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Local governments need to do more to prevent fraud

The Auditor General today tabled in Parliament the *Fraud Prevention in Local Government* report that assessed if local government entities have taken appropriate steps to prevent fraud.

All organisations, public or private, face the risk of fraud. Fraud, or even the perception of fraud, can have a serious impact on an organisation's reputation and resources.

The audit found that all the entities reviewed had some controls in place to prevent fraud, but many had not assessed their fraud risks and did not have comprehensive fraud management plans and programs. These findings are similar to our 2013 audit in State government entities.

Western Australia's Auditor General Ms Caroline Spencer said there are practical steps entities need to take to reduce the risk of fraud. These include creating an ethical culture that sets the standard of behaviour for all staff, raising staff awareness of risks and implementing good fraud prevention internal controls to manage them.

'Most entities could do more to regularly educate and train staff about integrity policies and controls to reinforce anti-fraud messages and encourage staff to consider fraud risks in their daily duties.

'They also need to make sure they have clear and easy processes for people to report any fraud incidents or concerns.

'To help entities build on their existing fraud prevention frameworks and practices, in a way that best suits their needs, I encourage them to use the better practice principles included in the report,' Ms Spencer said.

The 5 local government entities audited (shires of East Pilbara, Katanning and Serpentine-Jarrahdale and cities of Nedlands and Vincent) are required to prepare an action plan addressing relevant significant matters within 3 months of today's tabling to submit to the Minister for Local Government and for publication on their website.

Key results of a self-assessment questionnaire, which provide further insight into fraud planning and management across the 118 entities that responded, are included in the report.

You can read today's report at www.audit.wa.gov.au.

Report resources

- [PDF version](#)
- [summary video](#)