

Policy: -	Fraud and Corruption Control Plan
Number:	Admin. 10
Responsible Manager:	Executive Manager Governance and Operations
Head Policy:	Fraud Policy (Stat.7)
Legislation:	Local Government Regulation 2012 Crime and Corruption Act

1. Introduction

The operational, financial, social and reputational impact of fraud and corruption on our organisation, and the people it supports, can be significant. Fraud and corruption can:

- Undermine the viability of Council
- Compromise the delivery of essential services to our community
- Breach the trust of stakeholders

Damage to Council's credibility, including the potential loss of public confidence, lower morale and/or reduced productivity and performance, may far exceed any likely financial or material loss caused.

For these reasons Kowanyama Aboriginal Shire Council (Council) takes a zero-tolerance approach to fraud and corruption. It is important we take steps to prevent fraud and corruption from happening, supported by a hierarchy of governance and controls to build an ethical organisational culture.

2. Definitions

Fraud – the dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys and other property by employees or persons external to the entity.

This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.

Examples of Fraud Include:

Theft - obtaining property, a financial advantage or any other benefit by deception

Confidentiality - disclosing confidential information for other than a proper business purpose sometimes in exchange for some form of benefit or advantage.

Procurement - manipulation of the procurement process by favouring one supplier over others or selectively providing information to some tenderers for personal benefit, purchasing items using council funds for private use or benefit

Forgery - making, using or possessing forged or falsified documents



Recruitment – manipulation of the recruitment process by favouring one person over others

Accounting - material and deliberate misstatement of accounting information for an improper purpose

Conflict of Interest - acting in self-interest rather than Council's interest

Bribes - payment or receipt of secret commissions (bribes) – can be in money or some other form of value

Gifts - acceptance of lavish gifts or entertainment intended to achieve an unstated or stated objective.

Timesheet fraud – claiming incorrect working hours

Travel and Accommodation reimbursements – claiming incorrect Travel Allowances

Use of Councils assets – use of a Council vehicle, property or equipment for private use (when it is not agreed as part of a contract)

Discounts and gifts to external parties – agreeing to discounted rates, waived fees, or gifts to achieve a stated or unstated objective.

Corruption - dishonest activity in which a Councillor, staff member or contractor acts contrary to the interests of Council and abuses their position of trust in order to achieve some personal gain or advantage for them or for another person or entity

3. Purpose

This Fraud and Corruption Control Plan (Plan) provides direction and guidance to Council officers and stakeholders on the processes for:

- Prevention of fraud and corruption
- Detection of fraud and corruption and
- Responding to fraud and corruption.

