



# Attachments

Audit, Risk and Improvement Committee Meeting

Tuesday, 10 February 2026



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# Agenda Item 5.1.1 - Attachment 1

Minutes of the Audit, Risk and Improvement Committee  
Meeting held 9 December 2025



# Published Minutes

Audit, Risk and Improvement Committee Meeting

Tuesday, 9 December 2025

Date:	Tuesday 9 December 2025
Time:	8:30am
Location:	Council Chambers, Onslow Shire Complex, Second Avenue, Onslow
Distribution Date:	Thursday 11 December 2025



**Shire of Ashburton  
Audit, Risk and Improvement Committee Meeting**

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit, Risk and Improvement Committee Meeting.

Keith Woodward PSM  
Chief Executive Officer  
11 December 2025

These minutes were confirmed by Council as a true and accurate record of proceedings at the Audit, Risk and Improvement Committee Meeting held on Tuesday, 9 December 2025.

Presiding Member \_\_\_\_\_

Date \_\_\_\_\_

**Disclaimer**

*The Shire of Ashburton warns anyone who has an application lodged with Council must obtain, and should only rely on, written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by Council in respect of the application. No responsibility whatsoever is implied, or accepted, by the Shire of Ashburton for any act, omission, statement, or intimation occurring during a Council meeting.*

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## 1 Declaration Of Opening

The Presiding Member declared the meeting open at 8:29am.

### 1.1 Acknowledgement Of Country

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders past and present.

## 2 Announcement Of Visitors

Nil

## 3 Attendance

### 3.1 Present

Independent Committee Member:	Mr S Brown APM	Presiding Member
Elected Members:	SP A Smith Cr L Rumble JP Cr A Sullivan Cr K Day	Shire President Paraburdoo Ward Deputy Shire President, Paraburdoo Ward Tom Price Ward
Observers:	Cr R de Pledge Cr T Fox Cr C Rogers	Ashburton-Tablelands Ward Pannawonica Ward Tom Price Ward
Employees:	K Woodward C McGurk D Kennedy G Harris D Weerasingha A Johnston J Bray J Rouse M Malinowska	Chief Executive Officer Director Community Development Director Corporate Services Director Infrastructure Services Internal Auditor (by electronic means) Manager Media and Communications Manager Governance Governance Officer Council Support Officer

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Guests:	None
Members of Public:	There were no members of the public in attendance at the commencement of the meeting.
Members of media:	There were no members of the media in attendance at the commencement of the meeting.

### 3.2 Apologies

Cr B Healy      Tom Price Ward

### 3.3 Approved Leave Of Absence

Nil

## 4 Declaration By Members

### 4.1 Due Consideration By Elected Members To The Agenda

Elected Members noted they have given due consideration to all matters contained in this agenda.

### 4.2 Declaration Of Interest

A member who has an Impartiality, Proximity or Financial interest in any matter to be discussed at this meeting must disclose the nature of the interest either in a written notice, given to the Chief Executive Officer, prior to the meeting, or at the meeting immediately before the matter is discussed.

A member who makes a disclosure in respect to an interest must not preside at the part of the meeting which deals with the matter, or participate in, or be present during any discussion or decision-making process relative to the matter, unless the disclosing member is permitted to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

The following declarations of interest are disclosed –

Nil

## **5 Confirmation Of Minutes**

### **5.1 Confirmation Of Previous Minutes**

#### **5.1.1 Minutes Of The Audit, Risk and Improvement Committee Meeting Held On 24 November 2025**

##### **Committee Decision**

**Moved** Cr L Rumble JP

**Seconded** Cr K Day

**That the Minutes of the Audit, Risk and Improvement Committee Meeting held 24 November 2025 (Item 5.1.1 Attachment 1) be confirmed as a true and accurate record.**

**For:** A Smith, L Rumble JP, A Sullivan, K Day, S Brown APM

**Against:** Nil

**Carried /0**

## 6 Public Agenda Items

### 6.1 Strategic Risk Report - December 2025

<b>File Reference</b>	CM05
<b>Applicant or Proponent(s)</b>	Not Applicable
<b>Author</b>	D Kennedy, Director Corporate Services
<b>Authorising Officer</b>	K Woodward, Chief Executive Officer
<b>Previous Meeting Reference</b>	Ordinary Council Meeting 18 February 2025 - Item 6.4 – 010/2025 Ordinary Council Meeting 19 August 2025 - Item 6.2 – 138/2025
<b>Disclosure(s) of interest</b>	Author – Nil
	Authorising Officer – Nil
<b>Attachments</b>	1. Strategic Risk Review Report - December 2025

#### Report Purpose

The purpose of this report is to present to the Audit, Risk and Improvement Committee (ARIC), the quarterly Strategic Risk update as required by the endorsed Strategic Risk Procedure.

The ARIC is requested to note the quarterly update.

#### Background

The Risk Management Procedure – Strategic Risks (Procedure) was endorsed by the ARIC on 18 February 2025. This Procedure sets out the monitoring process for strategic risks and requires a standing agenda item be presented to each Audit, Risk and Improvement Committee meeting to provide an update on any changes in the strategic environment that may impact on the level of the strategic risk.

Strategic risks relate specifically to those risks that may impact the Shire for which we have very little control in terms of whether they materialise.

Strategic risks relate to those events/incidents that are outside the control of the Shire that could impact the future strategic direction of Council. The consequences for strategic risks, therefore, are measured in relation to the amount of change required to the strategic direction as a result of the realisation of the risks.

Unlike enterprise risks, strategic risks have very few controls in place so the likelihood criteria used is also different and is more focused on whether there is any evidence that the risk is imminent.

The Strategic Risk Register was endorsed by Council on 19 August 2025.

#### Comments

One current Strategic Risk – SR9 – **Government reforms, legislative changes, and/or investment decisions impact Council's ability to pursue strategies, service provision and/or sustainability** has had current risk level increased from Low to Extreme.

The Minister for Local Government introduced legislation without industry consultation, potentially affecting the Shire's ability to maintain current rating revenue from temporary workforce accommodation facilities. While existing camps comply with current policy, confusion remains over the rating of "miscellaneous licences," where most camps are located. A Council briefing will address the draft bill's possible impacts and ongoing efforts for clarification before it becomes law. WALGA, the Shadow Minister, and the Minister's Chief of Staff have been engaged and acknowledge that amendments to the bill are likely needed.

Full details of review and comments regarding other Strategic Risks can be found in Attachment 1.

### Consultation

In accordance with the Procedure, the Director Corporate Services consulted with members of the Executive Leadership Team to ascertain if the level of strategic risk has changed.

### Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

### Council Policy

[Council Policies » Shire of Ashburton](#)

Council Policy – Risk Management

The policy provides information and guidance regarding the management of risk to support the achievement of Shire's strategic and operational objectives, protect staff and assets, and ensure financial sustainability.

### Financial Implications

Current Financial Year

Not applicable

Future Financial Year(s)

Rating of temporary workforce accommodation facilities currently has some uncertainty as a result of the current bill before parliament.

### Legislative Implications

Nil

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**Risk Management**

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
<b>Financial impact</b>	Loss of rating revenue due to the amendment bill currently before parliament.	Possible (3)	Major (4)	High (10-16)	Advocacy ongoing with WALGA, Department and Ministers Office.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That the Audit, Risk and Improvement Committee:

1. Receive the December Quarter Strategic Risk Review Report at Attachment 1; and
2. Acknowledge the change in risk rating of Strategic Risk 9 from low to extreme for the reasons outlined in the body of the report.

**Committee Decision**

**Moved** SP A Smith

**Seconded** Cr L Rumble JP

**That the Audit, Risk and Improvement Committee recommends that Council:**

1. **Receives the December Quarter Strategic Risk Review Report at Attachment 1; and**
2. **Acknowledges the change in risk rating of Strategic Risk 9 from low to extreme for the reasons outlined in the body of the report.**

**For:** A Smith, L Rumble JP, A Sullivan, K Day and S Brown, APM

**Against:** Nil

**Carried 5/0**

## 6.2 Audit Log Status Update

<b>File Reference</b>	CM52
<b>Applicant or Proponent(s)</b>	Not Applicable
<b>Author</b>	D Weerasingha, Internal Auditor
<b>Authorising Officer</b>	K Woodward, Chief Executive Officer
<b>Previous Meeting Reference</b>	Audit and Risk Management Committee 20 May 2025 - Item 6.1
<b>Disclosure(s) of interest</b>	Author – Nil
	Authorising Officer – Nil
<b>Attachments</b>	1. Internal Audit Log - Outstanding and Closed - Nov 2025

### Report Purpose

The purpose of this report is to provide the Audit, Risk and Improvement Committee (ARIC) oversight of the implementation of actions resulting from internal audits.

Endorses the closure of three validated internal audit actions and receive the updated Internal Audit Log – Outstanding and Closed Actions as provided in Attachment 1.

### Background

The Chief Executive Officer (CEO) is required to ensure adequate systems and processes are established for the effective management and control of the Shire per local government regulations.

Internal audits and external reviews are examples of methods the ARIC may use to ensure sound management of the Shire is occurring.

Following the finalisation of an internal audit and/or external review, recommendations are included in the Audit Log to ensure progress is monitored and recorded.

### Comments

This report covers the period 25 July 2025 to 14 November 2025.

During this period, evidence against three audit items were verified and closed.

Finding No	Audit Report	Action	Status
236	Reg 17-2023 Fuel consumption monitoring	Implementation of Smart Tags	Closed
237	Reg 17-2023 Fuel consumption monitoring	Fuel Reconciliation by SmartFill System for Tom Price and Onslow non moving tanks.	Closed
268	Procurement 2024 Training on identifying and recording contract variation	Increase training on contract management and recording variance (Combined with Procurement Training)	Closed

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A summary of the progress on the implementation of internal audit recommendations is provided in the following table. There are **10** audit findings that are open as of 14 November 2025.

The Internal Auditor is working with managers and the Executive Leadership Team (ELT) and service providers to close the remaining open items, prioritising as per risk ratings.

### Open Audit Findings

Internal Audit Topic	Not Started		In Progress		Validated		Total Open		Total Items
	14 Nov	25 July	14 Nov	25 July	14 Nov	25 July	14 Nov	25 July	
Regulation 17-2023	1	1	5	7	23	21	6	8	29
Procurement [24]	0	1	2	2	5	4	2	3	7
FMR 2024	0	0	2	2	7	7	2	2	9
<b>Totals</b>	<b>1</b>	<b>2</b>	<b>9</b>	<b>11</b>	<b>35</b>	<b>32</b>	<b>10</b>	<b>13</b>	<b>45</b>

### Consultation

Below is the consultation framework endorsed by ARMC for internal audit department.

Output	IIA Standard (2017 Version)	Council	Audit and Risk Management Committee	CEO / ELT	Audit Sponsor / Director	Internal Audit
Internal Audit Charter	1000	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Strategic Internal Audit Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Annual Internal Audit Service Delivery Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Internal Audit Manual	2040	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Quality Assurance and Improvement Plan	1300, 1320	Adopt	Review / Recommend	Consult / Inform	N/A	Develop
Annual Internal Audit Status Report	2060	Receive	Review / Recommend	Inform	Inform	Develop / Approve

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Audit Engagements						
Planning Memorandum	2200	N/A	N/A	Consult / Approve	Consult	Develop / Approve
Draft Report	2400	N/A	N/A	N/A	Consult	Develop
Final Report	2400, 2440	Receive	Review / Recommend	Inform	Inform	Develop / Approve

### Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

### Council Policy

Nil

### Financial Implications

Current Financial Year

Nil

Future Financial Year(s)

Nil

### Legislative Implications

In accordance with *Regulation 17* of the *Local Government (Audit) Regulations 1996*, the CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- Risk management,
- Internal control, and
- Legislative compliance.

The CEO is to report to the Audit and Risk Management Committee the results of each review.

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**Risk Management**

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
<b>Compliance</b>	Compliance failures if areas identified for improvement are not addressed.	Possible (3)	Major (4)	High (10-16)	Implement process improvements resulting from internal audits/external reviews and provide regular progress reporting to the Audit and Risk Management Committee.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

**Chief Executive Officer Comment**

The Chief Executive Officer will provide separate confidential comment on this item.

**Voting Requirements**

Simple Majority

**Internal Auditor Recommendation**

The Audit, Risk and Improvement Committee recommends that Council:

1. Endorses the closure of three validated internal audit actions, numbers 236, 237 and 268, as detailed in Attachment 1; and
2. Receives the updated Internal Audit Log – Outstanding and Closed Actions report dated 14 November 2025, also as provided at Attachment 1.

**Committee Decision**

**Moved** Cr K Day

**Seconded** Cr L Rumble JP

**The Audit, Risk and Improvement Committee recommends that Council:**

1. **Endorses the closure of three validated internal audit actions, numbers 236, 237 and 268, as detailed in Attachment 1; and**
2. **Receives the updated Internal Audit Log – Outstanding and Closed Actions report dated 14 November 2025, also as provided at Attachment 1.**

**For:** A Smith, L Rumble JP, A Sullivan, K Day and S Brown, APM

**Against:** Nil

**Carried 5/0**

**6.3 Progress on Internal Audit Schedule September 2025 - March 2026**

<b>File Reference</b>	CM53
<b>Applicant or Proponent(s)</b>	Not Applicable
<b>Author</b>	D Weerasingha, Internal Auditor
<b>Authorising Officer</b>	K Woodward, Chief Executive Officer
<b>Previous Meeting Reference</b>	Nil
<b>Disclosure(s) of interest</b>	Author – Nil
	Authorising Officer – Nil
<b>Attachments</b>	Nil

**Report Purpose**

A comprehensive Strategic Internal Audit Plan 2025–2029 is currently being developed in consultation with the Executive Leadership Team (ELT) and other key stakeholders. The draft plan adopts a risk-based approach consistent with the International Professional Practices Framework (IPPF) and the requirements of Regulation 17 of the Local Government (Audit) Regulations 1996.

Given the time required to undertake final validation, obtain stakeholder endorsement, and align organisational resources, an interim internal audit schedule was endorsed in August 2025 to ensure continuity of assurance activities.

**Background**

An Internal Auditor commenced in March 2025. At that time, there was no current Strategic Internal Audit Plan in place to guide assurance activity for the 2025 financial year. Subsequently, a new draft Strategic Internal Audit Plan (2025–2029) was developed in consultation with the previous CEO and the ELT. With the appointment of the new CEO, the updated plan has been resubmitted for further consultation and review.

To maintain oversight of internal controls and ensure continuity of audit coverage during this transition period, the Audit and Risk Committee (ARIC) endorsed two interim internal audits in August 2025, as follows:

1. Corporate Credit Cards
2. Contract Management

**Comments**

Due to the transition associated with the appointment of the new CEO, approval of the Planning Memorandum for the Corporate Credit Card audit was finalised at the end of September.

The table below outlines the current progress of the two internal audits that are presently underway.

Audit Name	Status
Corporate Credit Cards	The draft report has been issued for the CEO's consultation. It is expected that the final report will be presented at the next ARIC meeting.
Contract Management	The Planning Memorandum has been initiated, and the report is expected to be presented at the next ARIC meeting.

**Consultation**

The ELT have been consulted on the internal audit schedule. External auditors have been consulted identifying extent of their work to avoid possible duplication of assurance efforts.

Below is the Audit and Risk Management Committee (ARMC) endorsed consultation framework for Internal Audit Department.

Output	IIA Standard	Council	Audit and Risk Management Committee	CEO/ ELT	Audit Sponsor/ Director	Internal Audit
Internal Audit Charter	1000	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Strategic Internal Audit Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Annual Internal Audit Service Delivery Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Internal Audit Manual	2040	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Quality Assurance and Improvement Plan	1300, 1320	Adopt	Review / Recommend	Consult / Inform	N/A	Develop
Annual Internal Audit Status Report	2060	Receive	Review / Recommend	Inform	Inform	Develop / Approve
<b>Audit Engagements</b>						
Planning Memorandum	2200	N/A	N/A	Consult/ Approve	Consult	Develop / Approve
Draft Report	2400	N/A	N/A	N/A	Consult	Develop
Final Report	2400, 2440	Receive	Review / Recommend	Inform	Inform	Develop / Approve

**Strategic Community Plan**

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

**Council Policy**

Nil

**Financial Implications**Current Financial Year

Nil

Future Financial Year(s)

Nil

**Legislative Implications**

In accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is to review the appropriate and effectiveness of a local government's systems and procedures in relation to:

- Risk management,
- Internal control, and
- Legislative compliance.

The CEO is to report to the Audit and Risk Management Committee the results of each review.

