

Policy Title: **Fraud and Corruption Policy**

Policy No: 276

Directorate: Executive Services

Responsible Officer: Chief Executive Officer

Adopted Date: General Meeting 12/10/2016

Review Date: 12/10/2018

VERSION	MEETING APPROVED	MEETING DATE	HISTORY
1	General Meeting	12/10/2016	Adopted

Authorities:

- Australian Standard AS 8001-2008*
- Crime and Corruption Act 2001*
- Public Interest Disclosure Act 2010*
- Local Government Act 2009*
- Local Government Regulation 2012*
- Criminal Code Act 1899*
- Public Sector Ethics Act 1994 (Qld)*
- Right to Information Act 2009*

BACKGROUND:

Council recognises that fraud and corruption are major risks, which can adversely affect the ability of the council to achieve its objectives. Fraud and corruption can harm Council's credibility, reduce public confidence and affect Council's relationships with internal and external stakeholders.

The prime objective of this policy is to limit North Burnett Regional Council's exposure to fraud or corruption, by encouraging an "awareness culture" that fraud and corruption within its workplace will not be tolerated.

North Burnett Regional Council is committed to protecting its public funds or assets from any attempt either by:

- Members of the public;
- Contractors;
- Elected members; or
- Its own employees,

This policy is intended to minimise the risk of fraud or corruption occurring in the council, or affecting the council.

DEFINITIONS:

- **Fraud** is obtaining a personal advantage through deception.
- **Corruption** is using a position of power or trust to obtain a personal advantage.
- **Personal advantage** includes advantage for family, friends, associates, or an entity connected to a person. It also includes an unwarranted disadvantage to another person.
- A **position of trust** includes any public office, employment, appointment, or contract.
- Theft from an employer is taken to be **fraud**.
- **Corrupt behaviour** may be by an entity other than a person, e.g. a corporation.
- **Corrupt behaviour** includes enabling or permitting another to engage in corrupt behaviour.
- **Council Worker** includes a Councillor, an employee of the council or a controlled entity whether full time, part time, or temporary, a volunteer, a contract worker or a consultant carrying out work for the council.
- **Council** means North Burnett Regional Council.
- **Material loss** for an asset belonging to a local government, means— (a) for money—a loss of more than \$500; or (b) for any other asset—a loss valued by the chief executive officer at more than \$1000.
- **Reportable loss** for an asset belonging to the local government, means a loss resulting from— (a) the commission of an offence under the Criminal Code or another Act; or (b) the corrupt conduct of a councillor, local government employee or local government worker; or (c) conduct of a contractor of the local government that would be corrupt conduct if the contractor were a councillor, local government employee or local government worker.

The full definitions in the *Australian Standard AS 8001-2008* and the *Crime and Corruption Act 2001* are included in the appendix.

APPLICATION:

This policy applies to all councillors, all employees whether permanent, temporary or casual, consultants and contract staff, and those doing business with the Council.

POLICY:

Zero Tolerance

Council has zero tolerance to activities related to fraud and corruption. Council will investigate, or otherwise formally enquire into, all instances of suspected fraudulent or corrupt conduct exposed as a result of receiving an allegation or detecting fraudulent or corrupt activities as statutorily required. Appropriate actions will follow these investigations including, where applicable, actions to recover moneys or other property should a cost benefit analysis justify such action.

Fraud and Corruption Principles

Councillors and all employees in supervisory roles have a responsibility for setting the ethical tone of the organisation consistent with the ethics principles set out in the *Public Sector Ethics Act 1994* and the *Local Government Act 2009*. They play a key role in the general administration of their work areas and consequently overseeing the implementation, review and monitoring of fraud and corruption prevention strategies, including risk management processes and the Fraud and Corruption Control Plan.

There are a number of key principles that form Council's strategic framework; prevention, detection and response. These key principles are covered in depth in Council's Fraud and Corruption Control Plan.

