framework, should be removed from the policy to avoid duplication and ensure it remains high-level.

<u>Purpose Statement</u>

The purpose requires update to explicitly reflect alignment with the Framework, positioning it as the City's overarching structure for fraud and corruption prevention. Additionally, references to the Australian Standard AS 8001:2021 and the OAG Better Practice Guide should be included to acknowledge and embed contemporary best practices, replacing the previous Fraud and Corruption Prevention Plan.

High-Level Policy Focus

Operational details, such as specific roles and responsibilities, investigative procedures, and training programs, should be removed from the policy. These elements are already comprehensively addressed in the Framework. This change will ensure that the policy remains concise and strategic, avoiding duplication and maintaining its status as a high-level corporate document in line with best practice policy design principles.

Policy Objectives

The policy objectives should be rewritten to focus on broad, actionable outcomes: prevention, detection, and response. These objectives are now explicitly linked to the Framework for operational detail and responsibilities, providing clarity and consistency with the updated structure of the Framework. This approach emphasises the overarching goals of fraud and corruption control, ensuring the policy remains forward-looking and actionable.

Roles and Responsibilities

Specific references to roles and responsibilities, such as those of the CEO, managers, and the Audit and Risk Committee should be removed. Instead, a general statement referencing the Framework should be included. This change aligns with a high-level approach, focusing on outcomes rather than operational details, as the Framework already defines these responsibilities comprehensively.

Alignment with Risk Management

The Fraud and Corruption Risk Register should be referenced as a tool for identifying and managing risks, linking it to the Corporate Risk Register. This integration ensures that fraud and corruption prevention is part of the City's broader Risk Management Framework, promoting a consistent and systematic approach to risk mitigation. The policy's prevention and detection measures are now linked to vulnerabilities identified in the Register, incorporating findings into the City's approach to fraud and corruption control. This prioritises and enhances the effectiveness of controls in critical risk areas, with regular review and update to the Risk Register highlighted as part of the City's proactive risk management practices.

Reporting and Investigation

Reporting mechanisms should be consolidated into a high-level statement referencing the Integrity Framework for specific guidance. References to statutory obligations, such as reporting to the CCC or WA Police, should be retained. This streamlines the policy, avoiding duplication of detailed reporting procedures included in the Integrity Framework, while maintaining compliance with legislative requirements.

Compliance with Australian Standard AS 8001:2021

The language requires updates to reflect the transition to a Fraud and Corruption Control System (FCCS) rather than a standalone plan. This change ensures alignment with AS 8001:2021, which recognises fraud and corruption control as part of an integrated framework. This update will align the policy with contemporary standards and embeds fraud and corruption control within the broader governance structure.

CONSULTATION/ADVERTISING:

No further consultation is required

LEGAL/POLICY:

Section 2.7(2)(b) of the *Local Government Act 1995* provides Council with the power to determine policies.

