

PRO-1176 Fraud and Corruption Prevention

Procedures



1. PURPOSE

North Burnett Regional Council is committed to ethical practices and the prevention of fraud and corruption across all levels of the organisation. Fraud and corruption can cause significant financial and reputational damage, affect employee morale, and undermine the public's confidence in the delivery of services.

2. SCOPE

Fraud and corruption prevention is a shared responsibility. These procedures apply to all Councillors and Council employees regardless of whether they are permanent, temporary, full-time, part-time, casual or volunteer. These procedures also apply to consultants, contractors and their employees when dealing with Council.

3. DEFINITIONS

Term	Definition
CCA	<i>Means the Crime and Corruption Act 2001</i>
CCC	Means the Crime and Corruption Commission
Corruption	Australian Standard AS 8001 – 2008 Fraud and corruption control (AS8001-2008) defines corruption as: Dishonest activity in which an employee of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.
Corrupt conduct	Is defined at Section 15 of the <i>Crime and Corruption Act 2001</i> . Broadly, corrupt conduct is conduct by anyone that adversely affects, directly or indirectly, a public agency or public official so that the performance of their functions or the exercise of their powers: <ul style="list-style-type: none">• is not honest or impartial; or• knowingly or recklessly breaches public trust; or• involves the misuse of agency-related information or material. Corrupt conduct would, if proved, constitute a criminal offence or a disciplinary breach providing grounds for dismissal. It includes an attempt or a conspiracy to engage in the conduct, as well as neglect, failure or inaction that adversely affects a public agency or official in the ways described above.
Councillors	Also means the Mayor and Deputy Mayor of the North Burnett Regional Council.
Employees	Means all employees of Council, whether employed on a permanent, temporary, or part-time basis and includes volunteers, contractors and their employees.
ERM	Means Enterprise Risk Management
Fraud	Australian Standard AS 8001 – 2008 Fraud and corruption control (AS8001-2008) defines 'fraud' as: <i>Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. 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 for personal financial benefit.</i>
Material Loss	For an asset, means: <ul style="list-style-type: none">• for money - a loss of more than \$500; or• for any other asset - a loss valued by the Chief Executive Officer at more than \$1,000.
Organisational support	For the purposes of this procedure, organisational support means actions such as, but not limited to:

Term	Definition
	<ul style="list-style-type: none"> • providing moral and emotional support • advising disclosers about agency resources available to handle any concerns they have as a result of making their disclosure • appointing a mentor, confidante or other support officer to assist the discloser through the process • referring the discloser to the agency's Employee Assistance Program or arranging for other professional counselling • generating support for the discloser in their work unit where appropriate • ensuring that any suspicions of victimisation or harassment are dealt with • maintaining contact with the discloser <p>negotiating with the discloser and their support officer a formal end to their involvement with the support program when it is agreed that they no longer need assistance.</p>
Proper authority	A person or organisation that is authorised under relevant legislation to receive a suspected fraud or corruption disclosure.
Reasonable belief	A view which is objectively fair or sensible.
Reportable Loss	<p>For an asset, means a loss resulting from:</p> <ul style="list-style-type: none"> • the commission of an offence (the act of doing or perpetrating an offence) under the Criminal Code or • another Act, or • the corrupt conduct of a Councillor or employee.
Reprisal	<p>The term 'reprisal' is defined under the <i>Public Interest Disclosure Act 2010</i> as causing, attempting to cause or conspiring to cause detriment to another person in the belief that they or someone else:</p> <ul style="list-style-type: none"> • has made or intends to make a disclosure; or • has been or intends to be involved in a proceeding under the disclosure Act against any person. <p>Reprisal under the <i>Public Interest Disclosure Act 2010</i> is a criminal offence and investigations may be undertaken by the Queensland Police Service.</p>
Subject person	Councillor or employee who is the subject of an allegation made in a disclosure.
Substantial and Specific	<p>Substantial means 'of a significant or considerable degree'. It must be more than trivial or minimal and have some weight or importance.</p> <p>Specific means 'precise or particular'. This refers to conduct or detriment that is able to be identified or particularised as opposed to broad or general concerns or criticisms.</p>
QAO	Means the Queensland Audit Office.
QPS	Means the Queensland Police Service.