1. The Fraud and Corruption Control Plan forms the basis of the strategic overarching framework, encompassing the key principles and action plans to achieve Council's objective of zero tolerance.
2. Council's risk management principles and strategies as detailed in the Risk Management Policy will be utilised to maximise prevention opportunities and minimise any potential risks of fraud and corruption.
3. All Councillors, employees, contractors and volunteers are accountable for their own conduct.
4. All persons that possess supervisory responsibilities, including elected members, are accountable for assisting in the establishment of a workplace with the highest ethical standards through promotion and exemplifying ethical behaviour at all times.
5. All Councillors, employees, contractors and volunteers have an obligation to report any corrupt or suspected corrupt conduct within their areas or other areas of Council.
6. Any persons reporting a suspected corrupt conduct activity shall be duly afforded protection from any potential reprisals.
7. Detecting fraudulent or corrupt activity through the systematic processes identified in the Fraud and Corruption Control Plan.

Prevention of Fraud at NBRC

Council through the Executive Leadership Team will create an environment and culture in which fraudulent or corrupt acts will not be tolerated, and which will be fully investigated where they are suspected or reported.

To adhere to this objective, Council has a fraud and Corruption control plan which details Council's approach to prevent detect and respond to fraud.

Staff Training and Awareness

Council will develop a comprehensive training programme to inform Council Officers of policies and procedures in relation to making them aware of fraud and corruption issues.

Internal Reporting Of Fraud Or Corruption

Good channels of internal communication can encourage a steady flow of information that can result in Council improving its practices and procedures and preventing fraud or corruption.

All employees have the responsibility to report fraud and suspected corrupt activity, through the appropriate notification to their Supervisor, Manager or CEO.

The Executive Leadership Team is committed to ensuring that employees are protected from fear or retribution if they make any report about fraud or corruption.

For those Council Officers, who feel uncomfortable about reporting suspected fraud or corruption, should take advantage of the provisions of the Public Interest Disclosures Act. They are to make their report in accordance with Council's Internal Reporting (Public Interest Disclosures) Policy.

This policy provides the framework for providing information to employees on how their internal report will be handled within Council.

Responding to Fraud and Corruption

The purpose of a fraud or corruption investigation is to find out as much as possible about what happened. It is not to establish the guilt of a suspect. The overall aim is to improve Council's processes and to minimise fraud and corruption risk to ratepayer resources into the future.

When a fraudulent or corrupt act comes to the notice of a Council Officer or to the general public, then they are required to make such reports in accordance with this policy.

Reports should be made as quickly as possible to a member of the Senior Executive Team.

In all cases of reported alleged fraud or corruption, the CEO should be immediately informed of the matter and then kept informed of the progress of the investigation.

Reporting Requirements

Under Section 307A of the Local Government Regulation – Loss of Local Government Assets - If the chief executive officer is satisfied the material loss is also a reportable loss, the officer must notify the following as soon as practicable, but not more than 3 months after the officer becomes aware of the loss—

- (a)** the Minister;
- (b)** the auditor-general;
- (c)** for a loss resulting from the commission of an offence under the Criminal Code or another Act—a police officer;
- (d)** for a loss resulting from the corrupt conduct of a councillor, local government employee or local government worker—the Crime and Corruption Commission.

Recovery

Council will take reasonable efforts to recover any loss arising through fraud or corruption. However, before incurring substantial costs in legal action, the council will take advice on the likely cost and the chances of recovery of the loss.

1. Scope:

This plan applies to all councillors, all employees whether permanent, temporary or casual, consultants and contract staff, and those doing business with the Council.

2. Purpose:

To establish and document Council's strategic fraud and corruption management framework and the practices engaged for the effective prevention, detection, and response of fraud and corruption done to, or by, Council.

Related Documents:

Primary

Fraud and Corruption Policy

Secondary

Crime and Corruption Act 2001

Criminal Code Act 1899

Industrial Relations Act 1999

Local Government Act 2009

Local Government Regulation 2012

Public Interest Disclosure Act 2010

Public Sector Ethics Act 1994

Australian Standard AS 8001-2008 Fraud and Corruption Control

Fraud and Corruption Control: Guidelines for Best Practice

International Professional Practices Framework (IPPF)

International Standard ISO 31000 – Risk Management – Principles and Guidelines

Queensland Health *The Guide to Fraud and Corruption Control (The Plan); version no. 20*

Code of Conduct

Councillor Code of Conduct Policy

Employee Discipline Administrative Direction

Risk Management Policy

Fraud and Corruption Risk Checklist

Internal Audit Function Policy

Procurement Purchasing Policies and Procedures

Public Interest Disclosure Policy

Public Interest Disclosure Procedure

Recordkeeping Policy

3. The Plan

The plan gives guidance and direction to Council officers and stakeholders on the processes for:

- Preventing fraud and corruption;
- Detecting fraud and corruption in Council; and,
- Responding to fraud and corruption in Council.

