

Fraud and Corruption Control Plan

2019



We acknowledge the Noongar people as Traditional Custodians of this land and pay our respects to all Elders past and present



PHCC Working Together
Peel-Harvey Catchment Council

Peel Harvey Catchment Council (Inc.)
Fraud and Corruption Control Plan
For Endorsement

Document History

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Purpose of this Plan

This fraud and corruption control plan has been developed to enhance the overall risk management of the organisation, and:

- Identifies the documents which provide the legislative and regulatory background to the management of fraud and corruption in the Peel-Harvey Catchment Council (“PHCC”)
- Describes what fraud and corruption is, and how it impacts on the functions and culture of PHCC
- Describes the roles and responsibilities of individuals and business units within PHCC regarding the management of fraud and corruptions
- Illustrate how the principles contained within AS8001-2008 Fraud and Corruption Control translate to action at PHCC
- Describe the process of reporting fraud and corruption.

This plan aims to protect the reputation and assets of the Peel-Harvey Catchment Council from loss or damage, resulting from suspected or confirmed incidents of fraud or corruption. The plan will provide guidance to all employees (including third parties) on reporting any suspicious activity and handling critical information and evidence.

Fraud may occur internally or externally, by employees or third parties. Fraud can be perpetrated individually or in collusion with others.

The Fraud and Corruption Control Plan will strengthen the existing anti-fraud controls by raising the awareness across the organisation and:

- Promote an open and transparent culture of communication
- Promote zero tolerance to fraud / misconduct
- Encourage all employees to report suspicious cases of fraud / misconduct (it will also ensure that no employee is discriminated against or unfairly treated for reporting such cases)
- Spread awareness amongst employees and educate them on risks faced by the organisation.

Directive Documents

The management of fraud and corruption at PHCC is conducted within the context of a number of directive, supportive and related documents, some of which are named below:

- AS 8001-2008 Fraud and Corruption Control
- 3.1 Procurement
- 3.3 Credit Facilities
- 3.4 Investment
- 3.7 Fraud and Corruption
- 4.1 Code of Ethics
- 4.2 Conflict of Interest
- 4.4 Gifts and Benefits
- 4.12 Devolved Grants
- 4.14 Whistle Blower

What is Fraud and Corruption

Fraud and corruption can take many forms. Fraud is a deliberate deception to assist or cover up the misuse of assets, whereas corruption involves a breach of trust in the performance of official duties and may be considered as official misconduct.

Fraud may involve:

- Misappropriation (theft) or wilful destruction (e.g. property, records, etc.)
- Loss of assets, including cash, inventory etc.
- Unauthorised personal use of organisation assets
- Bribery and corruption, i.e. where someone is influenced by payment in cash or a benefit that would include that person to unreasonably use his or her position to give some advantage to another
- Inappropriate relationships with third parties thereby causing conflict of interest
- Manipulation, falsification or alteration of financial statements, other records or documents
- Suppression or omission of the effects of transactions from records or documents
- Recording of transactions without substance
- Deliberate misapplication of accounting or other funding regulations or policies
- Disclosing confidential information to third parties without authority

Fraud is defined as dishonestly obtaining a benefit, or causing a loss, by deception or other means.

Corruption is defined as dishonest activity in which a director, executive, manager, employee or contractor of an organisation acts against the interests of that organisation and abuses their position of trust in order to achieve some personal gain or advantage for themselves, another person or organisation.

Roles and Responsibilities

The Chief Executive Officer is responsible for:

- Creating, maintaining and enhancing a culture across PHCC that reflects the zero tolerance position PHCC has for fraud and corruption
- Ensuring fraud and corruption control policies and procedures exist
- A review of such policies is conducted on an annual basis
- A review of such procedures is conducted on a biennial basis

Employees, volunteers, agents, contractors, sub-contractors and suppliers of goods and services to PHCC are required to immediately report any suspected fraud or other similar malpractices to an appropriate person as defined in the policy. Notified individuals are responsible for immediate notification of reported fraudulent activity to the CEO.

Reporting Process

The CEO will implement the policy and shall be responsible for reviewing and taking appropriate actions on all reported cases of suspected fraud / misconduct and ensuring the following:

- Record all complaints received from employees and third parties on suspected incidents of fraud / misconduct
- Conduct reviews, inspections and investigations to identify the facts / details about the reported incident and identify the perpetrator
- Take appropriate disciplinary actions against the perpetrator
- Take necessary steps to recover losses and misappropriated assets
- Report to the Board periodically

Timely reporting of an incident which may be defined as fraud is extremely important. Delay in reporting may cause substantial losses and damage to the reputation of PHCC.

Any person with knowledge of a suspected or confirmed incident of fraud / misconduct or who is personally being placed in a position by another person to participate in a fraudulent activity must report the case immediately. A report can be made to your manager or the CEO.

Anonymity of the person reporting is absolutely guaranteed unless the complaint is malicious.

All employees will be responsible for reporting suspected or confirmed cases of fraud / misconduct and to extend full cooperation during internal checks, reviews or investigations to safeguard PHCC's brand, reputation and assets.

Further, employees will:

- Adhere and comply with PHCC's policies and procedures
- Act with highest standards of ethics and integrity
- Ensure propriety and confidentiality of PHCC's resources and information
- Avoid accepting gifts, hospitality or benefits of any kind which compromise integrity and standards of conduct

For action to be taken, the following must be reported:

- Who is the suspect
- What has been done
- Other details like conversations, telephone numbers, and third parties involved etc.

What to do:

- Do not tamper with original documents that may provide evidence
- Secure the evidence as soon as possible
- Do not discuss with others
- Do not try to solve the case yourself. Direct confrontation may give clues to the suspect who may destroy crucial evidence

Employees in managerial positions will be responsible for ensuring existence of robust controls in their area of operations.

Disciplinary action may involve suspension or termination of employment, penalty, or criminal charges as determined appropriate.

Employee awareness with respect to fraud / misconduct reporting duties and escalation protocols is critical for ensuring an anti-fraud environment in PHCC. All employees in a managerial position will be responsible for educating their team members on the importance of complying with PHCC's policies and procedures and identifying / reporting of suspicious activity.

Issue Resolution

Any issue arising from this policy which requires a resolution is to be handled first by the relevant Manager. If the issue is not resolved the issue must be escalated to the CEO for further attention and direction.

Implementation Date

Endorsed PHCC Board, 17 October 2019.

Review Date

Bi-annually.