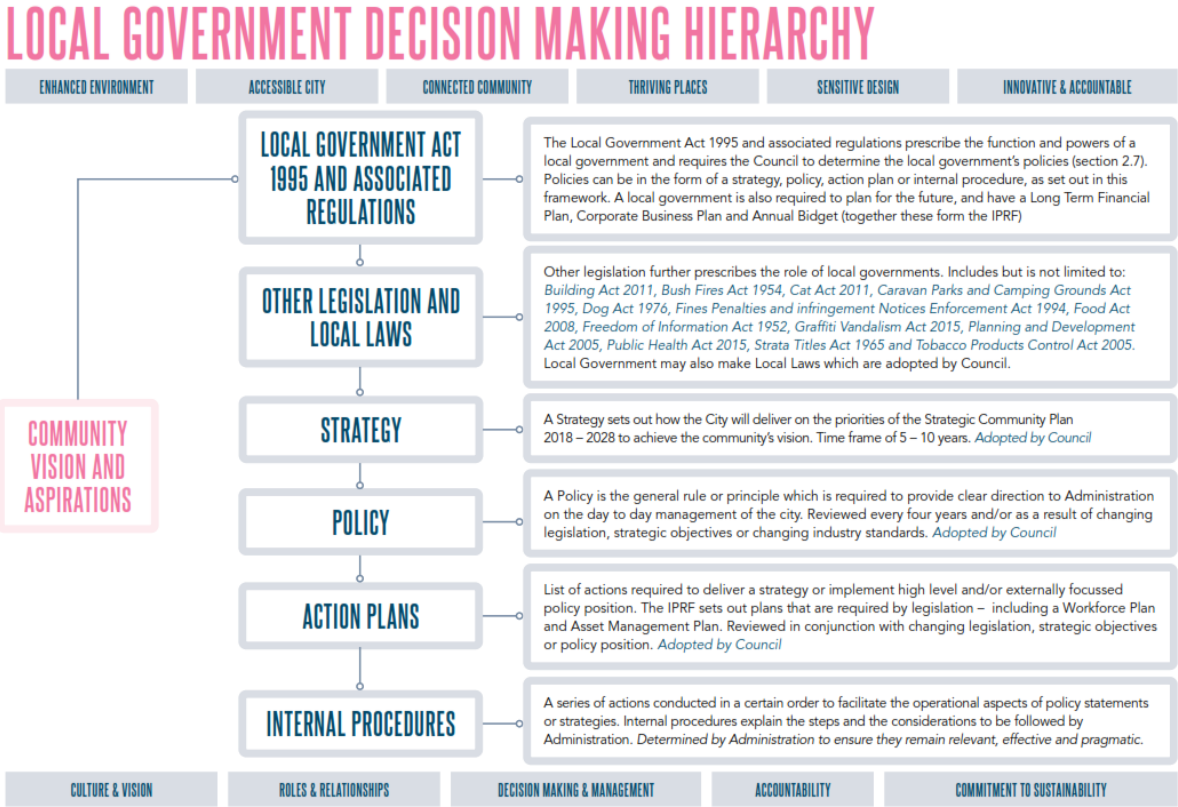
The City's Corporate Document Development Policy sets out the process for the development and review of the City's policy documents.

In accordance with section 2.3 of the Corporate Document Development Policy:

The purpose of a policy is to provide a general rule or principle to guide Administration and the community on the City's decision making and advocacy.

The purpose of the updated policy is to:

- Demonstrate the City's zero tolerance for fraud and corruption in all operations;
- Support the City's Integrity Framework by providing a high-level approach to fraud and corruption prevention, detection, and response;
- Promote ethical behaviour, accountability, and public trust by safeguarding the City's resources and reputation.



RISK MANAGEMENT IMPLICATIONS

Risk Category	Risk Appetite and tolerance statement	description/clarifications
Governance, Due diligence, Accountability and Sustainability	The City has a low risk tolerance for less that better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	The updated Fraud and Corruption Prevention Policy aligns with this risk appetite by integrating fraud and corruption control measures within the Integrity Framework, ensuring a structured and transparent approach. The policy's focus on prevention, detection, and response reinforces governance best practices and supports ongoing oversight through the Fraud and Corruption Risk Register and Risk Management Framework. This ensures the City's fraud controls remain effective and responsive to emerging risks.
Fraud and Corruption Risk Management	The City has no tolerance for fraud, corruption, or misconduct in its operations.	The policy establishes a Fraud and Corruption Control System (FCCS), replacing the previous plan-based approach. The Fraud and Corruption Risk Register is now explicitly linked to the Corporate Risk Register, ensuring fraud risks are assessed, monitored, and mitigated as part of the City's broader Risk Management Framework.

Low: It is low risk for Council to adopt the amended Fraud and Corruption Prevention Policy as these changes enhance clarity, accountability, and alignment with best practice standards. The updated policy integrates fraud and corruption controls within the Integrity Framework, ensuring a structured and transparent approach. These amendments streamline governance processes, remove duplication, and reinforce Council's commitment to ethical conduct, risk management, and public trust.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:
Innovative and Accountable

Our community is aware of what we are doing and how we are meeting our goals.
We are open and accountable to an engaged community.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes.