4. OBJECTIVES

The objectives of these procedures are to:

- Reduce the potential for fraud and corruption;
- Prevent material losses within and against Council;
- Promote and employ best practise and a culture determined to prevent fraud and corruption;
- Provide an overarching framework authority for all Council policies and procedures;
- Explain how Council deals with suspected fraud and corruption through risk management practices;
- Provide guidance on how any suspected instances of fraud or corruption are dealt with by Council;
- Retain public confidence in Council and prevent adverse publicity;
- Maintain healthy and professional relationships with stakeholders;
- Promote and employ strong risk management practices; and
- Meet legislative, insurance and auditing requirements.

5. STANDARDS

The following actions are examples of fraud and corruption in the context of Council as taken in part from AS 8001-2003 *Fraud and Corruption Control*:

5.1) Fraud:

- evasion of payments owing to Council;
- false invoicing;
- obtaining by deceit, benefits to which the recipient is not entitled such as improper reimbursement of expenses or travel allowances;
- charging for goods or services not delivered or only part delivered;
- false timesheet claims or misrepresenting time and work commitments;
- theft of Council property, resources, inventory or cash;
- theft, misuse or wrongful use of information for financial or other gain;
- abuse of position or discretion such as accepting gifts or bribes to facilitate an outcome or gain some form of financial advantage;
- false accounting;
- credit card fraud;
- abuse of Council facilities or assets for personal use;
- disclosing confidential information for personal gain;
- making false statements or altering signatures or other information and materials so as to mislead or misrepresent a position or hide wrongdoing; and
- destroying or removing records without approval for personal gain or to conceal fraudulent activity.

5.2) Corruption:

- Payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver and may relate to a specific decision or action by the receiver or generally;
- Release of confidential information in exchange for some form of non-financial benefit or advantage to the employee releasing the information;
- Collusive tendering;
- Payment or solicitation of donations for an improper political purpose;
- Serious conflict of interest involving a Councillor or employee acting in his or her own self-interest rather than the interests of Council;
- Manipulation of the procurement process by favouring one tenderer over others or selectively providing information to some tenderers;
- Gifts or entertainment intended to achieve a specific or generic commercial outcome in the short or long-term – an essential element rendering conduct of this type corrupt would be that it is in breach of the entity's values, behavioural code or gifts policy or that it was done without appropriate transparency;
- Bribing officials in order to secure a contract for the supply of goods or services; and
- 'Facilitation' payments – small one-off payments in cash or in kind intended to secure prompt delivery of goods or services.

6. FRAUD AND CORRUPTION PREVENTION STRATEGIES

6.1) Fraud and corruption prevention requires the implementation of a number of key control strategies which are used to contribute to an effective control framework. These strategies are closely related, and are subject to a cyclic process of review and continuous improvement. The strategies are grouped across four key areas:

- Prevention - strategies designed to prevent fraud and corruption from occurring in the first instance;
- Detection - strategies to uncover fraud and corruption as soon as possible after it has occurred;
- Response - systems and processes that assist in responding appropriately to an alleged fraud or corruption when it is detected;
- Monitoring, reporting and evaluation - strategies to provide assurance that legislative and policy responsibilities are being met, in addition to promoting accountability by providing information that demonstrates compliance with specific fraud and corruption prevention measures.

6.2) For these strategies to be effective in the context of an overarching control framework, each strategy must be actively managed. Executive oversight will be applied to ensure that each strategy does not operate in isolation from other control and monitoring elements within this fraud and corruption prevention framework.

7. PROCEDURES

Risk management

7.1) Council is committed to proactively managing fraud and corruption risk to minimise exposure to potential losses by embedding risk management into Council's culture, governance systems, accountability arrangements, planning, reporting and improvement processes. Everyone in Council is responsible and accountable for risk management, including managing the risk of potential fraud or corruption.

7.2) Fraud and corruption risk reviews will focus on the following elements:

- impact of change in organisational structure or functional requirements;
- changes in legislation;
- the operating environment, and the Council's relative exposure to external and internal fraud and corruption;
- exposure to ongoing and emerging trends and threats; and
- the effectiveness of current treatment measures and controls.

Internal controls

7.3) Council will continue to develop a sound control environment to reduce the likelihood of internal and external fraud and corruption risk, including:

- an emphasis on accountability, performance, leadership and high standards of ethical and professional conduct;
- an organisational structure that details clear reporting relationships and accountabilities;
- a delegation register for financial and human resource decisions;
- robust financial policies and procedures;
- a program of regular internal and external financial, compliance and performance audits;
- pre-employment screening;
- mandatory reporting of all gifts and benefits;
- mandatory reporting of all perceived and actual conflicts of interest (This includes any potential conflicts of interest of family members of employees that may have perceived or actual influence over a Council decision or process);
- a comprehensive Public Interest Disclosure and Complaints Management framework;
- a Strategic Risk Register identifying Fraud and Corruption risks so as to record, track and monitor risks and controls.

