FRAUD AND CORRUPTION CONTROL PLAN

1   Scope:

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

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.

3   Related Documents:

Primary
Fraud and Corruption Control 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*

Audit and Business Improvement Committee Policy
Code of Conduct
Complaint Management Policy
Councillor Code of Conduct Policy
Council's Financial Management Guidelines
Discipline Procedure
Enterprise Risk Management Policy and Framework
Fraud and Corruption Risk Checklist
Information Security Policies
Internal Audit Policy
Investigation Procedure
Procurement and Logistics Policies and Procedures
Public Interest Disclosure Policy
Public Interest Disclosure Procedure
Recordkeeping Policy
Reporting Official Misconduct Policy and Procedure

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4   Definitions:

To assist in interpretation, the following definitions apply.

Bribe	The act of paying a secret commission to another individual. It is also used to describe the secret commission itself.
CEO	Chief Executive Officer A person who holds an appointment under section 194 of the Local Government Act 2009. This includes a person acting in this position.
Conflict of Interest	A conflict of interest involves a conflict between your official duties and responsibilities in serving the public interest and your private interests. A conflict of interest can arise from avoiding personal losses as well as gaining personal advantage – whether financial or otherwise. This includes advantages to relatives and friends.
Contractor	A person, organisation or entity that performs a specific act or acts including the provision of services and/or materials to another person, organisation or entity under an agreement enforceable by law.
Corrupt Conduct	Conduct that involves the exercise of a person's official powers in a way that: • Is not honest or impartial; or • Involves a breach of trust placed in a person holding an appointment, 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; and • Would, if proven constitute a criminal offence or is serious enough to justify a dismissal. Corrupt Conduct is defined formally and in detail in section 15 of the Crime and Corruption Act 2001.
Corruption	Corrupt conduct.
Council	Rockhampton Regional Council
Councillor	The Mayor and Councillors of Rockhampton Regional Council, within the meaning of the Local Government Act 2009.
Employee	Local government employee— (a) the Chief Executive Officer; or (b) a person holding an appointment under section 196 of the *Local Government Act 2009*.
Enterprise Risk Management	Council's approach to risk management encompassing: strategy, processes, culture, technology, standards and knowledge in identifying, analysing, evaluating, managing, treating, reviewing and communicating uncertainties encountered. Enterprise Risk Management Policy.
Evidence	As defined under the *Crime and Corruption Act 2001* Schedule 2 – evidence is*:* (a) of the commission of major crime or corruption, includes — (i) a thing or activity that is or may provide evidence of the commission of the major crime or corruption;

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	and
	(ii) a thing that will, itself or by or on scientific examination, provide evidence of the commission of the major crime or corruption; and
	(iii) a thing that is intended to be used for the purpose of committing the major crime or corruption; and
	(iv) a thing that may be liable to forfeiture; or
	(b) of identity, for chapter 3, part 6B, see section 146Q.
Fraud	Dishonest activity causing actual or potential financial loss to any person or agency including theft of moneys or other property by employees or persons external to the agency and whether or not 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.
Fraud and Corruption Risk Assessment	The application of risk management principles and techniques in assessing the risk of fraud and corruption within Council.
Investigation	A search or collaboration of evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the criminal law or the policies and standards set by Council.
Leadership Team	Consists of the CEO and senior executive employees as defined by the *Local Government Act 2009*, employees appointed as a General Manager.
Public Interest Disclosure	A disclosure made under the Public Interest Disclosure Act 2010 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.
Secret Commission	A payment in money or in kind which will or is intended to cause a person to act in a way that is contrary to the interests of his or her principal or employer or is contrary to the principal or employer's policy on a given issue or is against the public interest. Secret commissions, by definition, will typically be paid without the knowledge or express or implicit agreement of the principal and include payments intended to influence the outcome of a specific action or event as well as the actions generally over a period of time. The advantage that may be gained is not limited to the perpetrator and the benefit may be an inappropriate advantage gained for Council or for a third party. The benefit(s) likewise may be tangible or intangible.
Volunteer	Any person, who of their own free will, offers to undertake un-paid work for Council and is accepted as a volunteer by the Chief Executive Officer and/or his authorised delegates.
Wider Leadership Team	Comprises the Leadership Team and third line managers.

For examples of fraud and corruption refer to Attachment 1.