**Risk Management**

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
<b>Compliance</b>	Increased exposure to fraud, inadequate risk management, non-compliance with legislation, inefficient use of resources, limited accountability and transparency, reputational damage.	Almost Certain (5)	Catastrophic (5)	Extreme (17-25)	Establish an effective internal audit function in compliance with the International Professional Practice Framework and regulatory requirements.  Adopt Internal Audit Charter and Strategic Internal Audit Plan and implement.  Establish and operate an effective Risk Management Framework <i>ISO31000</i> .

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be low.

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That the Audit and Risk Improvement Committee recommends that Council notes the progress of the two internal audits endorsed in August 2025.

**Committee Decision**

**Moved** Cr L Rumble JP

**Seconded** Cr A Sullivan

**That the Audit and Risk Improvement Committee recommends that Council notes the progress of the two internal audits endorsed in August 2025.**

**For:** A Smith, L Rumble JP, A Sullivan, K Day and S Brown, APM

**Against:** Nil

**Carried 5/0**

**7 Confidential Agenda Items**

Nil

**8 Next Meeting**

The next Audit, Risk and Improvement Committee Meeting will be held at 6:00pm on Tuesday 10 February 2026 at by electronic means.

**9 Closure Of Meeting**

There being no further business, the Presiding Member closed the meeting at 8:56am.



# Agenda Item 6.2 - Attachment 1

Audit Log Update 15 January 2026

15-Jan-26  
IA

Shire of Ashburton

Current Review Date: 15-Jan-26												
No	Date of Report	Auditor	Audit Topic	Finding Title	Recommendation	Risk Rating	Recommendation Owner	Management Comment in Report	Agreed Action	Client Progress Update	Moore Australia / SOA IA Comment	Status After Assessment
238	10-Oct-23	SOA IA	Reg 17-2023	Fuel stock	IA agreed to recommend monitoring consumption on regular basis and record the monitoring and actions taken based on results.	High	Manager Fleets	The Fleet Department are in the process of developing a separate worksheet to capture this data effectively for consumption monitoring.	Implementation of Fleet Fuel consumption monitoring	<p><b>15 January 2026</b> We have reached out to finance who we deal closely with regarding fuel for assistance with developing an effective worksheet, the worksheet we did develop was not effective. We are also implementing GPS systems to the fleet and are investigating options with these systems that could also assist.</p> <p><b>14 November 2025</b> The fuel consumption report was put on hold when it was decided we would go in a different direction however that did not eventuate. We have all the data since it was put on hold and will have the original worksheet repopulated but end of January.</p> <p><b>26 June 2025 - No Update</b></p> <p><b>1 Aug 2024</b> Excel spreadsheet in progress</p> <p><b>29 Jan 2024</b> Excel spreadsheet in progress.</p> <p><b>SOA IA 21 Dec 2023</b> Excel spreadsheet in progress.</p> <p><b>20 Nov 2023</b> Excel spreadsheet in progress.</p>	<p><b>15 January 2026</b> Response Received - In Progress</p> <p><b>14 November 2025</b> Response Received - In Progress</p> <p><b>26 June 2025</b> Please provide evidence to review. IA</p> <p><b>5 Aug 2024 BTP Comment:</b> Recommend verification by IA prior to closure</p> <p><b>SOA IA 29 Jan 2024</b> In Progress</p> <p><b>SOA IA 21 Dec 2023</b> Remains in Progress</p> <p><b>SOA IA 20 Nov 2023</b> Transferred to In progress</p>	In Progress
239	10-Oct-23	SOA IA	Reg 17-2023	Strategic Waste Management Plan	IA agreed to recommend review the Strategic Waste Management Plan to align with the new SCP and consider implementing best practices to the extent practicable with a funding strategy.	High	Director Infrastructure and Manager Waste Services	A review will commence in the next six months for the plan's alignment and a gap analysis for the decision-making process. Outcome of a new strategic plan or amended will be decided at the time of the analysis review.	Review of Strategic Waste Management plan will commence in the next six months for the plan's alignment and a gap analysis for the decision-making process. Outcome of a new strategic plan or amended will be decided at the time of the analysis review.	<p><b>14 November 2025</b> Manager Strategic Waste Commences in December and will be responsible for the development of the plan over the first 6 months of 2026</p> <p><b>26 June 2025 - No Update</b></p> <p><b>2 Apr 2025</b> A new strategic waste plan will be established. ETA September 2025. Work is expected to commence mid May.</p>	<p><b>15 January 2026</b> No response received - Not started</p> <p><b>14 November 2025</b> Response received - Not started</p> <p><b>02 Apr 2025</b> Not started</p> <p><b>30 Aug 2024</b> No update provided</p>	Not Started
241	10-Oct-23	SOA IA	Reg 17-2023	Landfill inspection checklist	IA agreed to recommend that management review the checklist for adequacy and ensure compliant recordkeeping practices are in place.	High	Director Infrastructure and Manager Waste Services	IA agreed to recommend that management review the checklist for adequacy and ensure compliant recordkeeping practices are in place.	Regularise recordkeeping for checklist	<p><b>26 June 2025 - No Update</b></p> <p><b>23 Jan - 2025</b> Site inspection checklists are placed on waste services sharepoint to comply with record keeping practices</p> <p><b>20 Nov 2023</b> Ongoing, all new checklists are going into the digital filing system location</p>	<p><b>15 January 2026</b> No response received</p> <p><b>14 November 2025-No update- In Progress</b></p> <p><b>26 June 2025</b> Please provide evidence to review. IA</p> <p><b>30 Aug 2024</b> No update provided</p> <p><b>SOA IA 20 Nov 2023</b> Transferred to In progress</p>	In Progress
254	10-Oct-23	SOA IA	Reg 17-2023	Onslow Airport	IA recommends that regular reviews of documents, regular risk assessments and regular inspections be carried out. IA also recommends that the audit log is regular maintained (Actions Checklist) and actioned in timely manner to further strengthen controls.	Medium	Manager Airport Services	TSP Audit was not undertaken in 2020-21 due to COVID travel restrictions, noting limited aviation security audits in WA. TSP independent biennial audit has now been undertaken in Aug 2023.	TSP biennial audit has now been included in the airports Annual Compliance checklist which is in development (this document will be finalised by 31 Oct 2023). This checklist will be monitored and actioned as needed, by Manager Airport Services (MAS), Airport Administrator and Airport Reporting Officer.	<p><b>15 January 2026</b> Annual Compliance Checklist and Annual Compliance Calendar have now been finalised and include the TSP biennial audit.</p> <p><b>2 Aug 2024</b> WIP. The document is complex and time-consuming to draft, incorporating regulation-specific compliance tasks in comment boxes. Delays due to busy schedule and understaffing, now with a dedicated compliance staff member, completion is prioritized.</p> <p><b>29 Jan 2024</b> WIP-It is a complex and time-consuming document to draft as the regulation specific to the compliance tasks are also been included in comment boxes Completion date 31 March.</p> <p><b>25 Oct 2023</b> WIP It is a complex and time-consuming document to draft as the regulation specific to the compliance tasks are also been included in comment boxes.</p>	<p><b>15 January 2026</b> Response Received - Last external security audit has been conducted in July 2025 Regulation- [2.12(1)(a)-(b)]</p> <p>-Last TSP review has been conducted in August 2025 Regulation [2.12(1)(c)-(d)]</p> <p><b>14 November 2025</b> No update before cutoff</p> <p><b>30 Aug 2024</b> No update provided</p> <p><b>5 Aug 2024</b> In Progress</p> <p><b>SOA IA 25 Oct 2023</b> Transferred to In Progress</p>	Validated by SOA IA
255	10-Oct-23	SOA IA	Reg 17-2023	Onslow Airport	IA recommends that regular reviews of documents, regular risk assessments and regular inspections be carried out. IA also recommends that the audit log is regular maintained (Actions Checklist) and actioned in timely manner to further strengthen controls.	Medium	Manager Airport Services	The mentioned security risk register is a subsidiary document that was developed to be incorporated into the 'Transport Security Risk Assessment' for the airport back in 2014 when the airport was applying to become a screening authority. There is no regulatory requirement to run a risk register for security operations. The risk register has been superseded by the airport TSP.	The security risk register mentioned above can be expanded upon and incorporated into the airport's existing safety management system (SMS). The airport's SMS is currently a safety-based document, however, it can be amended to include security risks as well. The risks to be included will be the risks from the initial security risk register, updated security risks (if any) and passenger screening operational risk. This action could be completed by December 31, 2023.	<p><b>15 January 2026</b> Delays are attributed to understaffing and a high operational workload. Drafting to address this finding is currently in progress</p> <p><b>2 Aug 2024</b> Requested a quote from a consultant, but the price was excessive and not budgeted for. We will handle the work internally</p> <p>Delays due to busy schedule and understaffing, now with a dedicated compliance staff member, completion is prioritized</p> <p><b>25 Oct 2023</b> Very complex which requires the redrafting of the airport SMS and requires the assistance of a consultant</p>	<p><b>15 January 2026</b> Response Received - In Progress</p> <p><b>14 November 2025</b> No update before cutoff</p> <p><b>30 Aug 2024</b> No update provided</p> <p><b>5 Aug 2024</b> In progress</p> <p><b>SOA IA 25 Oct 2023</b> Not started</p>	In Progress
256	10-Oct-23	SOA IA	Reg 17-2023	Onslow Airport	IA recommends that regular reviews of documents, regular risk assessments and regular inspections be carried out. IA also recommends that the audit log is regular maintained (Actions Checklist) and actioned in timely manner to further strengthen controls.	Medium	Manager Airport Services	Technical inspection findings identified during the technical inspection are categorised based on the assessed risk implication and the recommended time frame for implementation of corrective actions. [TABLE] The airport's 'actions checklist' is designed around the risk implications in the reports received from the inspectors.	The checklists will be reviewed to consider if a 'risk acceptance' criteria can be included.	<p><b>15 January 2026</b> Delays are attributed to understaffing and a high operational workload. Drafting to address this finding is currently in progress</p> <p><b>2 Aug 2024</b> Requested a quote from a consultant, but the price was excessive and not budgeted for. We will handle the work internally</p> <p>Delays due to busy schedule and understaffing, now with a dedicated compliance staff member, completion is prioritized</p> <p><b>29 Jan 2024</b> Technical inspection due May 2024. Assessed risk and document templated to be review in conjunction with technical inspector Completion date end 31 May 2024</p> <p><b>25 Oct 2023</b> The next technical inspection is not until June next year. The new risk acceptance will commence then (Requested to change Target Completion 30 June 2024)</p>	<p><b>15 January 2026</b> Response Received - In Progress</p> <p><b>14 November 2025</b> No update before cutoff</p> <p><b>30 Aug 2024</b> No update provided</p> <p><b>5 Aug 2024</b> In progress</p> <p><b>SOA IA 25 Oct 2023</b> Not started</p>	In Progress
266	30-Nov-23	IOAP	Procurement 24	No previous experience records maintained/ considered in evaluation	Procurement department, together with projects needs to develop performance score system and implement to capture performance. These scores should be considered for future evaluation of the same contractor.	Low	Senior Procurement Officer	Procurement will investigate a scoring matrix. However this will be dependent on Project officers providing Project Management information that is currently not being adequately captured in the Shire.	Develop Scoring Matrix	<p><b>15 January 2026</b> Email correspondence from DCS on referring to WALGA</p> <p><b>14 November 2025</b> Procurement have been adding KPI that they are aware of to the Vendor/Panel Contract Management Module, however this is very time consuming and Procurement do not have the time or staffing levels to continue. CEO and DCEO have been made aware of insufficient staffing levels in Procurement.</p> <p><b>26 June 25</b> Some performance indicators are within the Vendor/Panel Contract Management module. IA to be given access to VP Contract Management module.</p> <p><b>14 Aug 24</b> New Recommendations from IOAP Feb 24 added to list 14 Aug 24. No update requested/monitored</p>	<p><b>15 January 2026</b> Response Received - In Progress</p> <p><b>14 November 2025</b> Response Received- In Progress</p> <p><b>26 June 2025</b> Please provide evidence to review. IA</p> <p><b>14 Aug 2024</b> Not started</p>	In Progress

267	30-Nov-23	IOAP	Procurement 24	Inadequate financial evaluation in RFT	Procurement needs to establish thresholds that requires submission of last audited financial statements or in absence of such needs to conduct an independent evaluation on financials to establish credit risk.	Low	Senior Procurement Officer	Threshold amounts to be included into Purchasing and Procurement Policy, possibly in line with Compulsory Probity Auditor engagement (all purchases >\$1 million in value). Compulsory engagement of financial audit amount to be authorised by ELT.	Request Clarification from ELT and add Financial Audits to Policy	15 January 2026 Email correspondence from DCS on referring to WALGA  14 November 2025 Unachievable as ELT do not respond to emails or request for information.  26 June 25 In discussion  14 Aug 24 New Recommendations from IADP Feb 24 added to list 14 Aug 24. No update requested/provided	15 January 2026 Response Received - In Progress  14 November 2025 Response Received- In Progress  26 June 2025 Please provide evidence to review. IA  14 Aug 2024: Not started	In Progress
274	20-Feb-24	SOA IA	FMR -2024	Negative fuel stock	Finance department should regularly review that fuel stock is reconciled considering the physical dip balance by fleet department. Finance department need to strengthen control to improve accuracy and completeness of data entered to synergy system.	Low	Manager Finance	Finance staff have taken over the reconciliation responsibilities for Fuel Inventory following the need to undertake a detailed audit and reconciliation process as part of the 2022/23 Financial Audit. This was previously managed within the Fleet area. Investigations are also underway to automate the importation of fuel issues via the Smart Fuel system to improve accuracy and reduce the volume of data entry	Finance to be responsible for ongoing fuel reconciliations on a monthly basis.	Complete, occurred as part of 2022-23 audit.	15 January 2026 This is to be discussed with ARIC to include in next year Audit Plan 14 November 2025 This is to be discussed with ARMC to include in next year Audit Plan 03 July 2025 This is to be discussed with ARMC to include in next year Audit Plan 26 June 2025 Need evidence of ledger balance reconciled with fuel dip as of last monthly account finalised per the agreed action.	In Progress
275	20-Feb-24	SOA IA	FMR -2024	Unusual assets records	Internal audit recommends an investigation to establish the basis of such spending as per the law policy and effect on Shire assets where access and control is limited as of now.	Low	Manager Finance /Director Corporate Services	The 2022/23 External Audit included an Emphasis of Matter note which related to the restatement of prior year comparatives. This was to do with a reduction in the value of roads stated in the balance sheet. This did not involve the removal of any roads where the Shire had incorrectly used public funds. The main reductions were to do with Main Roads WA taking over the responsibility for a portion of the Manuwarea Red Dog Highway and the incorrect historical inclusion of SLK's that fell within the control of the Department of Biodiversity, Conservation and Attractions (DBCA). These corrections to the Shire's road inventory should have been made several years ago and were picked up as a part of the 5 yearly Infrastructure Revaluation process.  In addition to this, the Shire has engaged an external consultant to do a road and infrastructure condition audit in April 2024. This will include ensuring that the Shire's Road Inventory Data matches to the IRIS system that Main Roads use for Road Inventory.	Nil	Complete	15 January 2026 This is to be discussed with ARIC to include in next year Audit Plan 14 November 2025 This is to be discussed with ARMC to include in next year Audit Plan 03 July 2025 This is to be discussed with ARMC to include in next year Audit Plan IA 26 June 2025 While the internal audit finding relating to unusual asset records has been discussed at ARIC and partly addressed through revaluation adjustments, this matter raises a broader governance question: How can the Shire ensure that public funds are only expended on assets that are verifiably within its control, deliver measurable public benefit, and align with Council-endorsed asset policies?  This has implications not only for financial reporting accuracy, but also for the Shire's legal accountability under the Local Government Act, its long-term asset sustainability planning, and the public's trust in how infrastructure investments are prioritised and reported.  This issue to be discussed with Infrastructure Directorate to make sure the controls in place to mitigate this risk before close.	In Progress



# Agenda Item 6.3 - Attachment 1

Report-Internal Audit Over Corporate Credit Cards



# Shire of Ashburton

## Internal Audit over Corporate Credit card

January 202





## Acknowledgement of Country

The Shire of Ashburton acknowledges the local Indigenous people, the traditional custodians of this land. We pay respect to the elders, past and present and extend that respect to all Aboriginal Australians living within the Shire of Ashburton.