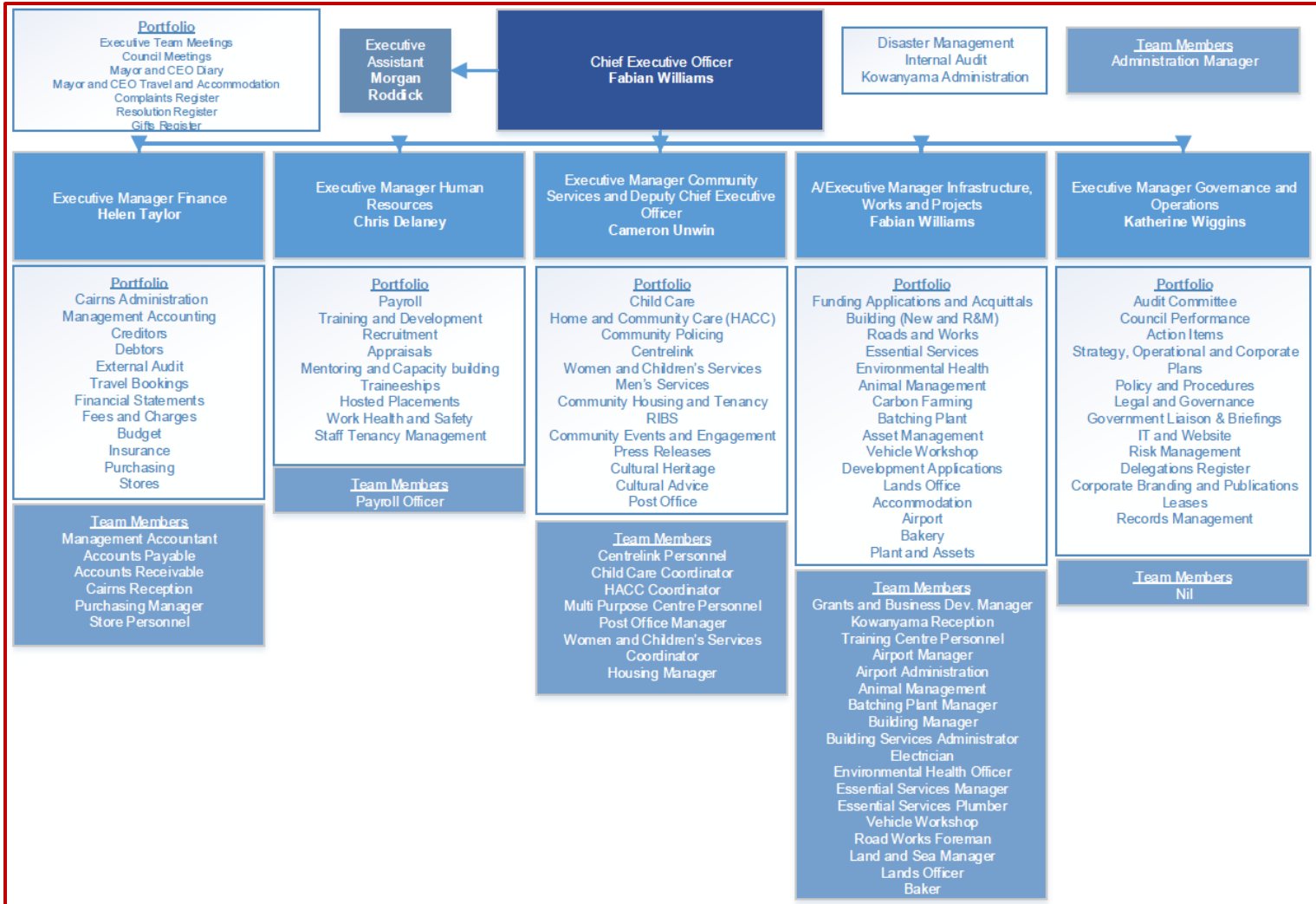
The Plan objectives are to:

- Promote a culture that supports prevention of fraud and corruption;
- Minimise the risk of fraud and corruption within and against the council;
- Details how Council deals with suspected fraud and corruption through risk management practices; and
- Provide guidance on how suspected instances of fraud are managed and dealt with by Council.

4. Scope

This plan applies to all Council Councillors, employees, contractors and volunteers.

Council's Corporate Structure, as at September 2017:



5. Responsibilities

The Plan details the different responsibilities and accountabilities of Councillors, managers and employees within Council. It requires all Councillors, managers, employees, contractors and volunteers to abide by Council's Code of Conduct, which prescribes standards of ethical conduct.

In general, Council expects Councillors, managers and employees will assist in preventing fraud and corruption within Council by:

- Understanding the responsibilities of their position;
- Familiarising themselves with, and adhering to, Council policies and procedures;
- Understanding what behaviour constitutes fraudulent and/or corrupt conduct;
- Maintaining an awareness of Council strategies implemented to minimise Fraud and Corruption;
- Being continuously vigilant to the potential for fraud or corruption to occur; and
- Reporting suspected or actual occurrences of fraud or corruption in accordance with Part 6 of this Plan.