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5   Guideline:

5.1   Introduction

Council has zero tolerance to activities related to fraud and corruption and is supported by a hierarchy of governance and controls to build an ethical organisation culture.

Council operates in an environment of extensive contracting of goods and services, devolution of management control and authority, increased decision-making powers of employees and the provision of increasing access to confidential information through computer technology.

Fraud and corruption may damage Council's credibility including the potential loss of public confidence, lower morale, and/or reduce productivity and performance; all which may far exceed any likely financial or material loss caused through the betrayal of trust.

Council applies fraud and corruption control measures across its operations to protect its assets and uphold the rule of law in protecting the rights and privileges of organisations and individuals.

This plan forms an integral part of Council's overall enterprise risk management strategy, seeking to minimise the opportunities for fraud and corruption and enhancing the integrity and effectiveness of its operations.

This plan is comprised of three key themes based on the Australian Standard – *Fraud and Corruption Control* (AS8001-2008) consisting of:

- Prevention
- Detection
- Response

Additionally, Council will also address the theme 'Planning and Resourcing'.

Within these themes sit the 10 elements identified by the Crime and Misconduct Commission's 2005 publication *Fraud and Corruption Control: Guidelines for Best Practice*.

ELEMENT	Prevention	Detection	Response
1. A clear and integrated suite of relevant policies.	✓		✓
2. Effective and continuing fraud and corruption risk management	✓	✓	✓
3. Internal controls with clear accountability and responsibility structures	✓	✓	✓
4. Effective internal reporting systems and procedures	✓	✓	✓
5. Effective system of external notification and reporting			✓
6. Robust public interest disclosure mechanisms		✓	✓
7. Clear Codes of Conduct and disciplinary standards	✓		✓
8. Comprehensive staff awareness and appropriate training programmes	✓		✓
9. Competent investigation processes and standards		✓	✓
10. Effective stakeholder and community awareness programmes	✓		

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To achieve Council's fraud and corruption risk management goals, ongoing risk reviews of the Fraud and Corruption Risk Checklist and Council's enterprise risk registers to manage significant risks are required to be regularly undertaken. These reviews focus on improving systems and procedures, changing the attitude of individuals and improving the overall integrity and performance of the organisation.

Some examples of fraud and corruption are highlighted in Attachment 1.

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5.2 Planning and Resourcing

(*Note: in the below tables "oversight" does not mean the person or group who is responsible for actioning the item, with the exception of "all employees" where oversight is not practical. It refers to the person or group nominated to make certain that the item listed in the action plan is implemented.*)

AS 8001-2008	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
S2.2	Implement Fraud and Corruption Control Plan (The Plan) – this is viewed as integral part of enterprise resource management.	General Manager (GM) Corporate Services	Ongoing	This has been implemented (see below) and will be reviewed on an ongoing basis.
	An assessment of fraud and corruption risk should be completed to better scope the fraud programme documented in The Plan.		Implemented and Ongoing.	Checklist completed and presented to Audit and Business Improvement Advisory Committee 20/3/15 adopted by Council 14/4/15. Checklist underwent its annual review by management April 2016.
	Accountability for the implementation and ongoing monitoring of The Plan to be allocated to a person with seniority, skills, experience and sufficient time under direction of appropriately constituted committee.		Ongoing	This will be GM Corporate Services

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	The Plan should be communicated.		Ongoing - via Fraud and Corruption Awareness Take 5. and Further awareness programs to be considered. ~~by 30 June 2015.~~	Specific Fraud and Corruption Take 5 developed and released 2015. Scheduled for annual completion by Council employees - September 2016. This document communicates that Council has a Fraud and Corruption Control Plan. Consideration given and at this point in time no further programs have been required to be implemented. "by 30 June 2015" to be deleted from this statement.
	The Plan will be further monitored through Internal Audit conducting periodical reviews as identified in the Annual Audit Plan (AAP).		Ongoing	Internal Audit allocated 8 days for fraud prevention process review in the 2015/16 AAP.
S2.3	The Plan is to be reviewed/amended annually.	GM Corporate Services	Annually	Completed – evidenced by review of this document and update notations.
S2.4	Appropriate resources to be allocated to the prevention, detection and response to fraud and corruption risks	CEO/GM Corporate Services	Consideration by 30 June 2015	Appropriate resources allocated.
	Other resources as determined necessary.		Ongoing	Will be continued to be considered on a needs basis.
S2.5	Council recognises Internal Audit (IA) activity can be an effective control to identify indicators of fraud control, demonstrated through IA considering fraud risks	CEO	Ongoing	Fraud has been considered when undertaking engagements where relevant.