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**From:** Diluka Weerasingha, Internal Auditor

**To:** Audit and Risk and Improvement Committee

**Subject:** Internal Audit over Corporate Credit Cards (IAOCCC)

**Engagement Period:** 1st July 2024 to 30th August 2025

**Date:** 13 January 2026

### **Executive Summary**

The review of the Shire's Corporate Credit Card (CCC) processes identified a number of strong practices and positive behaviours that demonstrate the organisation's commitment to sound financial management, transparency, and adherence to sector expectations. Across the areas examined, staff displayed a high level of diligence in the use, approval, and oversight of corporate credit cards, supported by a clear governance structure and robust system-based controls.

A key strength of the Shire's framework is its legislative alignment. Advice obtained by the Shire from WALGA on 3 November 2025 confirmed that the Shire's processes for incurring liabilities through corporate credit cards are consistent with Regulation 5(e) of the Local Government (Financial Management) Regulations 1996. This confirmation that the CEO-approved Organisational Practice – Corporate Credit Cards provides the appropriate authorisation for cardholders to incur liabilities and acquit purchases through the ExpenseMe system. This is an important validation of the governance environment the Shire has implemented.

Operationally, the annual review of card limits was completed and approved by the CEO on 15 July 2025, demonstrating active oversight and ongoing relevance of credit card limits to business needs. Cardholders also sign a 12-point Corporate Transaction Card Agreement that outlines expected behaviours, responsibilities, and restricted practices. Although a formal training program does not exist, staff appear to have adopted the ExpenseMe system effectively, and the system's structured workflow—capturing verification, supervisory approval, finance approval, and ledger posting—provides a strong audit trail and reinforces segregation of duties.

The Finance Team's administration of transactions is a further positive element. Monthly reconciliations are completed, transactions are posted accurately to the general ledger, and corporate card transactions are transparently reported to Council in the Council Minutes at the merchant level. This level of visibility is commendable and reflects a strong commitment to public accountability. The review also noted that only eight personal-use transactions occurred during the period examined (approximately 0.28% of total transactions), and all were repaid within ten days, demonstrating staff responsiveness and adherence to the Organisational Practice.

The management of card security also reflects good practice. Cards are secured in the safe when staff go on extended leave, and cancellation of cards at the end of employment occurs promptly through the Banking System. The Organisational Practice itself has also been reviewed and updated as part of the annual



governance review cycle, demonstrating a willingness to maintain contemporary and relevant procedures.

While these strengths provide a solid foundation, several improvement opportunities exist to enhance alignment between documented procedures and current practice. These include formalising a specific training module for cardholder responsibilities, ensuring the Corporate Card Register is maintained in accordance with clause 21 of the Organisational Practice, improving documentation for handover and destruction of cards, and strengthening compliance with the five-day reconciliation requirement. Additionally, greater consistency between the Organisational Practice and the Council Policy—particularly in areas such as treatment of reward schemes—would further reinforce clarity for staff.

Overall, the Shire's Corporate Credit Card management processes show many positive attributes and reflect a largely sound control environment. With targeted improvements that build upon the strong foundations already in place, the Shire is well positioned to further enhance governance, compliance, and operational efficiency in its corporate card administration.

### **Introduction**

Corporate credit cards can provide significant administrative and financial management benefits to local governments by streamlining procurement processes, reducing petty cash usage, and improving overall cash management efficiency. However, if not governed by robust controls, the use of corporate credit cards can expose a local government to considerable risks, including misuse, non-compliance, and reputational damage.

The risks associated with corporate credit card usage can be effectively mitigated through the implementation of comprehensive policies, procedures, and monitoring mechanisms that define accountability, approval processes, and reporting obligations.

The Office of the Auditor General (OAG) of Western Australia conducted a performance audit in June 2024 titled Local Government Management of Purchasing Cards, which examined practices across three local governments comparable in scale and complexity to the Shire. The OAG also issued an accompanying Better Practice Guide, presented as Annexure 1 to the performance audit report, providing key recommendations for strengthening purchasing card governance.

A review of Shire of Ashburton records indicates that no internal audit of corporate credit card management has been conducted in the recent past, with no evidence of such a review dating back to at least 2019.

### **Objectives**

The objective of IAOSCC is to assess the adequacy and effectiveness of established controls around Corporate Credit Cards and compliance with applicable acts and regulations. There are 48 Corporate Credit Cards mentioned as "allocated" in annexure 1 of Organisational Practice – Corporate Credit Cards.



## Scope

Audit Area	Key Controls
<b>Governance &amp; Policy</b>	<ul style="list-style-type: none"> <li>Approved transaction card policy aligned with LG Act 1995, Financial Management Regulations (Regs 11 &amp; 13), and DLGSC guidelines.</li> <li>Policy specifies roles, responsibilities, approval processes, timelines for acquittals, prohibited uses.</li> </ul>
<b>Cardholder Eligibility &amp; Approval</b>	<ul style="list-style-type: none"> <li>Applications supported by operational need and financial delegation.</li> <li>CEO/ DCEO/ Directors approves staff card applications/ Council approves CEO card.</li> <li>An application is appropriately approved.</li> <li>Signed cardholder agreements outlining legal obligations and responsibilities.</li> <li>Training provided at induction and refresher basis.</li> </ul>
<b>Card Register Management</b>	<ul style="list-style-type: none"> <li>Central register maintained with holder, card number, expiry, credit limit, and status.</li> <li>Timely updates for new, cancelled, or destroyed cards.</li> <li>Physical Storing of Cards (unused/ on leave)</li> </ul>
<b>Transaction Management</b>	<ul style="list-style-type: none"> <li>Transactions restricted to official business purposes only.</li> <li>Purchases within limits; no split transactions to bypass limits.</li> <li>Adequate supporting documentation (tax invoices, GST/ABN compliance).</li> <li>Timely acquittals</li> <li>Unauthorised transactions to be reimbursed within 7 days.</li> <li>Reporting fraudulent transactions.</li> <li>Compliance with Council Policy – Corporate Transaction Cards</li> <li>Compliance with Council Policy – Purchasing and Procurement</li> </ul>
<b>Review &amp; Approval</b>	<ul style="list-style-type: none"> <li>Cardholder reviews their own transactions.</li> <li>Manager independently reviews and approves for business relevance and compliance.</li> <li>Segregation of duties maintained.</li> <li>CEO transactions independently reviewed by Council/ARMC.</li> </ul>
<b>Card Use &amp; Restrictions</b>	<ul style="list-style-type: none"> <li>Cards not shared between employees.</li> <li>Prohibition on cash withdrawals, personal purchases, and loyalty/reward scheme use.</li> <li>Clear procedures for cards when holder is on extended leave.</li> <li>Card lodged with Finance if leave &gt;1 month.</li> <li>Lost Stolen or Damaged Cards</li> </ul>
<b>Cancellation &amp; Lifecycle Management</b>	<ul style="list-style-type: none"> <li>Immediate cancellation when cardholder resigns, changes roles, or no longer requires card.</li> <li>Physical destruction documented and recorded in the register.</li> </ul>



<b>Monitoring &amp; Reporting</b>	<ul style="list-style-type: none"> <li>• Monthly detailed reporting of transactions to Council</li> <li>• Management monitoring of acquittal timeliness, inappropriate use, and anomalies.</li> <li>• Regular reports to managers on card usage in their area.</li> </ul>
<b>Fraud &amp; Misconduct Escalation</b>	<ul style="list-style-type: none"> <li>• Documented processes for reporting, investigating, and escalating suspected misuse in line with CCC Act obligations.</li> <li>• Evidence of corrective action for misuse or errors.</li> </ul>
<b>System &amp; Provider Controls</b>	<ul style="list-style-type: none"> <li>• Bank/provider controls configured (credit limits, merchant category code restrictions).</li> <li>• Temporary top-up approvals documented with justification.</li> <li>• Annual/ Periodical review of card limits and system settings.</li> </ul>
<b>Continuous Improvement</b>	<ul style="list-style-type: none"> <li>• Annual review of policy and procedures, card register, and transaction/card limits.</li> <li>• Identification and cancellation of inactive/under-used cards.</li> <li>• Random audits of card use.</li> <li>• Benchmarking against OAG findings and better practice.</li> <li>• Internal/external audits of card use conducted, with follow-up of recommendations.</li> </ul>

**Scope Exclusion**

Scope Doesn't include cards other than Corporate Credit Cards.

**Scope limitations**

None

**Use of third-party information**

The use of third-party specialist reports was intended to leverage specialized expertise for informed recommendations.

**Criteria**

Criteria will consider SOA policies, directives, procedures and local government regulations. Where there is no explicit criteria, industry's best practices will be considered.

- Section 2.7(2)(a) and (b) of the Act requires the council to oversee the allocation of the local government's finances and resources and to determine the policies of the local government.
- Section 6.5(a) of the Act requires the Chief Executive Officer (CEO) to ensure that proper accounts and records of the transactions and affairs of the local government are kept in accordance with regulations.
- Local Government (Financial Management) Regulation 5 requires local government's CEO to establish efficient systems and procedures for financial management.



- Local Government (Financial Management) Regulation 11(1)(a) requires local governments to develop procedures for the authorisation and payment of accounts to ensure that there is effective security and appropriate authorisations in place for the use of credit cards.
- Local Government (Financial Management) Regulation 13(2) ) requires local governments to prepare a list of accounts for approval to be paid is to be prepared each month and present to council.
- Council Policy – Corporate Transaction Cards
- Council Policy – Purchasing and Procurement
- Organisational Practice – Corporate Credit Cards
- OAG Better Practice Guide
- DLGSC Operational Guidelines
- Controls and Risks will be assessed per Matrixes in SOA Risk Management Procedures Annexure 1 and Annexure 2

**Significant dates**

Step	Actual Date
Planning Memorandum	19 Sep 2025
Kickoff Meeting	22 Sep 2025
Field Work (Walkthrough, Selecting Sample, Information Request and Analysis)	22 Sep 2025
Exit Meeting	05 Nov 2025
Issue Draft Report to include Agreed Management Action Plan	07 Nov 2025
Received Management Actions	09 Jan 2026
Issue Final Report to CEO and ELT	13 Jan 2026
Issue Final Report to Audit and Risk Management Committee	10 Feb 2026

**Basis of review**

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure. It should also be noted that the review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

In my professional judgment as Internal Auditor, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the processes examined. The evidence gathered meets professional audit standards and is sufficient to provide Audit and Risk Management Committee with proof of the conclusions derived from the internal audit.



## Findings

This report presents the findings of the Internal Audit over Corporate Credit Cards of the Shire for the period of 1st July 2024 to 30th August 2025 (referred to as the "engagement period").

Findings are listed under finding sections as summarised in below table. Details of findings are showing from page 10 to 16.

S/N	Finding	Control Effectiveness
1	Absence of a Compliant Corporate Credit Card Register	Partially Effective
2	Absence of Explicit Prohibition on Rewards or Loyalty Systems in the Corporate Credit Card Framework	Partially Effective
3	Incomplete Recordkeeping for Card Handover, Cancellation, and Destruction	Partially Effective

The assessment of the adequacy and effectiveness of internal controls were conducted against the better practice guide developed by Auditor General of WA. The assessment results are showing under annexure 1 to the report from page 17 to 28.

The effectiveness of internal controls for each finding has been assessed using the control-effectiveness criteria set out in the Shire's adopted Risk Management Procedure (refer page 29). In accordance with the approved Risk Management Procedure 2025, risk analysis is the responsibility of management.

As the Shire has not yet completed an enterprise-wide risk assessment or updated the Enterprise Risk Register, Internal Audit has limited its work to evaluating key controls and reporting their control-effectiveness ratings. This assessment is provided to support and inform management's risk analysis obligations. For this reason, Internal Audit Report has included Control Effectiveness Rating per the approved planning Memorandum by CEO dated 19 September 2025.

Diluka Weerasingha CPA, CIA

Internal Auditor

Shire of Ashburton



**Findings**

<b>1</b>	<b>Absence of a Compliant Corporate Credit Card Register</b>	<b>Control Effectiveness</b>
<b>Finding, Implications and Recommendations</b>		<b>Partially Effective</b>
<p><b><u>Finding</u></b></p> <p>The CEO-approved <i>Organisational Practice – Corporate Credit Cards</i> (Clause 21) requires the Manager Finance to maintain a separate Corporate Credit Card Register that includes mandatory governance information such as cardholder name, position title, card number, CVV, date issued, expiry date, transaction limit, monthly limit, and any expenditure restrictions.</p> <p>Audit identified that no such register is maintained by the Shire. Instead, management relies solely on the Commercial Bank Australia corporate card system as the “register”. However, the banking system:</p> <ul style="list-style-type: none"> <li>• does not contain several required fields (e.g., position title, CVV, lifecycle records), and</li> <li>• is a third-party platform rather than an internal financial record controlled by the Shire.</li> </ul> <p>This results in non-compliance with the Organisational Practice approved by the CEO. Further, if management considers the banking system to be the operational register, then this indicates that current practice is inconsistent with the Organisational Practice. In such circumstances, the OP would require formal amendment to reflect the actual practice and would need CEO approval, as required under the Shire’s governance framework.</p> <p>The current approach does not meet statutory obligations under:</p> <ul style="list-style-type: none"> <li>• Local Government Act 1995 – s.5.41(d) (CEO to ensure proper accounting and financial records),</li> <li>• Financial Management Regulations 1996 – r.5(e) (records explaining liabilities incurred), and</li> <li>• Financial Management Regulations 1996 – r.13 (complete financial records to support transactions).</li> </ul> <p><b><u>Implication</u></b></p> <ul style="list-style-type: none"> <li>• Non-compliance with CEO-approved Organisational Practice – Corporate Credit Cards.</li> <li>• Non-compliance risk with the Local Government Act and Financial Management Regulations.</li> <li>• Incomplete audit trail of critical elements of card management (Handover, Takeover, Destruction).</li> <li>• Weak accountability, as the Shire cannot demonstrate the full governance controls required for card management in compliance with State Recordkeeping Act.</li> <li>• Policy misalignment, where operational practice does not reflect the approved governance instrument.</li> </ul> <p><b><u>Recommendations</u></b></p> <ul style="list-style-type: none"> <li>• Establish and maintain a Shire-owned Corporate Credit Card Register containing all mandatory information required by Organisational Practice Clause 21.</li> </ul>		



<b>1</b>	<b>Absence of a Compliant Corporate Credit Card Register</b>	<b>Control Effectiveness</b>	
<ul style="list-style-type: none"> <li>• Capture and retain card lifecycle records (issue, temporary handover, return, cancellation, destruction).</li> <li>• Conduct regular reconciliations between the Shire’s register and the bank system to ensure accuracy.</li> <li>• Where practice diverges from the Organisational Practice, review and update the OP to reflect actual processes and obtain CEO approval to ensure consistency between governance documentation and operational practice.</li> <li>• Ensure the register and supporting documents are captured in accordance with the State Records Act and the Shire’s Recordkeeping Plan.</li> </ul>			
<b>Management Comment</b>			
<p><b>Director Corporate Services</b></p> <p>The Organisational Practice was written based on the WALGA guidelines for Corporate Credit Card Management and is based on a manual system.</p> <p>The Shire has implemented an Online Cloud Based Expense Management System and also has direct access to the CBA Card Manager System.</p> <p>The recommendations of the Internal Auditor would be a duplication of effort and require a manual system to be implemented which has been eliminated by the Cloud Based System.</p> <p>Fully details as per the Organisational Practice are able to be obtained at any time from both these systems which represent a single source of truth for both Card Management (CBA) and Expense Management (Expense Me Pro)</p>			
<b>Agreed Actions</b>		<b>Responsible Officer</b>	<b>Target Completion Date</b>
<p>Organisational Practice – Corporate Credit Cards (Clause 21) requires the Manager Finance to maintain a separate Corporate Credit Card Register that includes mandatory governance information such as cardholder name, position title, card number, CVV, date issued, expiry date, transaction limit, monthly limit, and any expenditure restrictions.</p> <p>Storing card numbers, CVV codes, and expiry dates in a single location creates a significant security risk. If that location is compromised, all 30 cards could be exposed.</p>		<p>Corporate Services. Manager of Finance.</p> <p>Review and update the Organisational Practice – Corporate Credit Cards (Clause 21) to align with current secure systems (CBA Card Manager and Expense Me Pro) and remove requirements that conflict with PCI DSS and statutory</p>	