Specific Responsibilities

Role	Responsibilities
Councillors	<p>Collectively, as the decision-making body of the Council, Councillors are responsible for ensuring that Council:</p> <ul style="list-style-type: none"> • promotes community awareness of Council's commitment to the prevention of fraud and corruption; • provides adequate security for the prevention of fraud and corruption, including the provision of secure facilities for storage of assets, and procedures to deter fraud or corruption from occurring; • provides mechanisms for receiving allegations of fraud or corruption, including ensuring a responsible officer is appointed; • ensures that, where appropriate, proper investigations are conducted into allegations that involve fraud or corruption; • makes reports of suspicions of fraud in accordance with Part 6 of this Plan and facilitates cooperation with any investigation undertaken by an external authority (such as Queensland Audit Office or the Crime and Corruption Commission); • ensures that all employees are provided with appropriate and regular training to raise awareness of their responsibilities in relation to fraud and corruption



	<ul style="list-style-type: none"> • promotes a culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and • undertakes a fraud and corruption risk assessment on a regular basis.
Managers	<p>Managers are responsible for:</p> <ul style="list-style-type: none"> • the oversight of the conduct of any employees whom they supervise; • any property under their control and will be held accountable for such; • reporting suspicions of fraud in accordance with Part 6 of this Plan; • creating an environment in which fraud and corruption is discouraged and readily reported by employees. This should be fostered by the manager's own attitude and behaviours to fraud and corruption and, by the accountability and integrity they both display and encourage from other employees; • ensuring that new employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption and, of the standard of conduct expected from all employees as outlined in the Code of Conduct and Fraud Policy; • identifying potential fraud and corruption risks; and • leading by example to promote ethical behaviour.
Employees	<p>Employees are responsible for:</p> <ul style="list-style-type: none"> • performing their functions and duties with care, diligence, honesty and integrity; • conducting themselves in a professional manner at all times; • adhering to these guidelines and other Council procedures that have been established to prevent fraud or corruption; • taking care of Council's property which includes avoiding the waste or misuse of Council's resources; • maintaining and enhancing the reputation of Council: • remaining scrupulous in the use of Council information, assets, funds, property, goods or services; and • reporting suspicions of fraud in accordance with Part 6 of this Plan.

6. Fraud Risk Assessment

Council's main objective in the prevention and control of Fraud and Corruption is to minimise the occurrence of Fraud and Corruption within the Council. This objective is generally achieved by:

- identifying fraud and corruption risks;
- determining strategies to control those risks; and
- defining responsibility for and, the time frame within which the strategies will be implemented.

Council will facilitate the systematic identification, analysis and evaluation of risks within its business operations. Council will maintain a fraud risk register documenting identified fraud risks and the controls that are in place to mitigate them.

The risk assessment considers the combined influences of the following factors on the activities of Council:

- the environment (both internal and external) within which Council operates;
- the timeframe and deadlines in which Council operates; and
- an overall assessment of Council's internal controls.

Managers must be alert to the potential of fraud and corruption to occur and remain wary of factors which may leave the Council vulnerable to fraud and corruption, including:

- changes to delegations;
- implementation of cost cutting measures;
- contracting out and outsourcing;
- the impact of new technology; and
- changes to risk management practices.

A formal Fraud Risk Assessment has been performed by Council's Executive Management Team and a register of risks relating to fraud has been developed. The Fraud Risk Register includes the assessment of likelihood and consequence of fraud in line with Council's Risk Management Framework. The treatments and resulting controls necessary to address the risks identified will be tracked and monitored on the Fraud Risk Register.

The Fraud Risk Register will be reviewed at least annually by management to ensure that current controls remain effective and all fraud risks are documented.

7. Reporting Allegations of Fraud

Councillors, managers and employees who suspect, or become aware of, breaches of the Code of Conduct, including fraud and corruption, should report the matter without delay (within 24 hours) to a supervisor or manager.

A number of reporting options are available, including:

- Reporting the incident to the employee's manager/supervisor;



- Reporting the incident to the Executive Manager Governance and Operations; and
- Making a Public Interest Disclosure under the *Public Interest Disclosure Act 2010*.