7.4) In addition to the controls listed above, business areas with a higher risk will develop local procedures to reduce the likelihood of fraud and corruption risk. This includes business areas responsible for grant or community funding, contract management and procurement, information technology, and management of personal and confidential information. Examples of specific localised preventative fraud and corruption controls that can be applied to one or more identified fraud and corruption risks can include:

- segregation of duties;
- hard coded IT system controls (e.g. access restrictions or transaction limits);
- physical security measures, including the use of strong rooms/safes and physical access restrictions;
- regular and random quality assurance checks;
- regular supplier reviews;
- job rotation of personnel in high-risk positions.

Reporting suspected fraud and corruption

7.5) Any instance of suspected fraud or corruption ***must*** be reported, regardless of whether the situation is brought to your direct attention, or if you have received the information indirectly. Reporting suspected fraud or corruption not only allows individual cases to be investigated, but drives the improvement of Council's fraud and corruption risk management practices.

To make a report against	Report to General Manager	Report to CEO	Report to Mayor
Employee (all employees of Council, whether employed on a	✓	or ✓	

permanent, temporary, or part-time basis and includes volunteers, contractors and their employees).			
General Manager		✓	
CEO			✓
Councillor		✓	
Mayor		✓	

7.6) Reports of allegations of fraudulent or corrupt conduct may be received verbally, in writing, or anonymously, and then must be referred to the CCC without delay.

7.7) Suspected fraud and corruption can also be reported directly to the CCC at:
 Crime and Corruption Commission
 GPO Box 3123 Brisbane QLD 4001
mailbox@ccc.qld.gov.au Ph: 3360 6060

7.8) Under the *Local Government Regulation 2012*, local governments must also:

- keep written records of both alleged and proven losses arising from fraud (including money)
- keep written records of material losses
- report, within six months, a material loss as a result of fraud to the Minister and the Auditor-General and in certain circumstances, to the QPS, the CCC and the QAO.

7.9) The Chief Executive Officer must keep a written record of the following details about the loss—

- a description of the asset, including its value;
- the cause of the loss;
- the action taken by the local government to deal with the loss, including, for example—
 - action to remedy any weakness in the local government’s operations; or
 - action taken to recover the loss;
- approval for writing off the loss.

7.10) Public Interest Disclosures will be managed in accordance with Council’s Public Interest Disclosure Policy and Procedures.

8. INVESTIGATION

8.1) Council acknowledges that for those who are the subject of an allegation the experience may be stressful. Councillors and employees are obliged to respect the dignity of an accused person, pending a full and timely investigation.

8.2) Council is committed to protecting an accused persons rights by:

- ensuring the preservation of due process, discouraging others from speculating on matters and ensuring maintenance of confidentiality pending investigation and retaining all relevant records;
- assuring the accused person that the allegation will be dealt with impartially, fairly and reasonably in accordance with the principles of natural justice;
- confirming that the disclosure is an allegation only, until information or evidence obtained through an investigation substantiates the allegation;
- providing the accused person with information about their rights and the progress and outcome of any investigation;
- referring the accused person to the Employee Assistance Program for support where possible.

8.3) Investigation findings that substantiate the allegation of fraud or corruption, or attempted fraud or corruption, will be actioned in accordance with legislative and policy requirements, and the principles of natural justice. Consequences for committing or attempting fraud and/or corruption may include, but are not limited to:

- disciplinary action;
- demotion;
- repayment of misappropriated funds and other costs;

- written warnings, which may be appropriate in situations where there is no financial loss and damage to reputation is not likely;
- termination of employment; and/or
- referral to a relevant prosecution agency.

9. STAFF AWARENESS AND EDUCATION

9.1) All Council employees will be provided ongoing training in fraud and corruption awareness and prevention.

9.2) All staff will have access to Council's Employee Code of Conduct.

9.3) All Councillors will have access to the Councillors Code of Conduct.