1	Absence of a Compliant Corporate Credit Card Register	Control Effectiveness	
	<p>A data breach involving this information could lead to financial loss, reputational damage, and legal consequences for the organization.</p> <p>Auditors typically require evidence of card ownership and usage, not full card details. Storing complete card numbers and CVV codes is excessive and unnecessary.</p> <p>The Shire has implemented an Online Cloud-Based Expense Management System and has direct access to the CBA Card Manager System. These platforms provide secure, centralized access to cardholder information and transaction data, with compliance measures already in place.</p> <p>This approach meets audit requirements while maintaining compliance and minimising risk.</p>	<p>obligations. Document how these systems meet governance requirements and ensure CEO approval for any amendments.</p> <p>The CCC audit did not include an audit of the Organisational Practice – CCC. The OPCCC presents substantial risk to the Shire particularly clause 21.</p>	
<b>Audit log ref</b>		<b>Date Issued to ELT and CEO</b>	13 Jan 2026

2	Absence of Explicit Prohibition on Rewards or Loyalty Systems in the Corporate Credit Card Framework	Control Effectiveness	
<b>Finding, Implications and Recommendations</b>		Partially Effective	
<p><b>Finding</b></p> <p>The Council Policy – Corporate Transaction Cards clearly prohibits the use of transaction cards for “incurring expenses for the primary purpose of obtaining personal advantage through the transaction (i.e., membership or loyalty rewards)”</p> <p>However, this requirement has not been reflected in either:</p> <ul style="list-style-type: none"> <li>the Organisational Practice – Corporate Credit Cards (latest revision July 2025)</li> <li>the Corporate Transaction Card Employee Agreement and Approval (Appendix 2).</li> </ul>			



2	Absence of Explicit Prohibition on Rewards or Loyalty Systems in the Corporate Credit Card Framework	Control Effectiveness
<p>The Organisational Practice establishes operational conditions, prohibiting PayPal and AfterPay use and requiring receipts, but it does not restate or reinforce the prohibition on reward, membership, or loyalty schemes. Likewise, the Employee Agreement omits any clause clarifying that any benefits, loyalty points, or rewards gained from Shire-funded purchases must not be retained by the cardholder.</p> <p>There is also no training provided on use of credit cards for allowed, non allowed and responsibilities in case of accidental personal transaction. The instructions solely establish through the organisational practice and by way of an agreement signed.</p> <p>This omission creates an inconsistency between the governing Council Policy and the operational procedures and agreements, weakening control effectiveness and exposing the Shire to potential probity and integrity risks.</p> <p><b>Implication</b></p> <ul style="list-style-type: none"> <li>• Policy inconsistency: The absence of a prohibition in operational documents undermines compliance with the overarching Council Policy and may cause misinterpretation by staff.</li> <li>• Integrity and probity risk: Cardholders could inadvertently accrue or retain personal loyalty rewards or benefits from Shire-funded transactions, which could constitute a conflict of interest or personal gain.</li> <li>• Reputational risk: Lack of clarity may invite scrutiny or findings of weakness by external auditors, given OAG Report 19 (2024) explicitly lists “prohibition of personal rewards or loyalty benefits” as a better practice control.</li> </ul> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Amend the Organisational Practice – Corporate Credit Cards to include the clause from the Corporate Transaction Cards Policy:</li> </ul> <p><i>“Corporate transaction cards shall not be tied to any reward systems that provide cardholders with any personal benefit or reward.”</i></p> <ul style="list-style-type: none"> <li>• Update the Corporate Transaction Card Employee Agreement (Appendix 2) to include an explicit acknowledgment that:</li> </ul> <p><i>“The cardholder must not accrue or personally retain any reward points, loyalty benefits, or incentives derived from the use of the Shire’s corporate credit card’.”</i></p> <ul style="list-style-type: none"> <li>• Communicate and reissue updated agreements to all cardholders to ensure awareness and compliance with this requirement.</li> </ul>		
<p><b>Management Comment</b></p>		
<p><b>Director Corporate Services</b></p> <p>This is covered in the Council Policy – Corporate Credit Cards.</p>		



<b>2</b>	<b>Absence of Explicit Prohibition on Rewards or Loyalty Systems in the Corporate Credit Card Framework</b>	<b>Control Effectiveness</b>	
<p>It is only the Internal Auditors opinion/suggestion that this could be further improved by including a reference in the supporting Organisational Practice. It does not represent a significant finding.</p> <p>Reference was also made to the WALGA Credit Card Guidelines that also have this as part of Policy not associated procedures.</p> <p>Each new Cardholder is provided with a Copy of the Policy and acknowledges this as part of executing the card holder agreement.</p>			
<b>Agreed Actions</b>		<b>Responsible Officer</b>	<b>Target Completion Date</b>
The CPCTC will be amended to say 'The cardholder must not accrue or personally retain any reward points, loyalty benefits, or incentives derived from the use of the Shire's corporate credit card'.		Corporate Services.  Manager of Finance.	
<b>Audit log ref</b>		<b>Date Issued to ELT and CEO</b>	13 Jan 2026

<b>3</b>	<b>Incomplete Recordkeeping for Card Handover, Cancellation, and Destruction</b>	<b>Control Effectiveness</b>	
<b>Finding, Implications and Recommendations</b>		Partially Effective	
<p><b>Finding</b></p> <p>The Organisational Practice – Corporate Credit Cards (OP) requires that:</p> <ul style="list-style-type: none"> <li>• cards are handed to Manager Finance when a cardholder takes extended leave;</li> <li>• cards are returned on cessation of employment; and</li> <li>• cancelled cards are to be destroyed.</li> </ul> <p>However, no formal records are maintained to evidence:</p> <ul style="list-style-type: none"> <li>• handover of cards for extended leave,</li> <li>• return of cards at exit, or</li> <li>• destruction of cancelled cards.</li> </ul> <p>The Staff Exit Clearance process also does not include a control step to confirm return and destruction of corporate cards.</p> <p>Although management advises that the CBA Card Manager system records cancellations, this system only records the account status, not the physical custody, handover, or destruction of cards as required under the OP, WALGA guidance, and good governance practice.</p>			



3	<b>Incomplete Recordkeeping for Card Handover, Cancellation, and Destruction</b>	<b>Control Effectiveness</b>
<p>Further, under s.19 of the State Records Act 2000, local governments must maintain “full and accurate records” of activities and transactions. The absence of these records means the Shire cannot evidence compliance with its own Organisational Practice or demonstrate an audit trail for custody of financial instruments.</p> <p><b>Implication</b></p> <ul style="list-style-type: none"> <li>• No verifiable evidence exists to prove cards were surrendered, securely stored, or destroyed. This creates evidentiary gaps if incidents arise (e.g., misuse discovered after employment termination).</li> <li>• Physical cards may remain in circulation without the Shire’s knowledge, particularly when staff leave or change roles, though the cards are cancelled in the system to mis represent.</li> <li>• Potential non-compliance with:                     <ul style="list-style-type: none"> <li>· <i>State Records Act 2000</i> – failure to maintain adequate records</li> <li>· <i>Local Government (Financial Management) Regulations 1996</i> – requirement for strong controls over incurring liabilities (r.5(e))</li> <li>· <i>Organisational Practice – Corporate Credit Cards</i> – requirements not followed</li> </ul> </li> <li>• <b>Exit-Process Weakness:</b> The absence of a corporate card clearance step in the exit process reduces management’s ability to enforce accountabilities and safeguard assets.</li> </ul> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• <b>Introduce a Basic Corporate Card Handover &amp; Destruction Record</b> Maintain a simple log, signed by the cardholder and Finance Officer, to evidence handover and destruction of cards in line with the Organisational Practice.</li> <li>• <b>Include Corporate Card Return in the Staff Exit Clearance</b> Add a single checkbox confirming the return of the corporate card before employment separation is finalised.</li> <li>• <b>Ensure Alignment Between Organisational Practice and Actual Processes</b> If management intends to rely on the CBA system for any aspect of recordkeeping, the OP must be formally amended, approved by the CEO. <i>Until this occurs, the OP remains the authoritative instruction—and the Shire is non-compliant with its own approved procedure.</i></li> </ul>		
<p><b>Management Comment</b></p> <p><b>Director Corporate Services</b></p> <p>Again these are possible improvement opportunities rather than a control weakness that warrants a significant finding.</p> <p>The whole point of introducing an Expense Management System and the CBA Card Management System was to eliminate the need to maintain any form of manual registers / logs outside the system.</p> <p>Given the level of risk, small limit sizes, restrictions on maximum transactions amounts etc built into the system, I am comfortable with the current level of controls.</p>		



<b>3</b>	<b>Incomplete Recordkeeping for Card Handover, Cancellation, and Destruction</b>	<b>Control Effectiveness</b>
<p>Organisational Practices are just that. The are instructions/guidance and will be amended as required.</p>		
Agreed Actions	Responsible Officer	Target Completion Date
<ul style="list-style-type: none"> <li>• Introduce a Basic Corporate Card Handover &amp; Destruction Record Maintain a simple log, signed by the cardholder and Finance Officer, to evidence handover and destruction of cards in line with the Organisational Practice.</li> <li>• Include Corporate Card Return in the Staff Exit Clearance Add a single checkbox confirming the return of the corporate card before employment separation is finalised.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Services.</li> <li>• Manager of Finance.</li> </ul>	
<b>Audit log ref</b>		<b>Date Issued to ELT and CEO</b>
		13 Jan 2026



**Annexure 1-Assesment of adequacy and effectiveness of control against Better Practice Guidance of WA Auditor General**

Control assessment was carried out per the Better Practice Guidance Provided by WA Auditor General. This guidance has been developed in par with regulatory requirements and better practices

Purchasing Card Management	Controls	Review of SOA Controls. (Red text indicates points of concerns)	Management Response
<p><b>Issue of CCC</b></p> <p><b>Outcome</b> Cardholder eligibility and operational need is established, an application is appropriately approved, and the cardholder is made aware of their legal obligations and responsibilities</p>	<p>cardholder has appropriate financial delegation to incur expenditure. Delegations should also be set for certain types of expenditure</p>	<p>The Shire has confirmed, based on advice from WALGA (email dated 3 November 2025), that the Office of the Auditor General’s (OAG) reference to a need for a “delegation” to incur expenses using corporate credit cards is erroneous. WALGA clarified that:</p> <ul style="list-style-type: none"> <li>• Executing a transaction using a purchasing or corporate card constitutes incurring a liability under Regulation 5(e) of the <i>Local Government (Financial Management) Regulations 1996</i>;</li> <li>• The cardholder is responsible for providing evidence of the proper incurrance of that liability through the acquittal process – also under Regulation 5(e); and</li> <li>• The payment of the liability is made by a person with delegated authority in accordance with Regulation 12(1)(a).</li> </ul> <p>Accordingly, the Organisational Practice – Corporate Credit Cards,</p>	



		approved by the Chief Executive Officer, provides the necessary authorisation for cardholders to incur liabilities and outlines the process for acquittal through the ExpenseMe system, consistent with the requirements of Regulation 5(e).	
	an application form is appropriately approved	Per the Organisational Practice – Corporate Credit Cards, no internal application process exists for issuing corporate cards. The Director Corporate Services has advised that the Bank’s Corporate Credit Card Application process is considered the application mechanism; however, no such application forms were provided for review when requested.	Completely disagree. Each and every cardholder completes a <b>Cardholder Agreement</b> and receives a copy of the Council Policy and Organisational Practice before a Corporate Credit Card is Ordered. Following this an online link is sent from the CBA to complete the identification requirements required by Australian Banking Institutions. The Cardholder Agreement has details of Limit and Maximum Transaction Value that will apply.
	card limits are based on cardholders need	Card limits are reviewed and approved annually.	
	cardholder and their manager signs agreement that clearly sets out legal obligations and	Per the Organisational Practice Appendix 2- Corporate Transaction Card Employee Agreement and Approval, there are 12 conditions for card holder to acknowledge and authorised by CEO/ DCEO or Directors.	



	responsibilities and the purposes for which a card may or may not be used		
	Cardholder acknowledges that they understand and will comply with purchasing card policy and procedures	Per the Organisational Practice Appendix 2- Corporate Transaction Card Employee Agreement and Approval, there are 12 conditions for card holder to acknowledge.	
	cardholder receives training on procedures and requirements	<p>The Organisational Practice – Corporate Credit Cards together with the Appendix depicts the practices and conditions.</p> <p>There is no specific training program for Corporate Credit Card obligations, conditions, or restricted practices as outlined in Annexure 2 of the Organisational Practice. Cardholders rely solely on the ExpenseMe system's online guidance, which does not address key requirements such as prohibited transactions, documentation standards, or cardholder responsibilities.</p>	<p>Completely disagree with this statement.</p> <p>As has been stated several times, the Expense Me Management System is relatively easy to use and once they receive a card they are provided with access and then when transactions appear they are shown how to process and code accordingly. Prior to ordering card they are also required to acknowledge the terms and conditions of use.</p> <p>If any individual cardholder has any issues they have an abundance of online Expense Me material or are provided with One on One training as required.</p>



	<p>card administrator updates the purchasing card register with key cardholder information</p>	<p>Per the Organisational Practice – Corporate Credit Cards clause 21, the manager Finance or their delegate shall maintain a separate register of all corporate credit cards including below:</p> <ul style="list-style-type: none"> <li>(a) Name of the Credit Provider;</li> <li>(b) Credit limit for all cards; and</li> <li>(c) Each cardholder’s details:                             <ul style="list-style-type: none"> <li>(i) Name;</li> <li>(ii) Position title;</li> <li>(iii) Card number;</li> <li>(iv) Card verification number (CVV);</li> <li>(v) Date issued;</li> <li>(vi) Card expiry date;</li> <li>(vii) Maximum monthly credit limit;</li> <li>(viii) Transaction limit; and</li> <li>(ix) Expenditure restrictions (if applicable).</li> </ul> </li> </ul> <p>However, the register required under clause 21 of the Organisational Practice is not maintained. Instead, management relies on the banking system as the card register. While this provides certain cardholder and account details, it does not contain all mandatory information specified in the Organisational Practice (e.g., CVV) and other important information (Like Card Handover, Destruction Etc). As a result, the current practice is not consistent with the Organisational Practice and does not meet its stated requirements.</p>	<p>Maintaining this information in a Manual Register exposes the Shire to additional risk under the proposed PRIS legislation.</p> <p>All this information is able to be sourced from either the CBA Card Management System or the Expense Management System.</p> <p>A manual register would be a duplication of effort and not considered necessary.</p>
<p><b>Use of CCC Outcome</b></p>	<p>purchases should be within the transaction</p>	<p>The Organisational Practice – Corporate Credit Cards Appendix 2-Section C</p>	



Purchases are for business use, and are properly reviewed and approved in accordance with the purchasing card policies and procedures	and card limits. They should not be split to circumvent these limits	explicitly does not allow to split transactions.	
	entity sets out appropriate delegations for approval of expenditure	The Organisational Practice –Corporate Credit Cards, Appendix 1 shows the approver and transaction limits.  Based on the WALGA confirmation email dated 3 November 2025, there is no requirement for a formal “delegation” in relation to the use of corporate credit cards. The WALGA guidance clarifies that cardholders incur liabilities under Regulation 5(e) of the <i>Local Government (Financial Management) Regulations 1996</i> , not under a delegation made pursuant to section 5.44 of the <i>Local Government Act 1995</i> .  However, the CEO has authorised the <i>Organisational Practice – Corporate Credit Cards</i> as the governing procedure under Regulation 5(e), establishing the approved system and authorisation framework for the issue, use, and acquittal of corporate credit cards within the Shire. designations allow to approve the transactions.	
	timely review and approval of transactions:  cardholder: reviews statements to	Per the Organisational Practice –Corporate Credit Cards Appendix 2- Section B Point 6: Cardholder is responsible for ensuring all transactions are reconciled within 5 days of the transaction date in the	The five days mentioned in the Organisation Practice as a guide to staff.  Operationally the critical date is for



	<p>ensure accuracy of reported purchases, attaches adequate supporting documentation, codes purchases and provides sufficient details to identify the purchase</p> <p>cardholder's direct manager: reviews and approves purchases to ensure appropriate business use, consistency with cardholder's role and responsibilities, and compliance with policies and guidelines</p>	<p>Shire of Ashburton's Expense Management System.</p> <p>However, several instances <b>(7 out of 30 Sample Transactions)</b> were identified where the "Verified" date recorded in the ExpenseMe system occurred more than five days after the transaction date, contrary to the five-day reconciliation requirement in the Organisational Practice.</p> <p>Per the Organisational Practice –Corporate Credit Cards Appendix 1, it has established the approver as the direct manager and specific approvers.</p>	<p>all transactions for a month to be entered so that at month end the global direct debit is completely reconciled.</p> <p>In the 18 months this system has been operated, Accounts Payable have ensured that this has occurred on each and every occasion.</p>
	<p>review and approval processes have adequate documentation</p>	<p>ExpenseMe system shows below actions with designation, date and time: Created – This is the date bank feed passed banking information in to the ExpenseMe system.</p> <p>Verified- This is the date that the card holder reconciled with supporting documents</p> <p>SVApproved – This is the date that the cardholders</p>	