Officers should provide information on the alleged fraud using *Fraud Allegation Report Form*. The information provided includes:

- Details of the suspected offence, and
- Details of the suspected offender(s) where known.

Management recognises that the reporting of fraud and corruption is a sensitive issue (especially against work colleagues). To affirm the integrity of this function therefore, management will, as far as practicable, ensure the confidentiality of information provided. It will achieve this by maintaining the confidentiality of both the complainant and suspect and by avoiding rumours, morale problems and the possibility of wilful destruction of evidence. Regardless of the reporting option exercised, Council will take all practical steps to protect the welfare of the person making the report.

An allegation by an officer of a substantial misuse of public resources may fall within the definition of a public interest disclosure (PID) and is covered by the Council's Code of Conduct.

An employee must not be negatively treated by management because the employee has reporting alleged fraud, for example, by performance management, negative performance review or bullying.

Vexatious, Misleading or False Reporting

There could be occasion when a party may make an allegation of fraud against an employee (or contractor, volunteer, consultant) with the intention of causing that person harm, damage or disruption.

Vexatious, misleading or false reporting can waste time and resources in investigating the matter. This can also cause the person who is subject to the allegation a significant amount of emotional trauma and stress.

Any vexatious, misleading or false reporting of any allegation of fraud will not be tolerated and will have serious consequences to the person bringing about such an allegation.

8. Investigation Process

All reports, information, complaints and notifications concerning alleged fraud activity or corrupt behaviour are referred to the Executive Manager Governance and Operations through the investigation process in the first instance and reviewed by the Executive Manager Governance and Operations. The reviewer will determine, where appropriate, the proposed investigation scope and appoint an investigating officer. An investigation is then initiated and conducted by the investigating officer.

It is a reasonable and lawful workplace direction for Council to ask that employees participate in the investigation process. Witnesses are informed of their rights and obligations before an investigation, including information about the terms of reference of the investigation,



employee's legislative obligations, the investigation process, natural justice, interviews and what each party can expect from the other during an investigation.

Substantiated allegations of fraud activity or corrupt behaviour may result in formal disciplinary action including dismissal. Any allegation involving criminal offences against the Council by employees or external parties needs to be referred to the Queensland Police Service (QPS, in accordance with Local Government Regulations 2012, s307A.

9. Fraud Awareness

Council recognises that the success and credibility of the Fraud Policy and Fraud Control Plan will largely depend on how effectively they are communicated throughout the organisation and beyond.

Council will therefore, from time to time take proactive steps towards ensuring that the wider community is aware of the Council's zero-tolerance stance towards fraud and corruption.

Council will increase community awareness by:

- promoting Council initiatives and policies regarding the control and prevention of fraud and corruption on the Council website and at Council offices;
- including guidance on their website, for both council staff and external parties, on how to report suspicions of fraud;
- making reference to fraud and corruption initiatives in the Council's Annual Report; and
- facilitating public access to all of the documents that constitute the Council's Fraud and Corruption framework.

10. Actions to Prevent, Detect and, Respond to Fraud

The Plan is based on the 10-element model detailed in the Crime and Corruption Commission publication *Fraud and Corruption Control: Guidelines for Best Practice (2005)*. The ten elements are distributed along the three phases of prevention, detection and response, as shown below:

Elements	Spread across the 3 Phases as below		
	Prevention	Detection	Response
Integrated Council policy	√		
Risk assessment	√		√
Internal Controls	√	√	√
Staff education and awareness	√		√
Public Interest Disclosures		√	
Investigations		√	
Code of Conduct	√		
Internal Reporting		√	√
External Reporting			√
Client and community awareness	√		

PHASE 1: PREVENTION OF FRAUD AND CORRUPTION

This stage outlines the frameworks, systems and processes in place across the Council to promote and support the prevention of fraud and corruption and represent trackable Key Performance measures and targets.