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AS 8001-2008	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
	as part of each engagement.			
	IA activity is to be in accordance with IPPF (Audit Standard) fraud detection, deterrence and response provisions, determined by results of the Quality Assurance and Improvement Program developed by the Chief Audit Executive.			2014/15 AAP E3 – Quality Assurance and Improvement Programme report (5/3/15) submitted to Audit and Business Improvement Committee.

5.3 Prevention

(*Note: in the below tables "oversight" does not mean the person or group who is responsible for actioning the item, with the exception of "all employees" where oversight is not practical. It refers to the person or group nominated to make certain that the item listed in the action plan is implemented.*)

ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
1. Integrated Policy	Fraud Control Strategy including policy and plan	The Plan, to be read in conjunction with other related documents, to be endorsed and promoted by senior management and implemented. Key documents (not exhaustive) include: ▪ *Local Government Act 2009* ▪ *Public Interest Disclosure Act 2010* ▪ *Crime and Corruption Act 2001* ▪ *Public Sector Ethics Act 1994* ▪ ISO 31000 – Risk Management – Principles and Guidelines ▪ Enterprise Risk Management	Leadership Team	Ongoing	Promoted within Council's policy suite of documents and Fraud and Corruption Awareness Take 5.

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		Policy and Framework ▪ Fraud and Corruption Risk Checklist ▪ Codes of Conduct ▪ Audit and Business Improvement Committee Policy ▪ Internal Audit Policy ▪ Council's Corporate Plan o Procurement Policies and Procedures ▪ Council's Financial Management Guidelines ▪ Complaint Management Policy ▪ Discipline Procedure ▪ Reporting Official Misconduct Procedure ▪ Investigation Procedure ▪ Corruption in Focus (CCC) The Plan is to be reviewed annually.			Done – evidenced by review of this document and update notations.
		Relevant employees will be engaged to provide advice regarding preventive strategies and reviews of The Plan.	GM Corporate Services	Ongoing	Relevant employees have completed reviews of the plan and policies. Advice and training has been provided by Council employees.
2. Risk Assessment	Fraud Risk Assessment	Fraud and corruption risks to be considered, assessed and documented in the Fraud and	Wider Leadership Team	Annually	Inaugural checklist completed and presented to Audit and Business Improvement

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		Corruption Risk Checklist.			Advisory Committee 20/3/15 adopted by Council 14/4/15.
		Fraud and corruption resistant work practices and subsidiary control plans to be addressed and documented in the Fraud and Corruption Risk Checklist.	Wider Leadership Team	Reviewed annually	Fraud and Corruption Risk Checklist underwent its annual review by management April 2016.
3. Internal Controls	Senior Management Commitment	Senior managers to demonstrate adherence to work procedures.	Leadership Team	Ongoing	Difficult to quantitatively measure. The expectation has been set and the Take 5's and Cracking the Code keep the expectation in focus.
		Wider Leadership Team have observably high levels of fraud and corruption risk consciousness and commitment to controlling risks of fraud and corruption both by and against the entity as demonstrated through the development and implementation of the Fraud and Corruption Control Policy and Plan and an annual review of the Fraud and Corruption Risk Checklist.	Wider Leadership Team	Ongoing	Wider Leadership Team have submitted Fraud and Corruption Risk Checklist and noted the status of control plan implementation.
	Ethical Framework (including Codes of Conduct)	As per the *Local Government Act 2009* (s4) Council is expected to set the tone; overseeing that management has sound ethical related objectives and programmes.	Council	Ongoing	Council has set the tone through the adoption of the F&CC Policy and Plan as well as other inter-related

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
					policies and procedures, which are synonymous with the *Public Sector Ethics Act 1994.* For example: Codes of Conduct; Cracking the Codes; Fraud and Corruption Awareness Take 5; and 2016 rollout of what "our values" mean via employee newsletter.
		Leadership Team to develop strategies to effect Council's ethical direction (corporate and operational objectives); promoting and exemplifying ethical behaviour.	Council		LT has set the above Policy and Plan and follow up where Take 5's and Cracking the Codes are not completed.
		Wider Leadership Team to implement strategies, promoting, exemplifying and evaluating ethical behaviour in their areas of responsibility.	Leadership Team		WLT are expected to implement the above policy and plans. Also they follow up where Take 5's and Cracking the Codes are not completed.
		Implementation of work practices and ethical standards for accredited agents, certifiers, etc. to be considered.	Wider Leadership Team		This will continue to be implemented.