The plan aims to:

- Reduce the potential for fraud and corruption within and against Council;
- Build a culture which seeks to prevent fraud and corruption;
- Explain how Council deals with suspected fraud and corruption through risk management practices; and
- Provide guidance on how any suspected instances of fraud or corruption are dealt with by Council.

This plan is comprised of three stages: prevention, detection and response. Distributed across these three stages are the ten elements taken from the CMC's publication, *Fraud and Corruption Control: Guidelines for Best Practice* (2005).

	Elements	Prevention	Detection	Response
1.	An integrated suite of relevant policies	✓		
2.	Risk Assessments	✓		✓
3.	Internal controls	✓	✓	✓
4.	Staff Education and awareness	✓		✓
5.	Public interest disclosures (PIDs)		✓	
6.	Investigations		✓	✓
7.	Codes of Conduct and disciplinary standards	✓		
8.	Internal Reporting		✓	✓
9.	External Reporting			✓
10.	Effective stakeholder and community awareness programmes	✓		

The plan specifies the responsibilities of officers in that it:

- Details the various responsibilities and accountabilities of managers and other groups within Council;
- Requires Council officers to abide by Council's Code of Conduct which prescribes standards of ethical conduct for all officers at Council;
- Obliges Council officers who suspect, or become aware of, breaches of the Code, including fraud and corruption, to report the matter without delay to a supervisor or manager.

Reports of suspected or actual fraud or corruption are governed by Employee Discipline Administrative Direction. An allegation by a Council officer of a substantial misuse of public resources may fall within the definition of a public interest disclosure ("PID") and is covered by Council's Public Interest Disclosure (Whistleblower Protection) Policy and Procedures regarding management of internal public interest disclosures.

ATTACHMENT A – PREVENTION AND CONTROL PLAN

Fraud and Corruption Control Plan

1. **Prevention:** This stage outlines the systems, frameworks and processes in place across Council to support the prevention of fraud and corruption.

Why State	What Element	Components	How Action Plan	Who Oversight*	When Time Frames		
1. P R E V E N T I O N	Integrated policy	Fraud and Corruption Policy and Plan	<ul style="list-style-type: none"> • ELT to endorse and promote the plan, and to take ongoing action to ensure staff awareness of the plan. • The Plan is to be regularly reviewed and advice sought from staff. 	Deputy CEO	Every two years		
	Risk Assessment	Risk Profile and management	<ul style="list-style-type: none"> • Consideration of fraud and corruption risks to be included in Risk Register. 	Deputy CEO	6 monthly		
	Internal controls	Corporate Governance Framework		<ul style="list-style-type: none"> • Governance manual to be developed, approved maintained. 	Deputy CEO	Ongoing	
				<ul style="list-style-type: none"> • Clear accountability and reporting framework to be maintained and reviewed regularly. 	CEO		
				<ul style="list-style-type: none"> • Where fraud and corruption risks are known to exist, work processes are to be clearly documented and available to Council officers. 	ELT		
				<ul style="list-style-type: none"> • Screening of potential new employees to be conducted. 	HR		
		Accountability and responsibility structures			<ul style="list-style-type: none"> • Organisational chart to be kept up to date and available to all officers. • Delegations Register to be kept up to date and available to all officers. 	CEO	As Required
					<ul style="list-style-type: none"> • Prevention of fraud and corruption to be included in job description documentation. 	HR	
					<ul style="list-style-type: none"> • Supervisors to monitor adherence to work procedures and ensure training and advice is provided to staff on procedures where needed 	ELT	
		Conflicts of interest and Personal disclosures			<ul style="list-style-type: none"> • Conflicts of Interest Policy and Procedures to be kept up to date and reviewed regularly 	CEO	Every two years
					<ul style="list-style-type: none"> • Staff to be reminded annually to make appropriate declarations, and a Register of Interests to be maintained. 	CEO	Annually
					<ul style="list-style-type: none"> • Internal Audit to regularly review processes and provide recommendations for improved systems. 	Audit Committee	Every two years
	Staff education and awareness	Availability of policies and procedures		<ul style="list-style-type: none"> • Policies and procedures and other staff processes and information to be available on InfoXpert. 	Deputy CEO	Ongoing	
		Training and awareness		<ul style="list-style-type: none"> • Corporate Plan –to refer to values and ethical conduct. 	CEO		
	Code of Conduct	Induction program		<ul style="list-style-type: none"> • Information on fraud and corruption prevention and control to be provided to all new staff. 	HR	Within 3 months of arrival	
		Staff Training		<ul style="list-style-type: none"> • Ethical culture and awareness of fraud and corruption prevention and control procedures and processes to be promoted through Code of Conduct training 	HR	Every two years/code revised	
	Client and community awareness	Availability of Policies and procedures		<ul style="list-style-type: none"> • Website to include Policy 	Deputy CEO	Ongoing	
				<ul style="list-style-type: none"> • Relevant corporate reports and publications to make reference to fraud and corruption prevention and control. 			
		RTI and Privacy requests, and RTI Disclosure Log		<ul style="list-style-type: none"> • Requests for information on the plan to be actioned promptly. • Required information to be published on Council website. 	Deputy CEO	Ongoing	

