CASSOWARY COAST REGIONAL COUNCIL

Fraud and Corruption Control

Policy type	Council
Function	Organisation
Policy Owner	Governance/Finance
Effective date	25 February 2016

1. Purpose

The Cassowary Coast Regional Council is committed to ethical practices and the prevention of fraud and corrupt practices across all levels of operation. Fraud can cause significant financial and reputational damage, affect employee morale and undermine the public's confidence in the delivery of services.

The objective of this policy is to prevent and manage fraud through the implementation of the strategies and activities outlined in Council's Fraud Control Plan.

2. Scope

The policy applies to temporary, casual and permanent employees, volunteers, sub-contractors, suppliers and members of the public receiving a service from Council.

This Policy is intended to complement and be implemented in conjunction with Council's Fraud Control Plan and other Council Policies, including—

- Code of conduct for Council Employees
- Public Interest Disclosure Policy; and
- Right to Information Policy

2.1 Responsibility

Council recognises that fraud and corruption prevention and control are integral components of good governance and risk management.

Maintaining an ethical culture is a key element in sound governance and plays an important role in preventing fraud and corruption and in helping to detect it if it occurs.

Senior Leadership team including directors and managers are required to demonstrate an observably high level of commitment to the control of fraud (zero tolerance on fraud).

All Council officers, contractors, consultants and other workers have a responsibility and obligation to report suspected or known incidents of fraud or corruption. Any Employee or council officer who has or acquires knowledge of actual or suspected Fraud or Corruption in the public administration must report this information as per the 'Fraud Control Plan' as soon as practicable.

Allegations of fraud can be forwarded directly to the Chief Executive Officer with the Manager Governance Risk and Performance facilitating the initial assessment and coordination of the overall process.

Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is 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 Council's zero-tolerance stance towards Fraud and Corruption and conduct in-house training annually.

3.   Definitions and principles

Council – means Cassowary Coast Regional Council.

Corrupt Conduct - under section 15 of the *Crime and Corruption Act 2001* corrupt conduct means conduct of a person, regardless of whether the person holds or held an appointment, that –
   (a) adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of –

   - a unit of public administration; or
   - a person holding an appointment; and

   (b) results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned in paragraph (a) in a way that –

   - is not honest or is not impartial; or
   - involves a breach of the trust placed in a person holding an appointment either knowingly or recklessly; or
   - involves a misuse of information or material acquired in or in connection with the performance of functions or the exercise of powers of a person holding an appointment; and

   (c) would, if proved, be –

   - a criminal offence; or
   - a disciplinary breach providing reasonable grounds for terminating the person's services, if the person is or were the holder of an appointment.

Corrupt conduct also means conduct of a person, regardless of whether the person holds or held an appointment, that –
   (a) impairs, or could impair, public confidence in public administration; and
   (b) involves, or could involve, any of the following -
      (i) collusive tendering;
      (ii) fraud relating to an application for a licence, permit or other authority under an Act with a purpose or object of any of the following (however described) –
         1. protecting health or safety of persons;
         2. protecting the environment;

3. protecting or managing the use of the State's natural, cultural, mining or energy resources;

(iii) dishonestly obtaining, or helping someone to dishonestly obtain, a benefit from the payment or application of public funds or the disposition of State assets;

(iv) evading a State tax, levy or duty or otherwise fraudulently causing a loss of State revenue;

(c) would, if proved, be -

(i) a criminal offence; or

(ii) a disciplinary breach providing reasonable grounds for terminating the person's services, if the person is or were the holder of an appointment.

Corruption - dishonest activity in which an employee of an organisation acts contrary to the interest of the organisation, in order to achieve some gain or advantage, or to avoid loss or disadvantage, for the employee or for another person or entity. Corruption can include, but is not limited to, behaviour such as fraud, deception, misuse of a position or authority. (Adapted from the Australian Standard AS 8001-2008, Fraud and Corruption Control)

Fraud - dishonest activity causing actual or potential 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 purpose or the improper use of information or position for personal benefit. (Adapted from the Australian Standard AS 8001-2008, Fraud and Corruption Control)

3.1   Principles

Fraud control requires the implementation of a number of key control strategies which contribute to an effective fraud control framework. These strategies are interdependent and subject to a cyclic process of review and enhancement. The strategies are grouped in four key themes:

1. **Fraud prevention** involves those strategies designed to prevent fraud from occurring in the first instance;

2. **Fraud detection** includes strategies to discover fraud as soon as possible after it has occurred;

3. **Fraud response** covers the systems and processes that assist an organisation to respond appropriately to an alleged fraud when it is detected;

4. **Fraud monitoring, reporting and evaluation** are strategies to provide assurance that legislative responsibilities are being met, as well as promoting accountability by providing information that demonstrates compliance with specific fraud control strategies.