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		All employees are required to undertake annual compliance training in respect to the Code of Conduct and the Fraud and Corruption Control Policy and Plan.	Leadership Team	Annually	Code of Conduct (Cracking the Code) and Fraud and Corruption Awareness Take 5 training scheduled via the matrix available on the Hub – Council's Intranet.
	Internal Controls	Effective internal controls to be matched to specific risks and are to be regularly reviewed – refer Fraud and Corruption Risk Register/Checklist.	Wider Leadership Team	Annually	Inaugural Checklist completed and presented to Audit and Business Improvement Advisory Committee 20/3/15 adopted by Council 14/4/15.
		Internal policy documents to be documented and promoted to applicable employees.	Wider Leadership Team	Ongoing	CIS provides the official updates on behalf of Council. However, there is the expectation that this is being managed by supervisors at the team level.
		Segregation of functions especially in regulatory, financial and cash handling areas.	Wider Leadership Team	31 December 2015	7/4/16 – Finance Manager advises a matrix has been prepared as part of external audit matter which highlights the key financial risks and will be used for system

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
					reference in managing the relevant finance roles.
		Supervisors to monitor adherence to work procedures and ensure training and advice is provided to employees on procedures where needed.	Wider Leadership Team	Ongoing	Supervisors are responsible for ensuring the Take 5's and Cracking the Codes are completed.
		Delegations Register to be kept up to date and available to all employees.	Manager Workforce and Strategy	Ongoing	Delegations Register is available to employees via The Hub.
		Where fraud and corruption risks are known to exist, work processes are to be clearly documented and available to Council employees.	Wider Leadership Team	Annually	These will be identified through the review of the checklist.
		Recordkeeping to be monitored for adherence as per Council's recordkeeping, and information security policies.	Wider Leadership Team	Ongoing	Continued monitoring of recordkeeping practices via the Records Management team and Recordkeeping Steering Group.
		Employees to be reminded annually to make appropriate declarations, and a Register of Interests to be maintained.	CEO	Annually	CEO's Executive Personal Assistant sends out reminder at least annually (aims for half yearly). Last sent out in January 2016 due to upcoming election.

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
	Line Management Responsibility (as an internal control)	Delegated Powers and Authorities.	Manager Workforce and Strategy	Ongoing	Delegated powers and authorities are reviewed, assessed, and issued in conjunction with position descriptions.
	Internal Audit	Internal Audit to regularly review processes and provide recommendations for improved systems, working within relevant IPPF fraud guidance.	Audit and Business Improvement Committee	Ongoing	2015/16 AAP allocated 8 days to fraud prevention process.
	Employment Screening	Screening of potential new employees and existing employees transferring as per Council's Workforce and Strategy policy documents.	Manager Workforce and Strategy	Ongoing	Screening occurring as required.
	Third Party Due Diligence	Relevant policies and procedures covering due diligence processes to be monitored and regularly reviewed, updated, and made available on The Hub and Council's website.	Manager Corporate and Technology Services	Ongoing	Process monitoring as part of procurement evaluation practices. Evaluation Plan recently updated to Evaluation and Probity Plan.
	Senior Management Commitment	Governance committees to address fraud and corruption risk to be maintained: ▪ Audit and Business Improvement Committee	Council	Ongoing	Fraud matters reported to Audit and Business Improvement Advisory Committee – as outlined in the Terms of Reference.
		Committees to give due consideration to risks of fraud and	Committee	Ongoing	As above.