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
Integrated Policy	Fraud Policy and Control Plan	Executive Management to endorse and promote the Plan and to ensure staff awareness of the plan on an ongoing basis.	Chief Executive Officer	Every two years
		Include relevant staff who are involved in prevention activities in reviews of the Plan.	Chief Executive Officer	Every two years
Risk assessment	Risk profile and management	Consider and assess fraud and corruption risk and include in the overall Corporate Risk Register	Chief Executive Officer	Review every two years
Internal Controls	Corporate Governance Framework	Develop, approve, review and update various governance policies e.g. Code of Conduct, Ethics Policy, Conflict of Interest, Public Interest Disclosure Policy, Fraud Policy, Procurement Policy, Entertainment & Hospitality Policy, Gifts Policy etc.	Chief Executive Officer	Ongoing
		Outline clear accountability and reporting responsibilities in staff position descriptions.	Chief Executive Officer	
		Where fraud risks are known to exist (e.g. procurement, capital expenditure management, payroll, travel, entertainment recruitment etc), clearly document work processes and make available to council officers.	Executive Managers	
		Conduct screening of potential new employees. As a minimum, all employees should be subject to referee checks, but also consider undertaking Police checks with reference to Fraud convictions.	Executive Manager Human Resources	
	Accountability and	Monitor recordkeeping for adherence to record keeping and document management policies.	Chief Executive Officer	As required



responsibility structures	Supervisors to monitor compliance with work procedures.	Executive and Line Managers	Ongoing
	Supervisors to ensure proper and adequate advice and support is provided to staff on procedures where needed.	Executive and Line Managers	
	Senior executives and managers to demonstrate adherence to work procedures.	Executive Managers	
	Corporate Structure to be kept updated and available to all officers.	Executive Manager Governance and Operations	
	Include prevention of fraud and corruption as part of job description documentation for all staff.	Executive Manager Human Resources	As required
	Review and update delegations register regularly.	Chief Executive Officer	Ongoing and regular
Internal Audit	Internal Audit to regularly review governance, risk management and internal control processes, and issue and provide recommendations for improved systems.	Audit Committee	Ongoing
Conflicts of Interest and Personal disclosures	Regularly review Conflict of Interest Policy and procedures and keep up to date.	Chief Executive Officer	Annually
	Register of Interests for Councillors and senior executives must be kept up to date and disclosed where appropriate.	Chief Executive Officer and Mayor	Ongoing and regular
	All staff to make annual declarations of conflict of interests and related party transactions; and a register of interests maintained.	Executive Manager Human Resources	Annually
Committees and Workgroups	Form Governance committee to specifically address fraud and corruption risk (e.g. audit committee, governance & finance committee etc).	Council	Ongoing



Staff Education and awareness	Policies and procedures	Policies and procedures and other related processes and information must be made available on intranet	Chief Executive Officer	Ongoing as required
	Training and awareness	Provide appropriate training to all staff on the contents and purposes of the Fraud Policy and Fraud Control Plan	Executive Manager Human Resources	Annually
		Corporate Plan to refer to values and ethical conduct and how the local government tracks this aspect.	Chief Executive Officer	Ongoing as required
Code of Conduct	Induction program	Provide each new employee information on fraud and corruption control.	Executive Manager Human Resources	Within one month of arrival
	Staff training	Promote ethical culture and awareness of fraud and corruption prevention and controls through the code of conduct training.		Annually and when the Code is revised
	Staff performance and development	Include culture, values and an organizational understanding in the performance appraisal and performance development processes of each council employee.		Every twelve months
Supplier and Community Awareness	Policies and procedures	Include Fraud and Corruption Policy and Fraud Control Plan on the website. Keep it available for anyone who requests a copy.	Executive Manager Governance and Operations	Ongoing as required
	Training and awareness	Make external parties dealing with the local government aware of the Fraud and Corruption Policy and Plan. Publish guidance on Council website on how to make a complaint or report suspicions of fraud.	All staff and officers making procurements	
	Right to Information (RTI), Privacy requests and RTI Disclosure Log	Promptly actions requests for information on the plan and publish required information on website.	Chief Executive Officer	

Phase 2: Detection of Fraud and Corruption

This stage outlines the systems and processes in place across Council to detect and expose fraud and corruption.