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any public health outcomes in the *City's Public Health Plan 2020-2025.*

FINANCIAL/BUDGET IMPLICATIONS:

Nil.

FRAUD AND CORRUPTION PREVENTION POLICY

CITY OF VINCENT

Legislation / local law requirements	• *Public Interest Disclosure Act 2003 (PID Act)* • *Corruption, Crime and Misconduct Act 2003* • *Local Government (Financial Management) Regulations 1996* • *Local Government (Audit) Regulations 1996*
Relevant delegations	17.1.1 - Appointment of Public Interest Disclosure Officer
Related policies, procedures and supporting documentation	• Integrity Framework • Governance Framework • Risk Management Framework • Fraud and Corruption Risk Register • Code of Conduct • Public Interest Disclosure Guidelines • Australian Standard AS 8001:2021 – Fraud and Corruption Control • OAG Better Practice Guide

PRELIMINARY

INTRODUCTION

Fraud and corruption pose significant risks to the integrity and effectiveness of any organisation. These unethical practices can lead to financial losses, damage to reputation, and a decrease in public trust. The City recognises the importance of maintaining a robust framework to prevent, detect, and respond to fraud and corruption. This policy outlines the City's commitment to upholding the highest standards of integrity and ethical behaviour, ensuring that all employees and stakeholders act in accordance with established guidelines and procedures. By implementing comprehensive measures for prevention, reporting, and investigation, the City aims to foster a culture of transparency and accountability.

PURPOSE

The purpose of this policy is to:

- Demonstrate the City's zero tolerance for fraud and corruption in all operations;
- Support the City's Integrity Framework by providing a high-level approach to fraud and corruption prevention, detection, and response;
- Promote ethical behaviour, accountability, and public trust by safeguarding the City's resources and reputation.

OBJECTIVE

The objective of this policy is to:

1. Prevent fraud and corruption by embedding a culture of integrity and ethical behaviour;
2. Detect fraud and corruption through effective risk management and reporting mechanisms;
3. Respond promptly and effectively to suspected or actual incidents of fraud or corruption;
4. Ensure alignment with the City's Integrity Framework, which provides detailed roles, responsibilities, and operational guidance.

FRAUD AND CORRUPTION PREVENTION POLICY

CITY OF VINCENT

SCOPE

This policy applies to:

- All Council Members, employees, contractors, and volunteers;
- All activities, decisions, and services undertaken on behalf of the City.

DEFINITIONS

Fraud: Dishonest activity causing actual or potential gain or loss to any person or organisation, including theft of money or property by persons internal or external to the organisation. Fraud may also involve deception, misrepresentation, or the misuse of position or authority to achieve an unlawful or unfair benefit (Australian Standard AS 8001:2021).

Corruption: Dishonest or unethical activity by a person in a position of trust (e.g., director, employee, contractor) that breaches their duty to act in the best interests of the organisation. This can include abuse of position, conflicts of interest, or collusion to secure a personal or improper advantage (Australian Standard AS 8001:2021).

Fraud and Corruption Control System (FCCS): Framework for controlling the risk of fraud and corruption against or by and organisation.

Integrity Framework: A guiding document that integrates the City's principles, policies, and practices to promote ethical behaviour, accountability, and compliance. It links internal controls, audits, governance systems, and continuous improvement processes to prevent, detect, and respond to misconduct, creating a shared understanding of integrity across the organisation.

Fraud and Corruption Risk Register: A comprehensive tool that identifies and analyses the City's vulnerabilities to fraud and corruption, prioritising high-risk areas, control effectiveness and risk management actions.

Risk Management Framework: Suite of interconnected documents that guide how the City identifies, analyses, treats, and reports on risks

Council Member: a person who is currently serving a term of office as an elected member of the Council in accordance with the Local Government Act 1995.