10. ROLES AND RESPONSIBILITIES

The Chief Executive Officer (CEO) has designated the following roles and responsibilities for managing fraud and corruption within Council:

Role	Responsibilities
CEO	<ul style="list-style-type: none"> ➤ Ensuring that Council has appropriate policy, employee training and awareness initiatives and other control systems in place to prevent, detect and effectively manage incidents of fraud and corruption; ➤ Visibly promoting and communicating both within Council and externally that high standards of professional conduct and honest and ethical business practices are expected and required by Council; ➤ Encouraging the reporting of suspected wrongdoing; and ➤ Ensuring appropriate action is taken with respect to proven incidents of fraud and corruption; ➤ Developing a Loss Register; ➤ Promoting and communicating the requirements of the Fraud and Corruption Prevention Policy; ➤ Managing incidents of fraud and corruption which may constitute suspected corrupt conduct in accordance with Council policy and regulatory requirements; and ➤ Ensuring that fraud and corruption risk management is integrated into Council's risk management processes.
General Managers	<ul style="list-style-type: none"> ➤ Evaluating and monitoring the appropriateness of Council's internal controls; ➤ Taking appropriate action to prevent and minimise instances of fraud and corruption including noting assessment of fraud and corruption risk has been undertaken as a part of a formal ongoing review of operational risk; ➤ Promoting and communicating the requirements of the Fraud and Corruption Prevention Policy; ➤ Managing incidents of fraud and corruption which may constitute suspected corrupt conduct in accordance with Council policy and regulatory requirements; and ➤ Ensuring that fraud and corruption risk management is integrated into Council's risk management processes.
Managers	<ul style="list-style-type: none"> ➤ Regularly reviewing control systems to ensure they remain robust and relevant; ➤ Encouraging employees to report suspected wrongdoing; ➤ Implementing appropriate awareness initiatives for employees so they are aware of integrity requirements, can effectively contribute to the detection of fraud and corruption and know how to report suspected wrongdoing; ➤ Monitoring behaviours and assessing any potential local fraud and corruption risks; ➤ Undertaking business area fraud and corruption risk assessments to ensure risk is being managed appropriately;

	<ul style="list-style-type: none"> ➤ Identifying opportunities to reduce fraud and corruption risk and identifying high level risks (or other matters) that should be brought to the attention of Council's CEO; ➤ Ensuring appropriate action is taken with respect to proven incidents of fraud and corruption; and ➤ Identify and modify any weaknesses in the business area's control systems to prevent the same instance of fraud or corruption occurring again ➤ Ensuring that recommendations arising from audits and investigations are treated as a priority and actioned in a timely manner
Manager People and Performance	<ul style="list-style-type: none"> ➤ Co-ordinating an effective implementation of Council wide education and training initiatives about the Employee Code of Conduct.
Governance, Policy and Risk Advisor	<ul style="list-style-type: none"> ➤ Ensuring that Council has appropriate policy, employee training and awareness initiatives and other control systems in place to prevent, detect and effectively manage incidents of fraud and corruption; ➤ Encouraging the reporting of suspected wrongdoing; ➤ Promoting and communicating the requirements of the Fraud and Corruption Prevention Policy; ➤ Monitor Fraud and Corruption Prevention statutory obligations and best practice opportunities for improvement; ➤ Manage incidents of fraud and corruption which may constitute suspected corrupt conduct in accordance with Council policy and regulatory requirements; ➤ Maintaining the Lost Stolen Assets Register; ➤ Ensuring that fraud and corruption risk management is integrated into Council's risk management processes.

5. RELEVANT LEGISLATION

Crime and Corruption Act 2001

Local Government Act 2009

Local Government Regulation 2012

Ombudsman Act 2001

Public Interest Disclosure Act 2010

Public Records Act 2002

Public Sector Ethics Act 1994

6. RELATED POLICY AND PROCEDURE

Administrative Action Complaints

Confidentiality Policy

Conflict of Interest and Secondary Employment Directive

Councillor Code of Conduct

Employee Code of Conduct

Fraud and Corruption Prevention Policy

Public Interest Disclosure Procedure

Public Interest Disclosure Standard No. 1/2019

Public Interest Disclosure Standard No. 2/2019

Public Interest Disclosure Standard No. 3/2019

Disclosure Fact sheet 1: What is a disclosure

Disclosure Fact sheet 2: Checklist for making a disclosure

Disclosure Fact sheet 3: Discloser information and support

7. RESPONSIBLE OFFICER

Chief Executive Officer

APPROVAL DATE

27 April 2022

REVIEW DATE

April 2024 (This Procedure will be reviewed annually and updated as required to ensure it meets the requirements of the *Crime and Corruption Act 1994* and the standards issued by the CCC.)

REVISION HISTORY

Version	Approving Officer	Approval Date	History
New	Chief Executive Officer	30 March 2021	New Procedure
2	Chief Executive Officer	27 April 2022	Revised
2	Governance Review	30 March 2023	Review – No changes necessary