What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
Internal Controls	Work processes	Each functional area should develop clearly documented work procedures which are communicated to staff. Awareness and training of workflows and work processes must be provided.	Executive and Line Managers	Ongoing
		Specific functional area processes must be complied with.	Executive and Line Managers	
Public Interest Disclosures	Management of Public Interest Disclosure	Public Interest Disclosure policy and processes will be reviewed and kept updated.	Chief Executive Officer	Biannual
		Management to take all reasonable steps to protect disclosers and ensure all victimisation is dealt with swiftly and appropriately	Executive Managers	Ongoing
		All staff must comply with the policy and procedures	Respective managers	Ongoing
Internal Reporting	Fraud allegations	Make Fraud Allegation Reporting form readily available to all staff to allow reporting of suspicions of fraud.	Executive Manager Governance and Operations	Ongoing
		Maintain appropriate register and records of all allegations received.		
	Internal audit	Ensure that the internal audit plan takes into account fraud risk incidents as reported in the Risk Register.	Audit Committee	Ongoing as required but minimum as per the Strategic Audit Plan
		Council to respond promptly to audit findings and recommendations.	Chief Executive Officer	
Informal reporting	Culture of reporting to be supported and promoted through induction, training, the intranet, organisational planning and policies and procedures.	All managers	Ongoing	
Investigations	Investigation process and procedures	Staff must report all suspected instances of misconduct to Executive Manager Governance and Operations or directly to the CEO	Chief Executive Officer	As required

Phase 3: Response to Fraud and Corruption

This stage outlines the systems and processes in place across the local government to respond to fraud and corruption within Council and the various channels to ensure improvements or remedies for fraud and corruption.

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
Risk assessment and internal reporting	Fraud Incident Register	Report all alleged or proven fraud and/or corruption instances as a risk incident and record in the Fraud Incident Register.	Chief Executive Officer	Report Incident within 24 hours of identification Update Register within 48 hours of incident reporting
	Fraud Risk reporting	Risk incidents and periodical risk reports are to be used to identify risks, review risks mitigation strategies.	Chief Executive Officer	As required and quarterly
Investigations	Conduct investigations	Conduct investigations according to Disciplinary Policy and Procedures, Public Interest Disclosures Policy & Procedures. The Executive Manager Governance and Operations or the CEO will decide whether the allegation constitutes improper conduct.	Chief Executive Officer and Executive Manager Governance and Operations	Ongoing as required
	Report investigations	Investigation outcomes are to be supported and implemented by such means as are determined by the Senior management team.	Executive Managers	
Internal Controls	Policies and Procedures	Review policies and procedures taking into account recent risk incidents and in response to recommendations made by investigators, internal or external audit.	Chief Executive Officer	Ongoing as required
Staff education and awareness	Training/Awareness program	Reinforce awareness of internal controls/prevention mechanism through training on any new processes or procedures.	Executive Manager Human Resources	Ongoing as required

		State and reinforce Council's stance on fraud and corruption through relevant corporate communications.	Chief Executive Officer	
External reporting	Mandatory reporting	Report fraud and corruption to following agencies in line with legislation (Local Government Regulations 2012, s307A): <ul style="list-style-type: none"> Report suspected corrupt conduct, which includes fraud, to CCC Notify reportable losses to Auditor General, Minister and Police if relevant. Implement all CCC recommendations	Chief Executive Officer	Ongoing as required
	Governance publications	Report fraud prevention and control matters in Annual Report, Corporate Plan and Operational Plan.	Chief Executive Officer	Annually and as required

Review

This policy is to remain in force until otherwise determined by Council.

Resolution

Adopted by Council on the 25 October 2017, commenced on 25 October 2017

Approval

This policy was duly authorised by Council as the Kowanyama Aboriginal Shire Council Fraud and Corruption Control Plan and shall hereby supersede any previous policies of the same intent.

Chief Executive Officer, Fabian Williams