FRAUD AND CORRUPTION PREVENTION POLICY

CITY OF VINCENT

POLICY PROVISIONS

POLICY

1. Commitment to Integrity

The City is committed to:

- Maintaining robust systems and controls to prevent and detect fraud and corruption;
- Ensuring all employees and stakeholders act in accordance with the Integrity Framework;
- Investigating all allegations of fraud and corruption promptly and confidentially;
- Meeting statutory obligations to report serious misconduct to external oversight bodies where necessary.

2. Fraud and Corruption Prevention

Fraud and corruption prevention will be achieved by:

- Managing risks through the Fraud and Corruption Risk Register and Corporate Risk Register;
- Implementing strong internal controls, including segregation of duties and validation procedures;
- Conducting fraud awareness training to ensure staff and Council Members understand their obligations;
- Encouraging ethical behaviour as outlined in the City's Code of Conduct and Integrity Framework.

3. Reporting and Investigation

- The City will provide confidential and accessible mechanisms for reporting suspected fraud or corruption, as detailed in the Integrity Framework.
- Investigations will be conducted fairly, transparently, and in accordance with legislative requirements.
- The City will take appropriate corrective action, including referral to external agencies such as the Corruption and Crime Commission (CCC) or WA Police, where required.

4. Oversight and Review

- Oversight of fraud and corruption prevention activities will be conducted in alignment with the City's Integrity Framework.
- This policy will be reviewed biennially, or earlier, if necessary, to ensure its continued effectiveness and relevance.

FRAUD AND CORRUPTION PREVENTION POLICY

CITY OF VINCENT

OFFICE USE ONLY	
Responsible Officer	Please use title only
Initial Council Adoption	DD/MM/YYYY
Previous Title	Applicable if the policy has been renamed
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY

FRAUD AND CORRUPTION PREVENTION POLICY

CITY OF VINCENT

Legislation / local law requirements	*Local Government (Audit) Regulations 1996 – r.17 – CEO to review certain systems and procedures* *Local Government (Financial Management) Regulations 1996 – r.5 – CEO's duties as to financial management*
Relevant delegations	Nil.
Related policy procedures and supporting documentation	Code of Conduct Governance Framework Fraud and Corruption Prevention Plan

PURPOSE

To set out the City's approach to fraud and corruption prevention, detection, monitoring and reporting. This Policy is supported by a Fraud and Corruption Prevention Plan, which provides a structured framework for fraud and corruption prevention, detection, monitoring and reporting.

OBJECTIVE

To show that the City has zero tolerance for fraud and corruption and will take all necessary steps to prevent fraud or corruption occurring.

POLICY

1. All Elected Members, employees and contractors have a responsibility to safeguard against damage and loss through fraud, corruption or misconduct and have an obligation to support efforts to reduce associated risk by behaving with integrity and professionalism in undertaking their duties.
2. The City expects its Elected Members and employees to act in compliance with the respective Code of Conduct and the City's Governance Framework and behave ethically and honestly when performing their functions and during their interactions with each other, the community and all other stakeholders.
3. The Chief Executive Officer will ensure that appropriate systems and procedures are in place to prevent, detect, report and investigate incidents of fraudulent or corrupt behaviour, and ensure that everyone is aware of their responsibilities.
4. All suspected instances of fraudulent or corrupt conduct are to be thoroughly investigated and the appropriate reporting, disciplinary, prosecution and recovery actions initiated.
5. The Chief Executive Officer will review the Fraud and Corruption Prevention Plan annually and present the outcome of the review to the Audit Committee.

FRAUD AND CORRUPTION PREVENTION POLICY

CITY OF VINCENT

SCOPE

This policy applies to Elected Members and Administration.

OFFICE USE ONLY	
Responsible Officer	Executive Manager Corporate Strategy and Governance
Initial Council adoption	DATE: 22/06/2021, REF# D21/106344
Reviewed / Amended	DATE: <APPROVAL DATE>, REF#: <TRIM REF>
Next Review Date	DATE: 22/07/2025,