2. **Detection:** This stage outlines mechanisms in place across Council to detect or expose fraud and corruption.

Why State	What Element	Components	How Action Plan	Who Oversight*	When Time Frames
2. D E T E C T I O N	Internal controls	Formal and informal work processes	<ul style="list-style-type: none"> • Specific functional area processes, guidelines, instructions and risk assessment to be complied with Ongoing awareness and training of work processes to be provided. 	ELT	Ongoing
	Public Interest Disclosures	Management of PIDs	<ul style="list-style-type: none"> • Whistleblowers (Public Interest Disclosure) Policy and Procedures to be kept up to date and reviewed regularly. 	Deputy CEO	Every two years
			<ul style="list-style-type: none"> • All staff to adhere to policy and procedures. 	ELT	
			<ul style="list-style-type: none"> • ELT to take reasonable actions to minimise risks of victimisation and to ensure victimisation of disclosers is dealt with swiftly and appropriately 	ELT	Ongoing As required
	Investigations	Investigation Processes	<ul style="list-style-type: none"> • As per the CCC's requirements including its Focus on Corruption publication. 	All Staff	As required
			<ul style="list-style-type: none"> • Officers to report all suspected instances of improper conduct to the CEO. 		
			<ul style="list-style-type: none"> • CEO to assess whether the alleged conduct could amount to improper conduct. 	CEO	
			<ul style="list-style-type: none"> • The CEO to report any improper conduct that amounts to corrupt conduct to the Crime and Corruption Commission. 	CEO	
	Internal reporting	Complaints	<ul style="list-style-type: none"> • Employee Disciplinary Administrative Direction to be kept up to date and reviewed regularly. 	HR/CEO	Review every two years
			<ul style="list-style-type: none"> • All staff to adhere to policy and procedures. 	ELT	Protocols used on as needs basis.
		Performance Management Framework	<ul style="list-style-type: none"> • Organisational structure to be supported through adherence to official delegations, proper and full use of supervisory reporting relationships. 	ELT	Ongoing
		Internal Audit	<ul style="list-style-type: none"> • Internal Audit Plan to take into account risk incidents as reported in the Risk Register. 	Manager Finance	As in Strategic Audit Plan
	<ul style="list-style-type: none"> • Internal Audit to conduct regular reviews of Council functions and processes to identify susceptible areas 		Audit Committee		
<ul style="list-style-type: none"> • Council to respond promptly to audit findings and recommendations 	Council				
	Informal reporting channels	<ul style="list-style-type: none"> • Culture of reporting to be supported and promoted through induction, training, organisational planning and policies and procedures. Corporate ownership and personal accountability to be actioned by all staff. 	Supervisors	Ongoing	

3. Response: This stage outlines the processes for responding to fraud and corruption within Council and the channels for ensuring improvements or remedies for exposed or potential fraud and corruption are made.