		<p>direct manager approved the transaction</p> <p>FOApproved – This is the date that the finance approved the transaction to post to GL</p> <p>Posted – This is the date that the transactions were posted to the GL</p>	
	processes to repay any personal purchases	Per the Organisational Practice –Corporate Credit Cards Appendix 2- Section B Point 10, cardholder is supposed to repay any personal expense back to shire or allow to make a payroll deduction.	
	guidance for purchases where cards are not physically present such as online telephone and internet purchases	<p>Per the Organisational Practice –Corporate Credit Cards, conditions where transactions are related to internet or telephone are shown below.</p> <p>“Purchases through the internet should be restricted to trusted, secure sites. PayPal and AfterPay must not be used.”</p> <p>“For transactions undertaken through the telephone or internet, an invoice and receipt must be obtained, outlining the purchase transaction details. In circumstances, where no invoice or receipt is available, comprehensive transaction details, such as transaction date, payee details (name; address; ABN; GST incl) must be provided to support the payment made.”</p> <p>However, <b>4 (Out of 2697 transactions) were</b></p>	<p>I have explained to the Internal Auditor multiple times that the PayPal restriction was corrected as soon as it was identified that PayPal had been used and it was reinforced in the Organisational Practice.</p> <p>There is nothing extra required from a procurement perspective around subscription/recurring payments.</p> <p>In fact the use of Credit Cards is encouraged for this uses for its operational efficiency.</p> <p>With any subscription</p>



		<p>identified that were processed through PayPal, despite the Organisational Practice expressly prohibiting its use for online purchases.</p> <p>In addition, subscription-based payments were observed with no evidence of pre-approval or formal identification of these recurring merchant-initiated transactions, limiting transparency and oversight of ongoing commitments.</p>	<p>payment it still has to fall within the individual card restrictions in terms of limit and transaction amount.</p>
	<p>treatment of reward schemes and loyalty programs as purchasing cards should not be used to gain a personal benefit</p>	<p>The Organisational Practice – Corporate Credit Cards does not identify or prohibit the use of reward or loyalty programs, and the Cardholder Agreement similarly contains no clause preventing cardholders from accruing personal benefits.</p> <p>However the Council Policy -Corporate transaction Cards prohibits the use of rewards systems in purchases. This make the non consistent implementation of policy and organisational practice.</p>	<p>There is no requirement for this to be in the Organisational Practice. It is clearly in the policy.</p> <p>This is not a significant finding particularly references to the Shire's adopted Risk Reference Tables.</p>
	<p>procedures for when a cardholder is on leave to ensure card security</p>	<p>Per the Organisational Practice –Corporate Credit Cards, point 6 ( c ) below condition exists:</p> <p>Prior to a cardholder taking leave for a continuous period greater than one month, the corporate credit card is to be handed over to the Manager Finance, for safekeeping until their return.</p>	<p>The current control and process of placing in the Petty Cash Tin and locked in the Tom Price Admin Building Safe is considered adequate.</p>



		<p>Cards are stored in secure vault in such instances.</p> <p>However, no records are maintained to document the handover or return of corporate credit cards in these circumstances.</p>	
<p><b>Cancellation of CCC</b></p> <p><b>Outcome</b> Timely cancellation of purchasing cards to prevent unauthorised purchases and unnecessary card fees</p>	<p>immediate cancellation once a cardholder exits or has a change in employment requirements</p>	<p>Cards are cancelled in the Banking System at the termination of the employment of a card holder and destroy the card.</p> <p>Card handover is not documented as part of the staff exit clearance process.</p>	<p>Cards can be immediately deactivated due to the Shire having direct access to the CBA Card Manager System.</p> <p>Consideration of an improvement will be considered in this area as part of implementing the HR Module within Technology 1 in Phase 2 of the ERP process.</p> <p>The control at present however is fully effective.</p>
	<p>cardholder returns card to the administrator</p>	<p>Cards are handed over back to Finance.</p>	
	<p>cards should be destroyed, and evidence of destruction recorded</p>	<p>No records are maintained to verify the destruction of cancelled cards..</p>	<p>Again the OAG is referencing a manual system unaware that the Shire has both an Expense Management System and direct access to CBA Card Management System. The cards are deactivated within Card Manager and there is a complete audit trail to verify this. A note can also be placed on</p>



			the Card Manager System to evidence card has been destroyed.
	administrator enters cancellation and destruction information in cardholder register	No handover or destruction records are maintained within the Banking System register.	
<p><b>Oversight of CCC Outcome</b></p> <p>Regular monitoring and reporting to provide management with insights into use and the effectiveness of controls and to address shortcomings in a timely manner. Evidence of reviews should be retained</p>	<p>Examples of monitoring and reporting include:</p> <p><b>Continuously :</b></p> <p>disclose information about each purchasing card transaction in a payment listing to council and in council minutes</p> <p>record instances of personal use, inappropriate use, and disputed and fraudulent transactions. Take corrective action when required assess the timeliness of reviews and approvals by cardholders and managers,</p>	<p>Card Transactions are disclosed to Council in Council Minutes at merchant level.</p> <p>There are <b>8 (Out of 2697 transactions)</b> Personal transactions recoded during the engagement period amounting to \$292.01 and cardholders have paid back within 10 days as required by Organisational Practice – Corporate Credit Cards.</p> <p>The verification of transactions are conducted within 5 days by the cardholder in the ExpenceMe system.</p>	<p>The implementation of an Expense Management System that goes through multiple approvals and checking processes ensures that monitoring is happening continuously and at a very high level.</p> <p>This is evidenced by the identification of a small number of accidental personal use transactions compared to the total volume of transactions.</p> <p>The process also ensure quick correction and repayment of any personal use.</p>



	<p>and act when timeframes are not met o provide reports to managers on usage within their areas to assess operational need reinforce requirements to cardholders and approvers</p>		
	<p><b>Annually:</b>                  identify inactive or under-used cards that may require cancellation                   review appropriateness of transaction and card limits                   audit and update purchasing card registers                   review relevance and effectiveness of policies and procedures as part of an annual risk assessment</p>	<p>An annual card limit review has been conducted by the director corporate services and approved by CEO on 15 July 2025.                   Organisational Practice – Corporate Credit Cards have also been reviewed and updated as part of the annual limit review.</p>	
	<p><b>Periodically:</b>                  sample test transactions</p>	<p>Card transactions are checked by the finance at each month end and post to the ledger.</p>	<p>The degree of ongoing scrutiny of transactions through the</p>

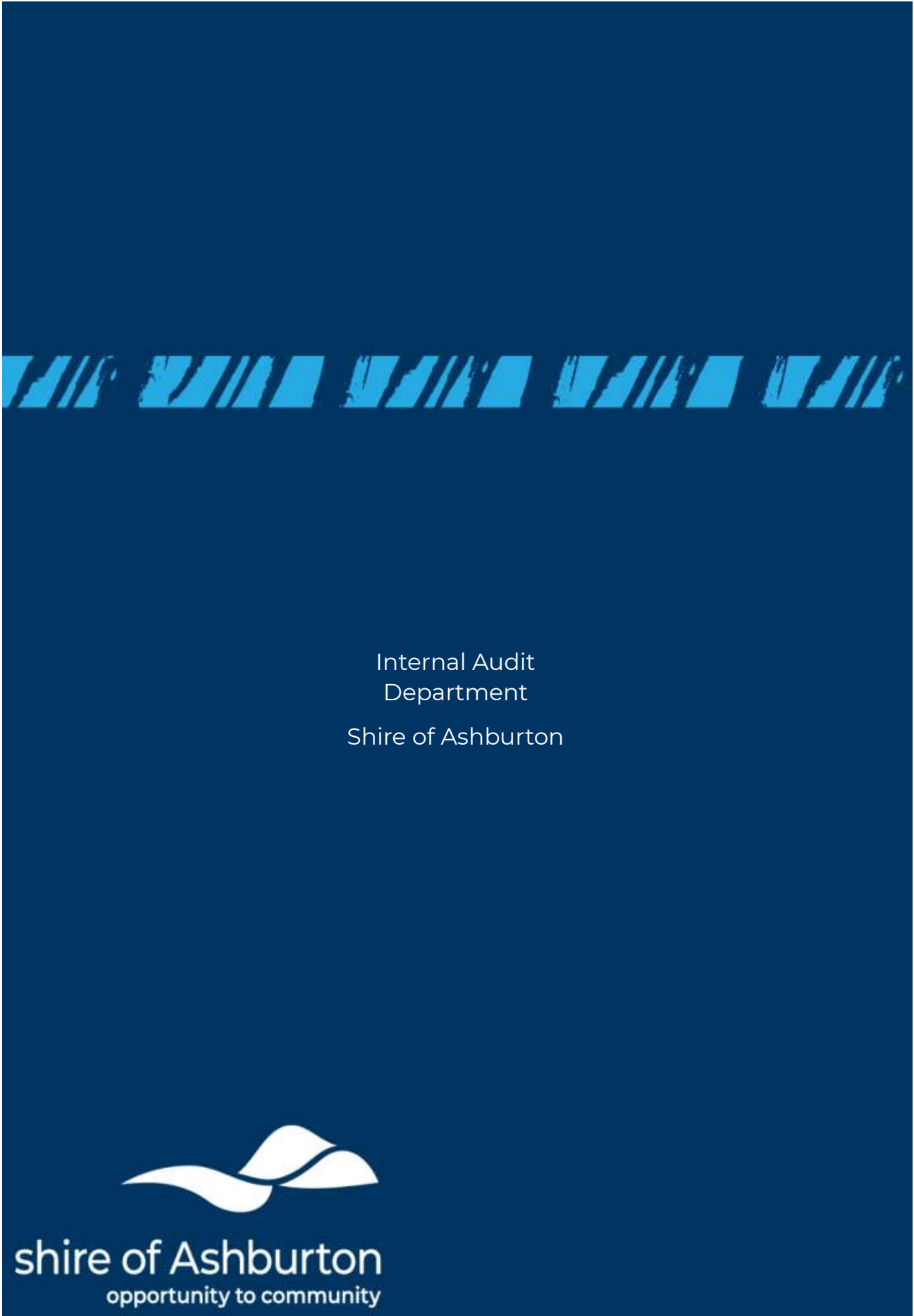


	<p>for appropriate business use and compliance with policies and procedures</p> <p>analyse usage and supplier patterns to inform procurement practices</p> <p>review purchasing card policy against operational guidelines and better practice principles</p> <p>review the appropriateness and effectiveness of financial management systems and procedures as required by legislation</p>	<p>There is no separate sample testing or analysis performed outside the routine monthly processing. Additionally, no independent random audits are undertaken, despite this requirement being specified in the Organisational Practice – Corporate Credit Cards (Appendix 2, Section B – Cardholder Agreement/Acknowledgement).</p>	<p>ExpenseMe System has been deemed as necessary.</p> <p>The Reference to the 'Regular Audits' is more than adequately covered by the high level of scrutiny on each and every transaction.</p> <p>The External Auditors also perform random checks on Corporate Credit Card Transactions during the External Audit.</p>
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**Annexure 2-Control Effectiveness Ratings Criteria (SOA Risk Management Framework)**

RATING	DESCRIPTOR
<b>Effective</b>	No control gaps. The control is influencing the risk level and only continued monitoring is needed.
<b>Mostly Effective</b>	Few control gaps. The control is influencing the risk level however, improvement is needed.
<b>Partially Effective</b>	Some control gaps that result in the control having limited influence on risk level.
<b>Not Effective</b>	Significant control gaps that result in the control not influencing risk level.





# Agenda Item 6.5 - Attachment 1

Proposed Fraud and Corruption Control Plan



# Fraud and Corruption Control Plan

2026-2028



### Endorsement record

<b>Office use only</b>			
<b>File reference</b>	CM16		
<b>Previous reference</b>	2038735		
<b>Relevant delegations</b>	Nil		
<b>Endorsement / amendment method</b>	Chief Executive Officer		
<b>CEO endorsement</b>	<b>Date</b>		<b>Record #</b>
	<b>Date</b>		<b>Record #</b>
<b>Amendment record</b>	<b>Date</b>		<b>Record #</b>
	<b>Date</b>		<b>Record #</b>
<b>Review frequency</b>	2 years		
<b>Last review</b>			
<b>Document Responsibility</b>			
<b>Responsible Directorate</b>	Corporate Services		
<b>Responsible Business Unit</b>	Corporate Services		
<b>Responsible Officer</b>	Director Corporate Services		



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## 1. Introduction

The Shire of Ashburton (Shire) understands that earning and maintaining community trust is essential for the good governance of our community. Fraud and corruption are illegal activities, and the Shire adopts a zero-tolerance attitude towards fraud, misconduct and corruption. Fraud and corruption can be damaging to the Shire through financial loss, loss of public confidence (either perceived or real), reputational damage and adverse publicity. The Shire is therefore committed to best practice fraud and corruption prevention.

The Shire's two Codes of Conduct guide elected members, committee members and employees to determine the appropriate and acceptable ethical standards of behaviour in terms of actions and decisions they make in performing their duties. Elected members, committee members and employees must not engage in practices that constitute fraud or corruption.

This Fraud and Corruption Control Plan (Plan) establishes the foundation for a range of control initiatives designed to mitigate risks open to possible fraud and corruption. It has been formulated in accordance with the principles outlined in Australian Standard AS8001-2021 Fraud and Corruption Control and Council Policy – Fraud and Corruption.

The Plan outlines the Shire's approach to fraud and corruption prevention, deterrence and detection and sets out the standards of accountability that the Shire expects of elected members, committee members and employees to minimise opportunities for fraud or corrupt conduct.

In summary, the Plan's objectives are to:

- support high standards of professional conduct and honest and ethical behaviour within the organisation
- minimise the risk of fraudulent practices or corrupt conduct occurring within and being perpetrated against Council
- protect the Shire's assets, public image and reputation
- ensure an ethical culture is enshrined within the organisation
- establish the Executive Leadership Team's commitment to identify fraud risk exposures and establish procedures for prevention, detection and response
- ensure elected members, committee members and employees are aware of their responsibilities in relation to ethical conduct
- detail how the Shire deals with suspected fraud and corrupt conduct through risk management practices
- provide guidance on how suspected instances of fraud or corrupt conduct are managed and dealt with by the Shire.



## 2. Definitions

<b>Term</b>	<b>Meaning</b>
Act	<i>Local Government Act 1995.</i>
Administration	Includes senior employees and other employees of the local government, led by the CEO.
Audit	The inspection or examination of a Shire activity or facility to evaluate or improve its appropriateness, efficiency or compliance.
Business Unit	A functional work group of the organisation that consists of a manager and employees that perform particular functions of the Shire.
CEO	The Chief Executive Officer is the most senior employee in the Administration. The CEO is appointed by and directly accountable to the Council.
committee member	Members of a committee appointed by Council.
Coordinator/Supervisor	An employee of a business unit that has supervisory or leadership responsibility of a team of employees that deliver a service or function by the Administration to the community.
Council	The elected members meeting as a Council under the Act.
Committee	A Committee of Council established by Council under the Act and constituted by elected members, employees and/or members of the public.
Council meeting	A meeting of Council conducted in accordance with the Act.
Department	The State government department responsible for local government.
Director	A senior management position in the administration engaged by and directly responsible to the CEO.
Elected members	The Shire President and Councillors of the Shire.
employee	A person employed by the local government in accordance with the Act.



Term	Meaning
Executive Leadership Team (ELT)	The CEO and Directors.
Local government	A body corporate established under the Act.
Manager	An employee in the organisation directly accountable and responsible for a business unit of the Administration.
Shire	The local government of the Shire of Ashburton and includes the Council and the Administration.
senior management	Means the CEO, Directors and Managers.

### 3. Defining fraud and corruption

#### 3.1 Fraud

Fraud, as defined within AS 8001:2021 Fraud and Corruption Control Standards, is a "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 where deception is used at the time, immediately before or immediately following the activity."

Fraud includes any practice that involves deceit or other dishonest means by which a financial or personal benefit is obtained.

Any fraud has the potential to be misconduct, or serious misconduct.

