

Fraud and Corruption Prevention Control Plan

Policy Details

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Supporting documentation

Legislation	<ul style="list-style-type: none"> • <i>Crime and Corruption Act 2001</i> • <i>Criminal Code Act 1899</i> • <i>Integrity Act 2009</i> • <i>Local Government Act 2009</i> • <i>Local Government Regulation 2012</i> • <i>Public Interest Disclosure Act 2010</i> • <i>Public Sector Ethics Act 1994</i> • <i>Right to Information Act 2009</i>
Policies	<ul style="list-style-type: none"> • Code of Conduct for Employees • Code of Conduct for Councillors • Risk Management Policy • Risk Management Guidelines • Complaints Management Process Policy • Grievance Management Policy • Disciplinary Action Policy
Delegations	<ul style="list-style-type: none"> • Nil
Forms	<ul style="list-style-type: none"> • Nil
Supporting Documents	<ul style="list-style-type: none"> • Crime and Corruption Commission – Fraud and Corruption Control Best Practice Guide • Australian Standard, AS 8001-2008 - Fraud and Corruption Control

Version History:

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Intent

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, sometimes irreparably.

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 Carpentaria Shire 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.

Scope

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

Policy Objective

This Fraud and Corruption Prevention Control Plan (Plan) provides direction and guidance to Carpentaria Shire 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 Carpentaria Shire 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 Carpentaria Shire Council.

Responsibilities

The Plan details the different responsibilities and accountabilities of Councillors, managers and employees within council. It requires all public officers to abide by Carpentaria Shire Council Code of Conduct, which prescribes standards of ethical conduct.

In general, Carpentaria Shire Council expects public officers will assist in preventing fraud and corruption within Council by:

- Understanding the responsibilities of their position;
- Familiarising themselves with, and adhering to, Carpentaria Shire 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 the “Reporting Allegations of Fraud” in this Plan.

Specific Responsibilities

Role	Responsibilities
Councillors	<p>Collectively, as the decision making body of the Council, Councillors are responsible for ensuring that Carpentaria Shire 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 the “Reporting Allegations of Fraud” in 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; • 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;

	<ul style="list-style-type: none"> • reporting suspicions of fraud in accordance with the “Reporting Allegations of Fraud” in 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 Carpentaria Shire Council’s Code of Conduct and Fraud and Corruption Prevention 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 Carpentaria Shire 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 the “Reporting Allegations of Fraud” section of this Plan.

Fraud Risk Assessment

Carpentaria Shire 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.

Reporting Allegations of Fraud

Any public officer who suspects, or becomes aware of, breaches of the Code of Conduct, including fraud and corruption, should report the matter without delay 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 Director of Corporate Services; and
- Making a Public Interest Disclosure under the *Public Interest Disclosure Act 2010*.

Officers should provide information on the alleged fraud using **Form 110 - Fraud Allegation Reporting Form** available on Council's intranet. 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.

Carpentaria Shire Council's Disciplinary Action Policy governs reports of suspected or actual fraud or corruption.

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 Carpentaria Shire Council's Public Interest Disclosure (Whistleblower Protection) Policy.

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 or work experience student) 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.

Further information may be obtained from the Grievance Management Policy.

Investigation Process

All reports, information, complaints and notifications concerning alleged fraud activity or corrupt behaviour are referred to the Director Corporate Services through the investigation process in the first instance and reviewed by Council's legal representative. 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).

Fraud Awareness

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

Carpentaria Shire 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.

Carpentaria Shire 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.

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 local government to promote and support the prevention of fraud and corruption.

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
Integrated Policy	Fraud and Corruption Prevention Policy	ELT to endorse and promote the Plan and to ensure staff awareness of the plan on an ongoing basis.	CEO	Ongoing
	Policy and Control Plan	Include relevant staff who are involved in prevention activities in reviews of the Plan.	CEO	Ongoing
Risk assessment	Risk profile and management	Consider and assess fraud and corruption risk and include in the overall Corporate Risk Register.	CEO	Ongoing
Internal Controls	Corporate Governance Framework	Develop, approve, review and update various governance policies: <ul style="list-style-type: none"> • Code of Conduct – Employees • Code of Conduct - Councillors • Conflict of Interest 	CEO	Ongoing

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
		<ul style="list-style-type: none"> Public Interest Disclosure Policy Fraud and Corruption Prevention Policy Procurement Policy Entertainment & Hospitality Policy Gifts and Benefits Policy Related Party Disclosure Policy 		
		Outline clear accountability and reporting responsibilities in staff position descriptions.	CEO	
		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.	Managers	
		Conduct screening of potential new employees. As a minimum all employees should be subject to referee checks, but also consider undertaking Police checks and other relevant background checks.	MHR	
		Monitor recordkeeping for adherence to record keeping and document management policies.	CEO	As required
		Supervisors to monitor compliance with work procedures.	Managers Supervis.	Ongoing
		Supervisors to ensure proper and adequate advice and support is provided to staff on procedures where needed.	Managers Supervis.	
	ELT and managers to demonstrate adherence to work procedures.	ELT Managers		
	Organisation chart to be kept updated and available to all officers.	MHR		
	Include prevention of fraud and corruption as part of job description documentation for all staff	MHR	As required	
	Review and update delegations register regularly.	CEO	Ongoing	