Why	What		How	Who	When
State	Element	Components	Action Plan	Oversight*	Time Frames
3. R E S P O N S E	Internal Controls	Corporate Governance Framework reviewed	Review as necessary: • Council reporting	Deputy CEO	As required
		Policies and procedures	Policies and procedures to be reviewed • Taking into account recent risk incidents. • In response to recommendations by internal auditor.	ELT / Policy Owners	As required
	Staff education and awareness	Training/ awareness program	• Awareness of internal controls/prevention mechanisms to be reinforced through training on any new processes or procedures.	HR	Ongoing
			• Council stance on fraud and corruption to be stated in relevant corporate communications.	CEO	
	Investigations	Investigations conducted	Investigations to be conducted according to: • Employee Disciplinary Administrative Directive and Procedures • Public Interest Disclosures Policy and Procedures	CEO	As Required
		Investigations reports	• Investigation outcomes/results supported and implemented by means determined by the CEO	CEO	
	Risk assessment and Internal reporting	Risk Register	All incidences of alleged or proven fraud and/or corruption to be reported as a risk incident and recorded in the Risk Register.	CEO	Incident to be reported within 24 hours of identification; Register to be updated within 48 hours of incident being
		Risk Reporting	• Risk incidents and quarterly risk reporting file to be used in identifying risks, reviewing Risk Profile and identifying risk mitigation strategies.	CEO	As required and Quarterly
	External Reporting	External audit (QAO)	• External auditing and financial statements to be consistent with relevant or applicable Standards	Audit Committee	Annually
		CCC oversight-reporting and complaints management	• Reporting to the CCC to be done as per the Crime and Corruption Act 2001 with appropriate actions taken in regard to CCC recommendations	CEO	As Required
Governance publications		Fraud prevention and control matters to be reported in the: • Annual Report • Corporate Plan • Operational Plan	CEO and Deputy CEO	Annually and as necessary	

*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.

4. **Communications:** Training and Awareness Overview: Council-wide interaction and awareness is at the core of the Fraud and Corruption: Prevention and Control Plan.

COMMUNICATION, TRAINING AND AWARENESS	KEY COMMUNICATION ELEMENTS		
	The following communication elements are essential to the plan: <ul style="list-style-type: none"> • General awareness of the Fraud and Corruption Control Policy. • Understanding of organisational expectations regarding fraud and corruption. • Understanding of the requirements of and references contained in the plan. • Awareness and ownership of the responsibilities referenced within the pan. 		
	KEY MESSAGES		
	<ol style="list-style-type: none"> 1. Council's stance on fraud and corruption is outlined in the policy. 2. The plan provides reference to the internal controls used within Council to prevent, detect and respond to fraud and corruption. 3. Fraud and corruption risks are assessed and mitigating options are developed through risk management processes. 4. Reporting requirements regarding fraud and corruption are aligned with and use, where possible, current complaints/PIDs/misconduct and risk reporting processes. 		
	KEY COMMUNICATION		
	Communication	Channel	Frequency
	Introduction to fraud and corruption controls	Induction	For every new employee on or soon after commencement
	Fraud and Corruption: Prevention and Control Plan	Intranet /Corporate Policy Register	Ongoing
	Importance and mechanisms of fraud and corruption control	Code of Conduct for Employees' Training	All Council officers annually
	Responsibilities of specific areas identified within the plan	Specific contact from plan owner	After review of plan
	RESPONSIBILITIES OF SPECIFIC AREAS		
	Area	Outline of responsibility	
	Office of the CEO	Policy and Plan owner – maintenance and review with prevention input as required	
	People and Culture	Provision of training and building of awareness	
Audit and Risk Committee	Oversight of risk management function and assessment of risk management profiles/incident reports		
Other	As outline in plan		
OTHER COMMUNICATIONS - REPORTING			
Suggested report content	Report to		
Risk Incident Report	Audit and Risk Committee		
Complaints	Follow Complaints (Administrative Actions)Policy		
PIDs	Follow Whistleblowers (Public Interest Disclosure Policy) and Procedures		

Review Triggers

- Any significant fraud or corruption event affecting Council.
- Identification of any significant trends in fraud or corruption locally or globally.