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		corruption.	Chairs		
4. Employee Education and Awareness	Fraud Awareness	Education and training programme including: ▪ Code of Conduct ▪ Public Interest Disclosures ▪ Reporting corrupt conduct ▪ Fraud prevention training ▪ Organisational wide awareness of relevant policies and procedures.	Wider Leadership Team	Ongoing	Education and training occurs through: ▪ Completion of Cracking the Code (covers Code of Conduct and other relevant required behaviours) ▪ Fraud and Corruption Awareness Take 5 ▪ Weekly E-bulletins advising of new or changes to policy documents.
		Developing and promulgating materials to enhance fraud awareness.	Manager Workforce and Strategy	Ongoing	Educational awareness package developed and presented to various levels. Is also available upon request.
		Policies and procedures and other employee processes and information to be available on The Hub.	Wider Leadership Team	Ongoing	Where policy documents are adopted/approved, Corporate Improvement and Strategy ensure the documents are available on The Hub.
		Office of the CEO, and Workforce and Strategy to maintain a	CEO	Ongoing	This will occur as part of the Take 5 and

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		communications plan for fraud and corruption awareness.			Cracking the Codes.
	Line Management Accountability (self-awareness, and education of others)	Line Management responsibility awareness is incorporated into supervisor training.	Wider Leadership Team	Ongoing	This will be continued to be enhanced in the future. The following initiative has recently been implemented: Workforce and Strategy Communication for managers and supervisors.
	Fraud Awareness	Induction training attendance.	Manager Workforce and Strategy	Ongoing	Training Advisor advised F&CC covered where mentioned as part of the Code of Conduct and the example of misrepresenting time worked on timesheets is used as an example.
5. Client and Community Awareness	Fraud Awareness	The Hub to include relevant policies.	Wider Leadership Team	30 June 2015	F&CC Policy and secondary Council policies are listed on The Hub.
		Fraud and corruption prevention control to be referred to in relevant corporate reports and publications.	CEO	Ongoing	The relevant reports are limited and this will be further considered in the future.
		Council to advise external parties who have dealings with Council about Council's Fraud and	Manager Corporate and Technology	Ongoing	Contractor compliance with Council's policies and procedures is

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		Corruption Control Policy and any other relevant policy documents.	Services		mandated in tender and contract conditions. Tenderers are required to complete a non-collusion statutory declaration as part of the tender submission documents.
	Right to Information and Privacy Requests	Requests for information on The Plan to be actioned promptly.	Manager Corporate and Technology Services	Ongoing	Legislated timeframes for RTI/IP processing continue to be met. OIC follow-up audit 03/16 confirmed Council.
		Required information to be published on Council's website.	Manager Corporate and Technology Services	Ongoing	Information included in Council's Publication Scheme/Disclosure Log. OIC follow-up audit 3/16 confirmed Council compliance.

5.4 Detection

ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
1. Internal Controls	Line Manager Accountability	Specific functional area processes, guidelines, instructions and risk assessment to be complied with.	Wider Leadership Team	Ongoing	Some areas have undergone operational reviews such as FRW and animal management. Besides this risk register

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
					reviews have been considered quarterly.
		Ongoing awareness and training of work processes to be provided.	Wider Leadership Team	Ongoing	Shortcomings are monitored by supervisors for rectification.
	Fraud Detection Programme	Recognising deviations or exception in outcomes from expectations.	Wider Leadership Team	Ongoing	Systems are in place to allow the reporting of suspected fraud.
		Monitoring key indicators (red flags) of potential fraud and corruption through the Fraud and Control Risk Checklist.	Wider Leadership Team	Ongoing	The Fraud and Corruption checklist is reviewed for red flags.
2 Public Interest Disclosures	Fraud Reporting Systems	Implement Public Interest Disclosure Policy and Procedure as per *Public Interest Disclosure Act 2010.*	CEO	Completed	
		Employees to adhere to policy documents.	Wider Leadership Team	Ongoing	Where non-compliance is identified, action is taken.
3 Investigations	Investigations	As per Council's Investigation Procedure.	Manager Workforce and Strategy	Ongoing	Investigations undertaken as required.
4. Internal Reporting	Fraud Reporting Systems	Compliance with Reporting Official Misconduct Policy and Procedure.	All Employees	Ongoing	Compliant with statutory obligations.
		~~Performance Achievement - Employee Policy to be kept up to date and regularly reviewed.~~	~~Manager Workforce and Strategy~~	~~Ongoing~~	Policy rescinded in August 2015
		Employees to adhere to policy and	Wider Leadership	Ongoing	Where non-compliance is identified, action is