Fraud can take many forms, including (but not limited to):

- theft or obtaining property, financial advantage or any other benefit by deception;
- false timesheets, sick or annual leave claims;
- providing false or misleading information or failing to provide information where there is an obligation to do so;
- causing a loss or avoiding or creating a liability by deception;
- making, using or possessing forged or falsified documents;
- unlawful use of computer systems, vehicles, telephones and other property or services; and
- manipulating expenses or salaries.



### 3.2 Corruption

Corruption, as defined within AS 8001:2021 Fraud and Corruption Control Standards, is “Dishonest activity in which a person associated with an organisation (e.g. elected member, employee or contractor) acts contrary to the interests of the organisation and abuses their position of trust 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.”.

Corrupt conduct tends to show a deliberate intent for an improper purpose and may involve activities such as:

- the deliberate failure to perform the functions of office properly;
- the exercise of a power or duty for an improper purpose; or
- dishonesty.

Corruption is a form of misconduct which can take many forms, including (but not limited to):

- abuse of public office;
- blackmail;
- bribery, including bribery in relation to an election;
- deliberately releasing confidential information;
- extortion;
- obtaining or offering a secret commission;
- fraud or stealing;
- forgery;
- perverting the course of justice;
- an offence relating to an electoral donation; or
- falsification of records.



### 3.3 Organisational examples of fraud and corruption

Fraud and corruption can occur across all aspects of the Shire's operations, including decision-making. The below table provides some examples of the type of fraudulent or corrupt activities that could occur in various operations at the Shire:

Business Activity	Example
ICT assets and security	<ul style="list-style-type: none"> <li>• Misappropriation, or the unauthorised or unlawful destruction of data</li> <li>• Unauthorised or unlawful alteration of data</li> <li>• Sharing of usernames and passwords</li> <li>• Theft of ICT equipment</li> </ul>
Regulatory/legislative compliance	<ul style="list-style-type: none"> <li>• Providing false or misleading information</li> <li>• Failing to provide information where there is a legal obligation to do so</li> <li>• Failing to issue fines or other sanctions</li> </ul>
Personnel records/confidential information/privacy	<ul style="list-style-type: none"> <li>• Use or disclosure of personal information for an improper purpose</li> <li>• Unauthorised or unlawful alteration of personal information</li> <li>• Providing false qualifications or licences to indicate proficiency</li> </ul>
Salaries, wages, allowances	<ul style="list-style-type: none"> <li>• Payments to phantom employees</li> <li>• Payment to an employee for tasks not performed such as overstating hours worked on a timesheet</li> <li>• Payment to an employee for skills they do not have</li> <li>• Failure to record leave days taken on the system</li> </ul>
Contract management	<ul style="list-style-type: none"> <li>• Accepting bribes and/or kickbacks from suppliers</li> <li>• Negligent or deliberate mismanagement of contracts which may include non-compliance with contract schedules or rates, misrepresentation of dates, description of services or identities of contract providers</li> <li>• Incorrect charging for labour and material, misuse of assets or product substitution (substituting a product for one of lesser quality)</li> </ul>



Business Activity	Example
Tendering	<ul style="list-style-type: none"> <li>• Failure to comply with tender procedures</li> <li>• Manipulating a tender process to achieve a desired outcome</li> <li>• Unauthorised or improper release of pricing or other tendering information</li> </ul>
Purchasing cards	<ul style="list-style-type: none"> <li>• Use of purchasing card to buy goods or services for personal use</li> </ul>
Purchases and accounts payable	<ul style="list-style-type: none"> <li>• Failure to comply with procurement procedures</li> <li>• Invoice and purchase order splitting to circumvent procedures or delegation levels</li> <li>• Creation and payments made to ghost suppliers</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>• Receiving a personal benefit for assisting a person or entity to gain work or business with the Shire</li> <li>• Failing to actively manage a disclosed conflict of interest</li> <li>• Allowing a conflict of interest to undermine independence of decision making</li> </ul>

#### 4. Roles and responsibilities

Elected members, committee members, the ELT and all employees have a responsibility to take appropriate action to prevent fraud and corrupt conduct and report suspected fraud and corruption when they become aware of such activity.

The following table details some of the responsibilities various roles and individuals play in managing fraud and corruption at the Shire:

Roles	Responsibilities
Council	<ul style="list-style-type: none"> <li>• Determines and sets the Shire's risk appetite for fraud and corruption</li> <li>• Approve key organisational documents relating to risk, compliance and integrity, including the Code of Conduct for Council Members, Committee Members and Candidates, and the Shire's policies</li> <li>• Receive reports from the Audit, Risk and Improvement Committee in relation to risks, compliance and integrity oversight matters</li> </ul>



Roles	Responsibilities
Audit, Risk and Improvement Committee (ARIC)	<ul style="list-style-type: none"> <li>• Oversee Shire’s risks, compliance, integrity management and internal audit, including the implementation of the Shire’s Risk Management Framework</li> <li>• Receive and review regular reports on the management of risks, compliance and integrity at the Shire</li> <li>• Advise and make recommendations to Council on matters relating to the Shire’s risk, compliance and integrity oversight</li> </ul>
Elected members	<ul style="list-style-type: none"> <li>• Model leadership and conduct that aligns with the Shire’s values and commitment to integrity</li> <li>• Demonstrate ethical standards of behaviour and decision-making across all activities</li> </ul>
CEO	<ul style="list-style-type: none"> <li>• Model leadership and conduct that aligns with the Shire’s values and commitment to integrity</li> <li>• Lead and raise awareness supporting the culture of responsible risk, compliance and integrity management</li> <li>• Ensure the implementation of the Shire’s Fraud and Corruption Control Plan</li> <li>• Ensure sufficient resources are made available to identify, manage, detect and respond to fraud and corruption risks and incidents</li> <li>• Designate an employee as the Public Interest Disclosure Officer</li> <li>• Designate a senior employee as Complaints Officer in accordance with the <i>Local Government Act 1995</i></li> <li>• Ensure the Shire complies with the notification and investigation requirements of the <i>Corruption, Crime and Misconduct Act 2003</i>, <i>Public Interest Disclosure Act 2003</i> and the <i>Local Government Act 1995</i></li> </ul>



Roles	Responsibilities
ELT	<ul style="list-style-type: none"> <li>• Model leadership and conduct that aligns with the Shire’s values and commitment to integrity</li> <li>• Oversee and monitor the Shire’s corporate governance, including risk, compliance, business continuity, privacy and integrity management</li> <li>• Review and consider reports across all corporate governance areas that are presented to the ARIC and Council</li> <li>• Evaluate and review integrity management, ensuring the Shire has appropriate processes and systems in place</li> </ul>
Director Corporate Services	<ul style="list-style-type: none"> <li>• Oversee the implementation of the Shire’s Risk Management Framework, Council Policy – Fraud and Corruption and Fraud and Corruption Control Plan</li> </ul>
Manager Governance	<ul style="list-style-type: none"> <li>• Develop the Shire’s corporate governance frameworks including risk, compliance, business continuity, privacy and integrity management</li> <li>• Coordinate the review of the Fraud and Corruption Control Plan</li> </ul>
Manager Organisational Development	<ul style="list-style-type: none"> <li>• As the designated custodian, implement and review the Shire’s Employee Code of Conduct and other related policies, organisational practices, processes and procedures in consultation with Corporate Services</li> <li>• Facilitate fraud and corruption training and awareness activities and programs</li> <li>• Investigate and manage fraud and misconduct matters as required</li> </ul>
Internal Auditor	<ul style="list-style-type: none"> <li>• Implement and report on the performance of the Shire’s strategic and annual internal audit plan</li> </ul>



Roles	Responsibilities
Managers / Coordinators / Supervisors	<ul style="list-style-type: none"> <li>• Demonstrate commitment to risk, compliance and integrity management and maintain a culture that fosters responsibility, accountability and integrity</li> <li>• Identify, manage, review and report on fraud/corruption risks in line with the Shire's Risk Management Framework, policies, organisational practices and processes</li> <li>• Reports suspected fraudulent or corrupt incidents or behaviour</li> <li>• Ensure training and awareness of the Shire's Employee Code of Conduct, integrity, ethics and this Plan</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Take responsibility for and actively promote the importance of the Shire's risk, compliance and integrity processes, encouraging others to apply it and achieve positive results from it throughout their work</li> <li>• Demonstrate ethical standards of behaviour and decision-making across all activities</li> <li>• Comply with the Employee Code of Conduct, policies, organisational practices and processes and any other related controls.</li> <li>• Report suspected fraudulent or corrupt incidents or behaviour</li> <li>• Ensure awareness of misconduct risks that relate to their areas of responsibility</li> </ul>

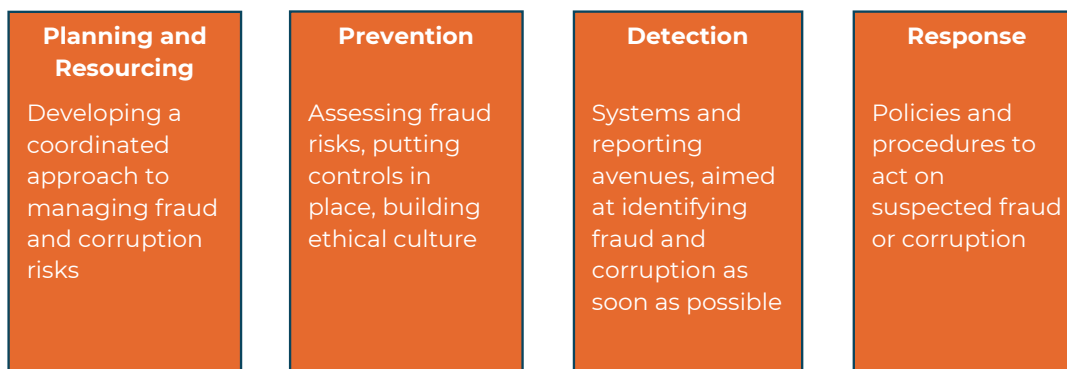
### 5. Fraud and corruption control framework

Not all fraud or corrupt activities can be prevented – every organisation, public or private, is vulnerable. However, a robust and rigorous fraud control system, with appropriate prevention and detection processes, can reduce the risk of fraud and corruption occurring and minimise losses.

The Australian Standard AS 8001 – 2021 – Fraud and Corruption Control states that “organisations shall develop and implement a Fraud and Corruption Control System incorporating the organisation’s approach to controlling fraud and corruption exposures at strategic, tactical and operational levels”.



In view of this the Shire has categorised its fraud and corruption controls into the following key elements of its fraud control system:



## 5.1 Planning and resourcing

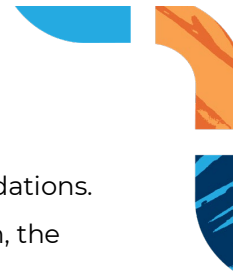
### 5.1.1 Program of planning and review

The Act requires that all local governments establish an ARIC. An ARIC plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

In 2019, the Western Australian Auditor General's Office tabled a report on *Fraud Prevention in Local Government*. The audit found that many local governments have not assessed their fraud risks, and do not have comprehensive fraud management plans and programs in place.

The recommendation of the Auditor General was that local governments should:

- assess fraud risks across their business.
- develop a Fraud and Corruption Control Plan and review it at least once every two years.
- develop and implement a periodic fraud awareness training program for all employees.
- ensure that all conflicts of interest are recorded, assessed and appropriate management plans are in place.
- have policies and procedures in place to verify the identity and integrity of employees and suppliers.
- document clear internal processes and systems to report any potential fraud, that include anonymous reporting.
- collect and analyse information received about potential fraud to identify any trends or emerging issues.



This Plan is designed to achieve compliance with each of these recommendations.

This Plan will be reviewed every two years by the CEO. In reviewing the Plan, the CEO shall give regard to:

- significant changes in business conditions.
- strategies arising out of recently detected fraud or corruption control incidents.
- results of fraud and corruption risk assessments completed.
- changes in fraud and corruption control practices.
- resourcing requirements.
- any identified changing nature of fraud and corruption within the sector.

### 5.1.2 Resourcing

The CEO is responsible for implementation of this Plan and will report annually to the ELT and the ARIC, on the progress of delivery on the actions from this Plan as detailed in Appendix 1.

The Shire is committed to allocating the required resources across the organisation to ensure it has appropriate controls in regard to fraud and corruption. Resources will be made available to:

- implement the initiatives and actions detailed in this Plan.
- undertake fraud and corruption risk assessments.
- deliver organisational training and awareness.
- review incident reports.
- undertake investigations.

The CEO will ensure an adequate organisational structure is in place in terms of controlling fraud and corruption and where required, engage or procure external assistance to support the delivery of any aspects of this Plan.

### 5.2 Prevention

The risk management processes, and internal control environment create the discipline and mechanisms to ensure that risks are identified, and appropriate controls are in place to minimise the risks. Reporting to, and oversight by the ARIC ensures the processes remain effective.



Western Australian legislation, including the *Local Government Act 1995*, *Corruption, Crime and Misconduct Act 2003* and other relevant Acts and Regulations regulate and prohibit misconduct by employees and elected members. The Shire also has a number of policies, organisational practices and procedures relevant to the prevention and detection of fraud and corruption such as (but not limited to):

- Employee Code of Conduct
- Code of Conduct for Elected Members, Committee Members and Candidates
- Public Interest Disclosure Guide and procedure
- Statement of Business Ethics
- Council Policy – Fraud and Corruption
- Council Policy – Risk Management
- Council Policy – Corporate Transaction Cards
- Council Policy – Purchasing and Procurement.

Notwithstanding the Shire's policies and procedures that are in place, it is essential that the Shire's ELT establish the right culture, by exercising and demonstrating high levels of integrity in the execution of their roles and functions while at the Shire.

### 5.2.1 Understanding the risk

The identification and management of fraud related risks is an integral part of the Shire's risk management activities. In accordance with the Shire's Risk Management Framework, the process commences with an exposure analysis to identify the areas of the business (i.e. service activities and responsibilities) which may be exposed to the risk of fraud or corruption.

In assessing the vulnerabilities across the Shire, consideration is given to the service areas of the Shire where employees have access to items of "value" such as:

- money;
- assets;
- decisions;
- influence;
- information; or
- data.

### 5.2.2 Fraud risk assessments

As per the Shire's Risk Management Framework, a fraud risk assessment is a dynamic process for identifying and assessing fraud risks relevant to the organisation. Fraud risk assessments address the risk of fraudulent financial reporting, fraudulent non-financial reporting, asset misappropriation and corruption (including illegal acts and non-compliance with laws and regulations).



**Diagram:** Organisational risk assessment process.

A thorough understanding of business processes and procedures enables the identification of inherent fraud risks within the operations of the organisation. Fraud and corruption risks can occur both internally and externally.

Each Business Unit within the Shire is required to assess potential fraud and corruption risks at a service level as part of its risk management activities. The risk is assessed based on reputational, financial, regulatory compliance, and health and safety impacts.

As part of this Plan and the Shire's service planning process, further analysis/assessments are to be conducted annually by senior management, with input from all employees, to identify specific fraud and corruption risks.

### 5.2.3 Fraud and corruption risk controls

The risk assessment process identifies the controls in place, or that need to be put in place, to minimise the risk of fraud and corruption.

The Shire's fraud/corruption risk controls can be grouped into the below categories:

- **Elimination** – Avoiding risks by eliminating the opportunity or the benefit.
- **Shire policies, procedures, processes** – Documents and processes implemented to provide a framework/instructions and guidance. These controls ensure that actions align with the Shire's values/principles and meet legislative requirements.
- **Systems and organisational practices** – Systems, measures and practices implemented within the Shire to manage its operations, data and resources. They are designed to ensure the integrity, efficiency and reliability of systems and processes.

### 5.2.4 Monitoring, review and oversight

Service Fraud/Corruption Risk Assessments are reported to the relevant Director and the ELT, with high-level reporting provided to the ARIC through the Enterprise Risk Register.



Additionally, the ARIC has oversight of integrity matters via the following reporting:

- A high-level statistical report from the Internal Audit function on any misconduct matters is provided as required.
- Annually, a copy of the Integrity and Conduct Annual Collection Survey, conducted by the Public Sector Commission is provided to the ARIC. The data collected provides a summary of activity across a range of integrity and conduct functions including the Shire's integrity environment. It includes questions surrounding code of conduct and integrity training, reporting conduct, notifying misconduct under the *Corruption, Crime and Misconduct Act 2003*, discipline processes, public interest disclosures and grievance management.
- Oversight of the Shire's internal audits conducted including relevant actions arising from the audit investigations.