4.   Procedure

Fraud and corruption will not be tolerated. Council is committed to taking all reasonable steps to actively discourage fraud and corruption activities.

Fraud and corruption control is a shared responsibility. This policy applies to all officers, employees, elected representatives, consultants and contractors engaged by Council.

Council is committed to the prevention of fraud and corruption and seeks to promote a strong culture of governance to detect, investigate and take appropriate action in cases of suspected or proven fraud.

Council is committed to:

- A zero tolerance approach to fraud and corruption.
- Corruption and fraud control and management.
- Transparent and accountable processes consistent with sound business processes and organisational standards.
- Preventing fraud and corruption and investigating all suspected incidents and taking appropriate action.

4.1   Examples of Fraud and Corruption

Fraud can occur internally within the organisation or be generated by external sources. There are a range of different types of fraud with the potential to impact negatively on Council. Outlined below are examples of fraud and corruption taken in part from AS 8001-2008 Fraud and Corruption Control.

4.2   Fraud

- Theft of cash or assets (including plant and equipment).
- Non-authorised use of equipment, property or services.
- Falsification of hours worked or expenses claimed.
- False invoicing.
- Creation of a 'ghost' employee whose wages are deposited into the fraudsters bank account.
- Failure to remove a former employee from the payroll system, where wages are deposited into the fraudsters bank account.
- Duplication of companies or businesses in order to process fraudulent payments.
- Lodgement of a false claim against council e.g. workers compensation or public liability.
- Falsification or forgery of documents in order to receive a benefit.
- Use of Council monies or funds for private benefit.
- Running a private business during work hours.
- Credit card fraud.
- Abuse of Council facilities or assets for personal use.

- Making false statements or altering signatures or other information and materials so as to mislead or misrepresent a position or hide wrongdoing.
- Destroying or removing records without approval for personal gain or to conceal fraudulent activity.

4.3   Corruption

- Provision of false credentials, references or identification by an applicant to gain a position within Council.
- 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 financial benefit or some form of non-financial benefit or advantage to the employee releasing the information.
- Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
- Payment or solicitation of donations for an improper political purpose.
- Serious conflict of interest involving an Officer acting in his or her own self-interest rather than the interests of Council.
- Manipulation of the procurement process by favouring one tenderer over another for personal reasons or selectively providing information to some tenderers.

Council is committed to:
- Taking a risk management approach to the prevention, identification and management of fraud;
- Reducing or removing the potential fraudulent conduct on the part of its employees, contractors clients and suppliers;
- Detecting fraudulent conduct through the systematic processes outlined in Councils Fraud Control Plan;
- Managing, disciplining or facilitating the prosecution of incidents of fraud as appropriate;
- Fostering an ethical environment in which dishonest and fraudulent behaviour is activity discouraged; and
- Generating community awareness of Council's commitment to the prevention of fraud and corruption.

4.4   Fraud Control Plan

Council has prepared a fraud control plan which was reviewed and approved by Council's audit committee on 6 September 2015.

In June 2015 the Auditor General tabled the report ' Fraud Management in Local Government ' which included the recommendation that:

All councils assess themselves again of the findings of the report as a priority and where needed develop, revise and update their:

- Policies and procedures for fraud and corruption management
- Fraud and corruption control plans
- Fraud risk assessments
- Data analysis capabilities for fraud detection

Within the Fraud Control Plan there is a :

- range of strategies based upon the four principles outlined above and designed to implement the objectives of this policy;
- fraud control self-assessment tool which was initially completed on the 31 August 2015 and reviewed by the Audit Committee on the 6th September 2015.
- fraud control plan checklist to be completed annually and reviewed by the Audit Committee.

Related forms, policies and procedures	Fraud Control Plan Code of Conduct for Employees Public Interest Disclosure Policy Right to Information Policy
Relevant legislation	*Local Government Act 2009* *Local Government Regulation 2012* *Crime and Corruption Act 2001* *Integrity Act 2009* *Public Interest Disclosure Act 2010* *Public Sector Ethics Act 1994* *Human Rights Act 2019*
Reference and resources	Auditor-General Qld Crime and Corruption Commission Qld Australian Standard AS 8001-2008, Fraud and Corruption Control

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