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
	Internal Audit	Internal Audit to regularly review governance, risk management and internal control processes, and issue and provide recommendations for improved systems.	DCS	Ongoing
	Conflicts of Interest and Personal disclosures	Regularly review Conflict of Interest Policy and procedures and keep up to date.	CEO	Ongoing
		Register of Interests for councillors and senior executives must be kept up to date and disclosed where appropriate.	CEO Mayor	Ongoing
		Staff making recommendations to Council to maintain a register of interest and record of any related party transactions.	CEO	Annually
Staff Education and awareness	Policies and procedures	Policies and procedures and other related processes and information must be made available on intranet	CEO	Ongoing
	Training and awareness	Provide appropriate training to all staff on the contents and purposes of the Fraud and Corruption Prevention Policy and Fraud Control Plan	MHR	Annually
		Corporate Plan to refer to values and ethical conduct and how the local government tracks this aspect.	CEO	Ongoing
Code of Conduct	Induction program	Provide each new employee information on fraud and corruption control.	MHR DCS	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
	Staff performance and development	Include culture, values and an organisational understanding in the performance appraisal and performance development processes of each council employee.		Annually
Supplier and Community Awareness	Policies and procedures	Include Fraud and Corruption Prevention Policy and Fraud Control Plan on the website. Keep it	CEO	Ongoing

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
		available for anyone who requests a copy.		
	Training and awareness	Make external parties dealing with the local government aware of the Fraud and Corruption Prevention Policy and Plan. Publish guidance on Council website on how to make a complaint or report suspicions of fraud.	ELT	
	RTI, Privacy requests and RTI Disclosure Log	Promptly actions requests for information on the plan and publish required information on website.	CEO	

Phase 2 – Detection of Fraud and Corruption

This stage outlines the systems and processes in place across the local government 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	Managers	Ongoing
		Specific functional area processes must be complied with.	Managers	
Public Interest Disclosures	Management of Public Interest Disclosure	Public Interest Disclosure policy and processes will be reviewed and kept updated	CEO	As required
		Management to take all reasonable steps to protect disclosers and ensure all victimisation is dealt with swiftly and appropriately	ELT	Ongoing
		All staff must comply with the policy and procedures	Managers	Ongoing
Internal Reporting	Fraud allegations	Make Fraud Allegation Reporting form readily available to all staff to allow reporting of suspicions of fraud.	DCS	Ongoing

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
		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.	DCS	Ongoing but minimum as per the Internal Audit Plan
		Council to respond promptly to audit findings and recommendations.	CEO	
	Informal reporting	Culture of reporting to be supported and promoted through induction, training, the intranet, organisational planning and policies and procedures.	Managers	Ongoing
Investigations	Investigation process and procedures	Staff must report all suspected instances of misconduct to the HR Manager or DCS or directly to the CEO	CEO	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 local government 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.	CEO	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.	CEO DCS	As required

What		How	Who	When
Element	Component	Action Plan	Oversight	Timeline
Investigations	Conduct investigations	Conduct investigations according to Disciplinary Policy and Procedures, Public Interest Disclosures Policy & Procedures.	CEO	Ongoing as required
		The HR Manager, DCS and CEO will decide whether the allegation constitutes improper conduct.		
	Report investigations	Investigation outcomes are to be supported and implemented by such means as are determined by ELT.	ELT	
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.	CEO	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	MHR	Ongoing as required
		State and reinforce Council's stance on fraud and corruption through relevant corporate communications.	CEO	
External reporting	Mandatory reporting	Report fraud and corruption to following agencies in line with legislation: <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	CEO	Ongoing as required
	Governance publications	Report fraud prevention and control matters in Annual Report, Corporate Plan and Operational Plan.	CEO	Annually and as required

**Oversight - This refers to the person or group who is to ensure the item in the action plan is done, as distinct from the person or group who is responsible for actioning the item. The exception to this is a reference to "All staff" where oversight is not practical.*

Review

The Plan will be reviewed annually. However, the following may trigger an earlier review:

- Significant fraud or corruption event affecting the local government;
- Identification of any significant trends in fraud or corruption locally or globally.

Definitions

TERM	DEFINITION
Corrupt Conduct	<p>Conduct that involves the exercise of a person's official powers in a way that:</p> <ul style="list-style-type: none"> • Is not honest or impartial; or • Involves a breach of trust placed in the person as a public officer, either knowingly or recklessly; or • Involves a misuse of Council assets, materials or information; and is for the purposes of providing a benefit to the person or another person or causing a detriment to another person; • Would, if proven constitute a criminal offence or is serious enough to justify a dismissal.
False Disclosure	Disclosure of information relating to fraud or corruption that is made by a person who knows the information to be false or, who is reckless as to whether it is false
Fraud	Is the misappropriation of assets, cash or property, through deliberate deception.
Public officer	<p>Includes:</p> <ul style="list-style-type: none"> • A Council member • A member of a Local Government body (including a subsidiary of a Council established under the Local Government Act 2009) • An employee or officer of the Council
Public Interest Disclosure	A disclosure made under the Public Interest Disclosure Act 2010 (PID Act) and includes all information and help given by the discloser to the proper authority for the disclosure.
Risk	The effect of uncertainty on objectives in consideration of fraud and corruption risk. This will generally be a negative impact.

Adopted by Council 15th June 2022 by Resolution 0622/016

Mark Crawley
Chief Executive Officer