### 5.2.5 Raising awareness

Awareness and training initiatives are vital for maintaining organisational integrity. As fraud and corruption becomes more sophisticated, prevention is key. This requires effective communication and targeted training for all elected members, committee members and employees to raise awareness of fraud and corruption risks. Such initiatives empower employees to identify and respond to suspicious activities, thereby preventing and addressing misconduct more effectively.

These initiatives are aimed at enhancing organisational resilience and empowering employees with the essential knowledge and tools to identify, prevent and report fraud and corruption within the Shire.

Awareness of the Shire's approach to detect and manage fraud and corruption, will be made available to employees through the following:

- All new employees will be required to complete mandatory code of conduct training and will be required to acknowledge that they understand and will abide by the Code's requirements.
- Employees are required to complete refresher training on an annual basis.
- Secondary employment declarations are to be made by all new employees and throughout their period of employment as and when circumstances change.
- The Shire implements training and awareness programs to raise awareness on key documents and employee obligations.
- Fraud and corruption awareness training will be conducted on a regular basis.
- Any substantive changes in the Shire's Codes of Conduct, organisational practices or procedures, will be communicated to all employees as required.



Additionally, and following the biennial local government elections, the elected members induction program will include aspects of conduct and integrity awareness, and the Shire's approach in minimising fraud and corruption, including aspects of this Plan.

### 5.3 Detection

To ensure the Shire is in the best position and ready to detect fraud and corruption, adequate detection systems need to be in place. The majority of fraud events are detected via a tip off from an employee or an external party. Other valuable detection mechanisms include management oversight and review, as well as internal and external audits conducted from time to time.

The Shire has a clearly defined process for reporting any suspicious behaviour or allegations of fraud, corruption and misconduct, which ensures confidentiality. The reporting mechanisms include via a Public Interest Disclosure, to either the CEO or nominated Public Interest Disclosure Officer. The Shire also has a dedicated email address where allegations of fraud and corruption can be made ([conduct@ashburton.wa.gov.au](mailto:conduct@ashburton.wa.gov.au)).

Independent assurance is provided via the internal audit function. The internal audit plan is developed based on the Shire's risk profile. As part of the development of the annual internal audit program, the ARIC will consider opportunities to undertake proactive fraud and corruption detecting activities that might include:

- **Post transactional reviews** – A review of transactions after they have been processed. This option may identify or uncover altered documents or missing documentation, falsified or altered authorisation or inadequate documentary support.
- **Data based analysis and investigations** – The application of software and techniques where a series of suspect transactions can be identified and then investigated which can identify anomalies at an early stage.
- **Analysis of management accounting reports** – Using relatively straight forward techniques in analysing management accounting reports. Trends can be examined and investigated which may be indicative of fraudulent or corrupt conduct.
- **Performance audits by the Office of the Auditor General** – Participation in an independent, objective, and systematic assessment of how well the Shire manages its activities, responsibilities, and resources.
- **External audits** – Comprehensive evaluations of the Shire's financial statements and operations, conducted by an independent third party. They also help identify areas for improvement in internal controls and financial reporting processes.



Other forms of detection may include:

- management reviews or exit interviews with employees;
- by accident;
- account reconciliation;
- document examination;
- IT controls;
- surveillance/monitoring;
- notification by law enforcement or other regulatory bodies; and
- confessions.

#### **5.4 Response**

Control activities cannot provide absolute assurance against fraud and corruption. As a result, the Shire has implemented processes for prompt, independent and confidential review, investigation, and resolution of instances of perceived or actual fraud and corruption.

Responses to fraud or corruption can be implemented or undertaken by the Shire in several ways.

##### **5.4.1 Recovery of the proceeds of fraud or corruption**

The Shire may initiate appropriate recovery action where there is established evidence of fraud or corruption and where the likely benefits of such recovery will exceed the funds and resources invested in the recovery action.

##### **5.4.2 Professional indemnity and crime insurance**

The Shire has Commercial Crime Protection coverage, which insures and indemnifies the Shire against the risk of loss arising from internal and external fraudulent conduct, subject to some limits.

##### **5.4.3 Internal control review following discovery of fraud**

Once a fraudulent or corrupt act has been identified, investigated and established, strategies and procedures will be implemented to mitigate future risk, including:

- disciplinary action and/or dismissal of employees involved in fraudulent conduct.
- review and alteration of existing processes and/or procedures.
- additional training for employees.
- improvements in the physical security of assets.



## 6. Reporting, investigation and recording

### 6.1 Reporting allegations

Allegations of fraud or corruption at the Shire can be made by elected members, committee members, employees, contractors, and members of the public at any time and such reporting is critical to the uncovering of fraudulent or corrupt behaviour. The reporting of suspected fraud and corruption is mandatory and can be made through one or more of the channels outlined below:

- through the dedicated email ([conduct@ashburton.wa.gov.au](mailto:conduct@ashburton.wa.gov.au)).
- senior management at the Shire.
- Public Interest Disclosure (PID) Officer.
- Other external agencies such as the Public Sector Commission or the Corruption and Crime Commission.

#### 6.1.1 Public Interest Disclosure Act 2003

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, enabling anyone to make disclosures about improper or unlawful conduct within the State Public Sector and local government without fear of reprisal. The Shire's Public Interest Disclosure (PID) Guide and procedures provide:

- appropriate measures for the comprehensive investigation of such matters based on the principles of independence, objectivity, and fair due process (rules of natural justice).
- systems for internal reporting of all detected incidents.
- process for reporting the matters of suspected fraud and corruption to the appropriate enforcement agency.

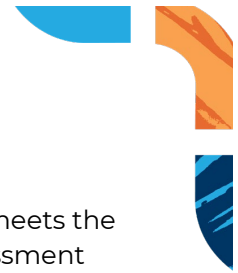
The [PID Guide and procedures](#) are available on the Shire's website and will be reviewed biennially to ensure they continue to meet these objectives.

### 6.2 Investigations

The purpose of a fraud or corruption investigation is to gather evidence relating to specific allegations to determine the facts relating to the matter, and to assist in deciding what, if any, action should be taken in relation to the matter(s).

In most situations fraud investigations would be undertaken by the Police.

There may well be some situations where aspects of the investigation can be undertaken by the Shire (in accordance with the Shire's Council Policy - Complaints Management and internal Organisational Practice – Grievance and Resolution) or by external investigators as directed by the CEO.



All reported incidents of suspected fraud or corruption will be subject to a preliminary assessment by the Shire to determine whether the behaviour meets the threshold for reporting to the Corruption and Crime Commission. The assessment will be undertaken by either an employee or external consultant determined by the CEO.

### 6.3 Reporting and Incident Register

The Shire will report suspected fraudulent and corrupt conduct in accordance with the *Corruption, Crime and Misconduct Act 2003*, and to the Police where appropriate.

The CEO is obliged under section 28 of the *Corruption, Crime and Misconduct Act 2003* to report suspected serious misconduct (corruption) to the Corruption and Crime Commission as soon as practicable after becoming aware of it.

The CEO is also obliged under section 45(H) of the *Corruption, Crime and Misconduct Act 2003* to notify the Public Sector Commissioner of matters concerning minor misconduct.

The Shire is to ensure that all allegations and incidents of fraud and corruption that are reported and investigated are documented within a register with relevant information maintained in a Confidential File in the Shire's record keeping system.

The Incident Register must include the following minimum information:

- Date and time of report
- Date and time the incident was detected
- How the incident came to the attention of management
- The nature of the incident
- Value of loss (if any) to the entity
- Action taken following discovery of the incident.

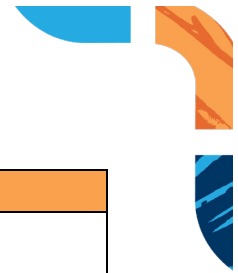
The CEO will submit a report and a copy of the Incident Register to the ARIC on an annual basis.



## Appendix 1 – Implementation Action Plan

The following table details various actions needed for the implementation of activities associated with this Plan, including responsibilities and any respective timeframes or frequency of implementation:

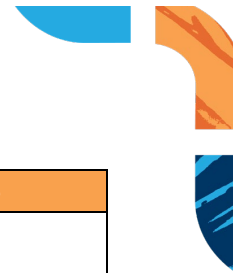
Action	Responsibility	Timeframe
<b>Planning and Resourcing</b>		
Establish an ARIC in accordance with the Act	Council	Following biennial local government elections
Appropriate resources allocated to the prevention, detection and response to fraud and corruption risks	CEO	Ongoing
Approve and review the ARIC Terms of Reference and ensure it includes responsibilities for the oversight of fraud and corruption controls and reporting	Council	Biennially
<b>Prevention</b>		
Acknowledge an understanding of the Code of Conduct, commitment to terms and conditions of employment and the Council's zero tolerance towards fraud and corruption. Secondary employment declarations to be made	All employees	On commencement
Include fraud and corruption awareness training within elected members induction program	CEO Manager Governance	Following biennial local government elections
Review and update: <ul style="list-style-type: none"> <li>• Council Policy – Risk Management</li> <li>• Council Policy – Fraud and Corruption Control</li> <li>• Council Policy – Corporate Transaction Cards</li> <li>• Council Policy – Purchasing and Procurement</li> <li>• Risk Management Procedure – Strategic Risks</li> </ul>	Council	Biennially
Review and update: <ul style="list-style-type: none"> <li>• Statement of Business Ethics</li> <li>• Public Interest Disclosure Guide and procedures</li> <li>• Risk Management Procedure – Enterprise (Operational) Risks</li> </ul>	CEO Director Corporate Services	Biennially



Action	Responsibility	Timeframe
Review and update Fraud and Corruption Control Plan	CEO Director Corporate Services	Biennially
Review and update Employee Code of Conduct	CEO Manager Organisational Development	Biennially
Include fraud and corruption message in periodic addresses to employees and any other relevant engagement opportunities	CEO	Biannually
Include performance measures and indicators relating to fraud and corruption control in performance agreements of senior management	ELT	30 June 2026
Responsibilities for fraud and corruption control to be included in employee job descriptions, where appropriate	Manager Organisational Development	30 June 2026
Include identified fraud and corruption risks and controls in the Enterprise Risk Register	Manager Governance	Ongoing
All employees attest their adherence to the Employee Code of Conduct and other fraud and corruption related policies, organisational practices and procedures	Manager Organisational Development	Annually
Maintain a risk based internal audit program that considers the results of the fraud and corruption risk assessment in its annual planning program	Internal Audit function	Annually
Complete the Public Sector Commission's Conduct Collection Survey and provide it to the ARIC for information	Manager Governance	Annually
Review and update Code of Conduct for Council Members, Committee Members and Candidates	Council	Biennially following local government ordinary elections



Action	Responsibility	Timeframe
Strategic/operational plans, policies and procedures will consider incorporating the management of fraud and corruption risks and controls as appropriate	Senior management	As required
Report on any misconduct, fraud and corruption matters to the ARIC	Internal Audit function	As required
Develop and implement a periodic fraud awareness training and education program for employees	Manager Organisational Development	Ongoing
Promote <a href="mailto:conduct@ashburton.wa.gov.au">conduct@ashburton.wa.gov.au</a> as the central point of contact for all fraud and corruption related matters with clear lines of responsibilities	Manager Organisational Development	Ongoing
Conduct pre-employment screening and background checks on all applicants selected for positions of "high risk" exposure	Manager Organisational Development	Ongoing
Statement of Business Ethics to be provided to all third parties with issued procurement documentation	Manager Governance	Ongoing
<b>Detection</b>		
Make available information including financial statements to the external auditor appointed by the WA Office of Auditor General	Manager Finance	Annually
Provide advice of fraud and corruption risks and internal control issues to the ARIC as part of enterprise risk reporting	Manager Governance	Annually
Receive Related Party Disclosure declarations from applicable persons as part of external audit of Annual Financial Statements	Manager Finance	Annually
Conduct regular reviews of third-party dealings including devising specific internal controls relating to third parties and supplier vetting processes	Manager Finance	Ongoing
Identify potential risks of fraud and corruption in systems and processes in their area and report all suspicions of fraud and corruption	All employees	Ongoing



Action	Responsibility	Timeframe
Maintain mechanisms promoting the awareness and reporting of fraud by the community as appropriate	Manager Governance	Ongoing
Ensure exit interviews include questions regarding fraud and corruption risks and any suspected fraudulent or unethical conduct	Manager Organisational Development	Ongoing
<b>Response</b>		
Submit a fraud and corruption update report to the ARIC, including a copy of the Fraud and Corruption Incident Register	Director Corporate Services	Annually
Coordinate a review of internal controls following a fraud or corruption incident	ELT Internal Auditor	As necessary
Update and maintain relevant registers relating to financial interests, gifts, primary and annual returns, electoral gifts, attendance at events	Manager Governance	Ongoing
Maintain a Fraud and Corruption Incident Register	Manager Organisational Development	Ongoing

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# Agenda Item 6.5 - Attachment 2

Current Fraud and Corruption Control Plan



# Fraud & Corruption Control Plan

<b>Document Approval</b>			
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**EXECUTIVE SUMMARY**

The Shire of Ashburton is committed to the prevention, deterrence, monitoring and investigation of all forms of fraud and corruption. Fraud and corruption can be damaging to Council through financial loss, loss of public confidence (either perceived or real), reputational damage and adverse publicity.

Council is the custodian of significant public funds and assets therefore it is important that the community has assurance that these are adequately protected from fraud and corruption.

Fraud and Corruption control forms part of Council's risk management framework. It is a risk that Council actively seeks to identify and limit its exposure to, by reducing the potential opportunity (risk likelihood) for fraud and corruption to occur.

This Fraud and Corruption control plan is to clearly document Council's approach to controlling fraud and corruption at both strategic and operational levels and is to be read in conjunction with the Shire's Risk & Opportunity Management Framework (Strategy) and relevant legislation.

**BACKGROUND**

**Context**

Elected Members (Councillors) and Council's administration are committed to policies and practices that prevent, deter and detect fraudulent and corrupt behaviour in the performance of Council activities.

The Western Australian Auditor-General has recommended all Councils adopt specific fraud control policies that address the risk of fraud and corrupt conduct.

The Shire of Ashburton has established an internal group which monitors, reports and guides the implementation of this policy.

The Finance Team and Governance Team provide reports on its activity to Council's Audit & Risk Management Committee.

**Communication**

This Plans contents are communicated across the organisation through articles on Council's Intranet site, presentations to Directorates and team meetings.

**OUR ATTITUDE TO FRAUD AND CORRUPTION**

The Shire of Ashburton has zero tolerance for corrupt conduct or fraudulent activities. Council is committed to preventing, deterring and detecting fraudulent and corrupt behaviour in the performance of Council activities. Employees must not engage in practices that may constitute fraud or corruption.

Council has developed a structured framework and approach to the implementation and review of fraud and corruption prevention, detection, monitoring and reporting.

This plan is based on the **Australian Standards for Fraud and Corruption Control (AS8001-2008)** and has been endorsed by the Executive.

The desired outcome of this commitment is the elimination of fraud and corruption throughout Council operations both internally and externally. Council will prosecute people identified as committing fraud or undertaking corrupt behaviour. Employees may also face disciplinary action under the Council Policy ELM04 Code of Conduct, and restitution of money or property lost through fraudulent activity will be pursued through legislative means.



## DEFINITIONS

### Definition of fraud and corruption:

For the purposes of this plan fraud and corruption shall be defined as:

*“the use of deception or misrepresentation to obtain an unjust advantage or benefit, or to cause a disadvantage or loss to the Council, and includes theft or misappropriation of Council assets”.*

## PURPOSE

### Council Objective

The objective of this policy is to outline Council's approach to fraud and corruption prevention, deterrence and detection. Council is committed to meeting its legislative obligations under the *Local Government Act 1995* including: ensuring that resources are maintained in a responsible and accountable manner.

Council's commitment to fraud control will be met by ensuring an environment in which fraudulent or corrupt conduct is discouraged, and conflicts of interest are avoided.

Council is committed to the values of:

- Respect
- Openness
- Teamwork
- Leadership
- Excellence
- Health and Wellbeing

### Scope

This policy statement applies to all Councillors, employees, contractors and volunteers.

Councillors are also obliged to maintain standards as mandated by the Local Government Act 1995.

Relevant training on legislative obligations is to be provided at elected member and staff induction sessions.

Further guidance on the Shire's responsibilities under this policy and guideline is detailed at:

- Department of Local Government and Communities – Fraud & Corruption Control Framework – July 2015
- Australian Standard AS 8001-2008
- Crime Protection Policy (LGIS Insurance)

**CORPORATE & REGULATORY FRAMEWORK**

**Corporate Framework**

This policy is informed by the Shire of Ashburton Strategic Community Plan 2019 and the Council’s Corporate Business Plan directly informs our budgets, strategies, policies and actions.