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
		procedures.	Team		taken.
		Culture of reporting to be supported and promoted through induction, training, The Hub, organisational planning and policy documents.	CEO	Ongoing	This has occurred through training and communications.
		Annual Audit Plan to be risk based taking into account risks documented in risk registers.	Audit and Business Improvement Committee	Ongoing	AAP 15/16 was developed as a risk based plan.
		Internal Audit to consider fraud and corruption as part of the audit scope.			Audit work undertaken considering fraud and corruption as part of the audit scope where appropriate.
		Council (WLT) to respond promptly to audit findings and recommendations.	CEO/Audit and Business Improvement Committee	Ongoing	WLT respond to finding and recommendations within their resources. Continual monitoring occurs.
	Line Manager Responsibility	Organisational structure to be supported through adherence to official delegations and proper and full use of supervisory reporting relations.	Wider Leadership Team	Ongoing	A system for official delegations continues to be applied.
		All suspected instances of corrupt conduct are required to be reported in line with Council policy.	Employees	Ongoing	Compliant with statutory obligations.

5.5 Response

ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
1 Risk Assessment	Fraud Risk Assessment, and Fraud Reporting Systems	All incidences of alleged fraud and/or corruption to be reported as a risk incident and recorded in the Risk Register/Fraud and Corruption Checklist.	Wider Leadership Team	Ongoing	Risk Management Officer has not been asked to add anything to the F&C Checklist as at 14/3/16 – this could be because: ▪ There is nothing to be added as no alleged fraud/corruption reported ▪ It has already been covered in the Checklist. ▪ Coordinator Industrial Relations and Investigations confirmed that instance reported was already listed in Checklist.
2. Internal Controls	Fraud Risk Assessment/ Fraud Reporting Systems	Review as necessary: ▪ Fraud and Corruption Checklist ▪ Council reporting ▪ Council evaluation.	GM Corporate Services/Audit and Business Improvement Committee.	Ongoing	Checklist underwent its annual review by management April 2016.
	Fraud Control Strategy, and Internal Controls	Policy documents to be reviewed: ▪ Taking into account recent risk incidents ▪ In response to recommendations by Internal Auditor.	Leadership Team relevant to area of responsibility	Ongoing	As above
	Internal Control	Review of insurance coverage to consider fraud aspect (eg.	Manager Corporate	Ongoing	Fraud aspects included in current insurance policies and any

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
	(Insurance)	Industrial Special Risk Policy; Fidelity Guarantee, etc.).	and Technology Services		future/updated policies.
3. Employee Education and Awareness	Fraud Awareness	Awareness of internal controls/prevention mechanisms to be reinforced through training on any new processes or procedures.	Wider Leadership Team	Ongoing	Checklists, Take 5's and Cracking the Codes implemented as well as mandatory training
		Council stance on fraud and corruption to be stated in relevant corporate communications.	CEO	Ongoing	Fraud and Corruption Take 5 is included as part of Corporate Communications, with wider communication to be considered as part of Fraud Awareness Week.
4. Public Interest Disclosures	Fraud Reporting Systems	Obligation to protect a person making a disclosure from reprisals	Supervisory employees	Implemented and Ongoing	Compliant with statutory obligations
5 Investigations	Investigations	As per Council's Investigation Procedure.	Coordinator Industrial Relations and Investigations	Implemented and Ongoing	Compliant with statutory obligations
	Internal Control	Appropriate independent, qualified investigation resource/s to be available.	Manager Workforce and Strategy	Implemented and Ongoing	Resource/s were available when required.
6 Internal Reporting	Fraud Reporting Systems and Fraud Risk	Risk incidents and quarterly risk reporting documents to be used in identifying risks, reviewing Council's risk profile	Manager Workforce and Strategy	Implemented and Ongoing	This has been undertaken and simplified with the introduction of Riskware.

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ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
	Assessment	and identifying risk mitigation strategies.			
		Internal Audit and Audit and Business Improvement Committee to be copied on all fraud reporting data and systemic trends.	Manager Workforce and Strategy	Ongoing	Completed and will continue.
7 External Reporting	Fraud Reporting Systems	Legislative reporting to: ▪ CCC (corrupt conduct) ▪ Queensland Police Service/Director Public Prosecutions (fraud from corrupt/criminal conduct) ▪ Queensland Audit Office (fraud involving finances or assets) ▪ Queensland Ombudsman.	CCC Liaison Officer, Manager Workforce and Strategy	Ongoing	Compliant with statutory obligations and policy.
		Fraud and corruption matters to be reported in the Annual Report where appropriate.	CEO	Implemented and Ongoing	Compliant with statutory obligations.
	Internal Control (External Audit [QAO])	External auditing and financial statements to be consistent with relevant or applicable Standards.	Audit and Business Improvement Committee	Implemented and Ongoing.	Completed and ongoing
8 Investigation	Fraud Control Strategy	Policy documents to be implemented for dealing with suspected corrupt conduct.	GM Corporate Services	Completed	Compliant with statutory obligations.
9 Internal Reporting and External	Fraud Reporting	Entities should maintain a process for the capturing, reporting, analysis and	Manager Workforce	Implemented	Compliant with statutory obligations