**Framework**

The *Local Government Act 1995* (the Act) requires Council to develop and maintain adequate internal control systems, and to establish codes of conduct and an Audit & Risk Management Committee.

The *Public Interest Disclosure Act 2003* (PID Act) requires Council to establish written procedures for handling of any protected disclosures.

This Fraud Control Plan operates within an existing legislative and strategic framework. The diagram below shows the interdependency of a good plan with complimentary programs and processes.



## ROLE AND RESPONSIBILITIES FOR FRAUD AND CORRUPTION CONTROL

Roles and responsibilities for fraud and corruption control are clearly laid out in the Shire of Ashburton Public Interest Disclosure Procedures (PID) Policy and Procedure.

### 1. PLANNING AND RESOURCING

#### 1.1 Program for fraud and corruption control planning and review

The Act requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

*In 2012 the Victorian Auditor-General's Office tabled a report on the findings of Fraud Prevention Strategies in Local Government. The audit found that Councils had not effectively managed exposure to fraud and have not been sufficiently vigilant or effective in dealing with the risks associated with fraud.*

The recommendations of the Auditor General were that Councils should:

- Develop and maintain an up to date fraud control plan
- Conduct thorough, periodic fraud risk assessments
- Provide induction and periodic fraud awareness training to all council staff
- Systematically monitor and report effectiveness of fraud control strategies
- Establish arrangements that assure effective ongoing scrutiny by executive management, internal audit and audit committees.

This plan is designed to achieve compliance with each of these recommendations.

The plan operates in association with existing programs and initiatives throughout the Shire and forms an integral part of the overall risk management program and framework.

This plan will be reviewed annually by the Chief Executive Officer with oversight from the Audit & Management Committee. In reviewing the plan the CEO shall give regard to the following:

- Significant changes in business conditions
- Strategies arising out of recently detected fraud or corruption control incidents
- Results of fraud and corruption risk assessments completed
- Changes in fraud and corruption control practices locally and internationally
- Resourcing requirements
- Any identified changing nature of fraud and corruption within the sector

#### 1.2 Fraud control responsibility and resources

The responsibility for implementation of this Plan sits with the Director Corporate Services. The Director will report six monthly to the Executive, on the progress of delivery on the outcomes from this Plan.

The Shire of Ashburton is committed to allocating the required resources across the organisation to ensure appropriate controls in regards to fraud and corruption. In particular resources will be made available to:

- Implement the Plan
- Undertake fraud and corruption risk assessments
- Deliver organisational training and awareness
- Review incidents reports
- Undertake investigations

Important resources within Council, in terms of controlling fraud and corruption, includes:

- All senior staff
- Human resources
- Governance
- Business Improvement
- Records
- Finance
- Procurement

### 1.3 External assistance

Where required, external assistance will be engaged, to support the delivery of any aspects of this plan.

## 2. FRAUD AND CORRUPTION PREVENTION

### 2.1 Implementing and maintaining our integrity framework

The Codes of Conduct are key enablers in delivering the sound and ethical culture required in the prevention of fraud and corruption throughout the organisation.

Senior staff shall set the example in regards to exercising and demonstrating high levels of integrity in the execution of their roles and functions by regularly reminding Staff of the importance of complying with Councils Code of Conduct and the Public Interest Disclosure Procedures (PID) Policy and Procedure.

### 2.2 Commitment to controlling the risk of fraud and corruption

Senior Management will not be complacent and will treat fraud and corruption risks as a serious threat to the organisation

The Shire of Ashburton Executive Management Team (EMT) will regularly be briefed on the following:

- Councils current fraud and corruption plan and policy
- Information on the program and robustness of the internal control environment in regards to preventing and detecting fraud
- The types of fraud and corruption common with the sector

- Incidence of fraud and corruption generally in Australia
- Information on the types of fraud and corruption that have been detected at Council over the previous five years
- Information of new or emerging trends in this area

### 2.3 Maintaining strong internal control systems and internal control culture

The Shire of Ashburton has an existing culture of continuous improvement. The implementation of effective systems of internal control is an integral part of this program, particularly for activities assessed as having a high predisposition to the risk of fraud and corruption.

Well planned and documented internal controls will be a major defence for avoiding fraud and corruption. When undertaking projects or reviewing existing practices into the future consideration will be given to appropriate fraud and corruption controls in the development of outcomes.

Internal controls will be:

- Appropriately documented
- Accessible
- Reviewed and amended regularly
- Communicated effectively to all relevant staff
- Subject to review of adherence

## 2.4 Fraud and corruption risk assessment

Risk assessments will be undertaken for all identified fraud and corruption risks in accordance with Council's current Risk & Opportunity Framework's management approach.

As a minimum the following risks will be assessed:

- Theft of cash
- Theft/misuse of assets
- Misuse of confidential corporate information
- Conflict of Interest
- Accounts payable
- Payroll practices
- Procurement
- IT and information security
- Recruitment
- Misuse of credit cards

Additional risks will be identified through normal business unit operations and through the regular review of the risk register.

## 2.5 Communication and awareness of fraud and corruption

It is important that fraud and corruption is identified and reported at an early stage and that staff have understanding and confidence in the system.

Staff will be provided with information on the Public Interest Disclosure Procedures (PID) Policy and Procedure so that they have confidence in knowing how to respond if this type of activity is detected or suspected.

The awareness of Council's risk of fraud and corruption controls will be made available to staff through the following:

- Copy of the Shire's Code of Conduct and Public Interest Disclosure Procedures (PID) Policy and Procedure will be included in packs for all new staff
- A dedicated page will be maintained on the Council intranet in regards to fraud and corruption, this will include links to all relevant documents in particular the process for reporting allegations

- Fraud & Corruption awareness training will be conducted annually (this may include e-learning)
- Any substantive changes in the Code or Plan or Policy will be communicated to all staff

## 2.6 Employment screening

Employment screening will be undertaken for all new 'senior officer' positions and to nominated positions that have been identified by the Executive to be 'higher risk' in terms of potential exposure to fraud and corruption due to their role within the organisation. This screening process will reduce the risk of a potential security breach and will provide a high level of assurance as to the integrity, identity and credentials of prospective employees.

Prior to the appointment of senior and nominated officer positions the following screening shall be undertaken with the express consent of the individual concerned, irrespective of whether they are internal or external applicants:

- Verification of identity requiring at least two forms of identity (passport, birth certificate, drivers licence, rate certificate, at least one must include photo identification)
- Police criminal history check – relevant identified positions
- Working with children check – relevant identified positions
- Reference checks with two most recent employers
- Consideration of any gaps on employment history and the reasons for the gaps
- Verification of formal qualifications claimed – where relevant or required for position

## 2.7 Policy dealing with annual leave and job rotation

Individual Directorates will regularly consider job rotation for positions where there are multiple officers undertaking the same or similar functions and the position is deemed a high risk from a fraud or corruption perspective, local law enforcement, parking enforcement, planning officers, contract management, for example.

*Excess annual leave will be monitored on a quarterly basis to ensure excess leave is managed.*

## 2.8 Supplier vetting

The Shire of Ashburton will continue to undertake supplier vetting for new and ongoing suppliers in accordance with existing practices.

In accordance with the Procurement Policy, new suppliers with prospective business in excess of \$150,000, the minimum checks will include:

- Search of Company Register
- ABN verification
- Insurance currency

For new or contracts exceeding, or potential to exceed, **\$500,000**, the following additional checks should be considered:

- Corporate scorecard check which looks at Bankruptcy search
- Assessment of credit rating
- Search of legal proceedings pending or judgements pending

## 2.9 FRAUD AND CORRUPTION DETECTION

### 2.10 Fraud and corruption detection program

As part of the development of the annual internal audit program the Audit & Risk Management Committee will consider opportunities to undertake pro-active fraud and corruption detecting activities that might include:

- **Post transactional reviews:** A review of transactions after they have been processed. This option may identify or uncover altered documents or missing documentation, falsified or altered authorisations or inadequate documentary support.
- **Data mining:** The application of sophisticated (and sometimes unsophisticated) software applications and techniques where a series of suspect transactions can be identified and then investigated which can identify anomalies at an early stage.
- **Analysis of management accounting reports:** Using relatively straight forward techniques in analysing management accounting reports, trends can be examined and investigated which may be indicative of fraudulent or corrupt conduct.

### 2.11 External auditor's role in the detection of fraud

Consistent with recent changes to international and Australian auditing standards, the auditor's accountability for the detection of fraud will form part of any audit. These provisions will increase the likelihood of detecting material mis-statements or errors in the Shire's financial statements.

## 2.12 Mechanisms for reporting suspected fraud and corruption incidents

The Shire's Public Interest Disclosure Procedures (PID) Policy and Procedure provides clear direction in regards to staff reporting suspicious or known illegal or unethical conduct. The policy also provides for alternative internal means by which to report matters of concern.

As a further support mechanism if any officer would prefer to make an external report this can be done directly to **Council's Internal Auditing contractors**.

Reports can be made anonymously. Anonymous reports will be examined and investigated on the available evidence.

All employees have the right to make a disclosure in accordance with the *Public Interest Disclosure Act 2003*. This is encouraged where any person wishes to access the protections afforded by the Act.

The Shire's Public Interest Disclosure Procedures (PID) Policy and Procedure is available on the Shire's website: [www.ashburton.wa.gov.au](http://www.ashburton.wa.gov.au)

## 3. RESPONDING TO DETECTED FRAUD AND CORRUPTION INCIDENTS

### 3.1 Procedures of the investigation of detected or suspected incidents

The Shire's Public Interest Disclosure Procedures (PID) Policy provides:

- Appropriate measures for the comprehensive investigation of such matters based on the principles of independence, objectivity and fair due process (rules of natural justice)
- Systems for internal reporting of all detected incidents
- Process for reporting the matters of suspected fraud and corruption to the appropriate enforcement agency
- For the recovery of stolen funds or property

The policy will be reviewed annually to ensure that it continues to meet these objectives.

### Internal reporting

The Director Corporate Services is to ensure that all incidents reported and investigated are documented and registered on the appropriate (Confidential File).

The documentation placed on the file must include the following minimum information:

- Date and time of report
- Date and time the incident was detected
- How the incident came to the attention of management
- The nature of the incident
- Value of loss (if any) to the entity
- Action taken following discovery of the incident.

### 3.2 Disciplinary procedures

The Shire's disciplinary guidelines and procedures outline the potential disciplinary outcomes that apply in regards to the application of this Plan and associated policy.

### 3.3 External reporting (Local Government, Public Sector Commission, Police or Crime & Corruption Commission)

The Shire's Public Interest Disclosure Procedures (PID) Policy and Procedure provides clear direction in regards to reporting any suspected fraudulent or corrupt conduct to any external enforcement agencies including:

From 1 July 2015 you can report any reasonable suspicion of minor misconduct involving a public officer to the Public Sector Commission (PSC). These powers come from the *Corruption, Crime and Misconduct Act 2003*.

It is important you consider what behaviours and circumstances constitute minor misconduct and whether the person/s involved is a public officer for the purposes of the legislation.

There is a good chance that if the public officer/s involved could be the subject of a disciplinary investigation within the authority, then it might be minor misconduct. If you suspect the behaviour you have seen or experienced is minor misconduct you can report it to the PSC or the Director Corporate Services.

#### Department of Local Government and Communities

Gordon Stephenson House, 140 William Street,  
Perth WA 6000  
GPO Box R1250, Perth WA 6844  
Telephone: (08) 6551 8700 Fax: (08) 6552 1555  
Free call (Country only): 1800 620 511  
Email: [info@dlgc.wa.gov.au](mailto:info@dlgc.wa.gov.au) Website:  
[www.dlgc.wa.gov.au](http://www.dlgc.wa.gov.au)  
Translating and Interpreting Service (TIS) – Tel:  
13 14 50

#### Public Sector Commission

Phone: (08) 6552 8500  
Fax: (08) 6552 8501  
Email: [admin@psc.wa.gov.au](mailto:admin@psc.wa.gov.au)  
Website: <https://publicsector.wa.gov.au>

**Post:** Public Sector Commission, Locked Bag 3002, West Perth WA 6872

**In person:** (Two office locations):

- Dumas House, 2 Havelock St, West Perth WA 6005
- Hale House, 1 Parliament Place, West Perth WA 6005

#### Corruption and Crime Commission

##### Postal address

PO Box 330  
Northbridge Post Shop WA 6865

##### Street address

Level 5, 45 Francis Street  
Northbridge WA 6003

##### Telephone

Phone: (08) 9215 4888  
Toll-free: 1800 809 000  
Fax: (08) 9215 4884  
Email: [info@ccc.wa.gov.au](mailto:info@ccc.wa.gov.au)

Report Misconduct: [Report serious misconduct online](#)

Hearing impairment: If you are deaf, or have a hearing impairment or speech impairment, contact us through the National Relay Service:

TTY users phone 1800 555 677 then ask for 1800 809 000  
Speak and Listen users phone 1800 555 727 then ask for 1800 809 000.

Internet relay users connect to the NRS then ask 1800 809 000

#### Tom Price Police

1 Court Road, Tom Price WA 6751  
Tel: (08) 9188 0222  
Fax: (08) 9188 0260  
Hours: 24 hours, 7 days a week

### 3.4 Policy for civil proceeding to recover the proceeds of fraud and corruption

The Shire will pursue recovery of any losses due to fraud or corruption where there is clear evidence of fraud and corruption and where the likely benefits of such recovery will exceed the funds and resources required to be invested in the recovery action.

### 3.5 Internal control review following discovery of fraud

Where fraud or corruption is detected the relevant manager of the team will be responsible to assess the adequacy of the relevant internal control environment and provide a report to the **Executive** any recommended improvements identified.

Service unit managers will also be responsible for ensuring that recommendations arising out of the assessment are to be clearly allocated in the report with an associated time frame

### 3.6 Maintaining and monitoring adequacy of Fidelity Guarantee insurance and other insurance related policies dealing with fraudulent or improper conduct

The Shire will maintain a fidelity guarantee insurance policy that insures the risk of loss arising from internal fraudulent conduct. The level of the policy will be reviewed annually by **Executive** subject to analysis of cost/benefit analysis.

Insurance for external fraud and corruption, in particular theft of Council property, will also be maintained and reviewed annually by staff in conjunction with the normal annual reassessment of insurance policy cover and limits.

## 4. LEGISLATIVE AND STRATEGIC CONTEXT

Strategic context (Strategic Community Plan) and/or Federal or State legislation, directives, guidelines, Acts or Regulations:

- Australian Standards for Fraud and Corruption Control (AS8001-2008)
- *Public Interest Disclosure Act 2003*
- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996, Regulation 5:*

(1) *Efficient systems and procedures are to be established by the CEO of a local government —*

*(a) for the proper collection of all money owing to the local government; and*

*(b) for the safe custody and security of all money collected or held by the local government; and*

*(c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);*

*and*

*(d) to ensure proper accounting for municipal or trust —*

*(i) revenue received or receivable;*

*and*

*(ii) expenses paid or payable; and*

*(iii) assets and liabilities;*

*and*

*(e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and*

*(f) for the maintenance of payroll, stock control and costing records; and*

*(g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*

(2) *The CEO is to —*

*(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 4 financial years) and report to the local government the results of those reviews.*

- **Local Government (Audit) Regulations 1996 Regulation 17 (1):**

*The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*

- (a) risk management; and*
- (b) internal control; and*
- (c) legislative compliance.*

*(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 3 calendar years.*

*(3) The CEO is to report to the audit committee the results of that review.*

## 5. REVIEW POSITION AND DATE

Document Owner to review annually.

## 6. ASSOCIATED DOCUMENTS

The following documents and resources have a bearing on this document:

- [Australian Cybercrime Online Reporting Network](#)
- [Public Sector Commission \(WA\) – PSC](#)
- [Corruption and Crime Commission \(WA\)](#)
- Code of Conduct (Council Members, Committee Members, Staff and Volunteers)
  - Employee Code of Conduct
- Purchasing Policy (Tenders and Quotes) Policy
  - Evaluation of Tenders and Quotations Procedure
- Human Resource Policies & Procedures (Disciplinary Guidelines and procedures)
- IT System Security Guidelines
- Local Government Framework – Fraud & Corruption Control, July 2015
- Local Government Operational Guidelines – Number 09 – Revised September 2013 “*Audit in Local Government*”.
- Public Interest Disclosure Procedures (PID) Policy and Procedure
- Public Sector Commission - Integrity checking of employees managing misconduct allegations