ELEMENT	ATTRIBUTE	ACTION PLAN	OVERSIGHT	TIME FRAMES	UPDATE 2016
Reporting	System	escalation of all detected fraud and corruption incidents.	and Strategy		
		A fraud and corruption register should be maintained on all incidents reported	Manager Workforce and Strategy	Implemented	Compliant with statutory obligations
10 Internal Controls	Internal Control	Any systemic matters or where specific internal controls are deemed to be deficient as identified through an investigation these inadequacies will be referred to the Internal Auditor for appropriate rectification action.	Manager Workforce and Strategy	Ongoing	Where identified these will be reported. IA involved in some reviews such as tenders and building compliance.

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6   Review Timelines:

This guideline will be reviewed when any of the following occur:

6.1   Twelve months from the date of the adoption of this guideline; or

6.2   The related information is amended or replaced; or

6.3   Other circumstances as determined from time to time by the General Manager.

7   Responsibilities:

Sponsor	Chief Executive Officer
Business Owner	General Manager Corporate Services
Guideline Owner	General Manager Corporate Services
Guideline Quality Control	Corporate Improvement and Strategy

ROSS CHEESMAN
GENERAL MANAGER CORPORATE SERVICES

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**Fraud and Corruption Risk Examples
(not exhaustive)**

Fraud:

- Theft of Council property or resources including inventory or cash

- Theft or misuse of information for personal or other gain

- Abuse of position or discretion such as acceptance of gifts, or, bribes to gain some form of financial advantage or facilitate a specific outcome

- Obtaining by deceit, benefits to which the recipient is not entitled (eg. improper reimbursement of travel allowances/expenses/false accounting).

- Credit card fraud

- Evasion of payments owing to Council

- False invoicing

- Falsifying timesheet claims, or misrepresenting time/work commitments

- Abusing Council assets or facilities for gain

- Altering signatures or other information and materials to mislead or misrepresent Council's position or hide wrongdoing

- Destruction or removal of records without approval to conceal fraudulent activity or for personal gain.

Corruption:

- Collusive tendering

- Serious conflict of interest involving senior management of Council acting in their own self-interest

- Nepotism or cronyism where the appointee is inadequately qualified to perform the role they have been appointed to

- Release of confidential information in exchange for a non-financial benefit or advantage

- Payment or solicitation of donations for an improper political purpose

- Payment or receipt of secret commissions which may be paid in money or some other form of value to influence the outcome of a specific decision or action, or actions generally over a period of time

- Facilitation Payments – a form of bribery typically demanded by officials in exchange for providing, or expediting legally entitled to services.

Additional relevant examples were identified in Qld Health's *The Guide to Fraud and Corruption Control (The Plan); version no. 20, document number # QH-GDL-295-1-1:2012:*

1. Correspondence, Information Management and Information Technology

- A former employee obtaining confidential information and providing it to a new employer to aid their dealings with [Council].

- An employee providing private information contained on a secure [Council] computer network to a third party to gain an advantage when dealing with [Council].

- An employee leaking politically sensitive information obtained through the performance of their work to a member of the public or another stakeholder, such as the media.

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- An employee using private/personal information obtained through the performance of their work for private purposes such as debt collection, intimidation or stalking.

- Electronically creating fraudulent documentation and providing it to a member of the public to gain a benefit.

- Altering or deleting electronic data held on [Council's] systems to prevent evidence of other wrongdoing from being detected or to aid a third party.

- Taking advantage of temporarily inoperative, or partially operative, system to act in a corrupt way.

- Placing malware (eg: spyware or viruses) on [Council's] systems in an attempt to damage software or information held on the system.

- Using another employee's computer and/or log-in.

- Gaining access to electronic records without proper authority or approval.

- An Information Technology (IT) contractor providing information about [Council's] information technology system to a third party who uses the information to launch a successful attack on [Council's] systems.

- An IT contractor building a 'back door' into information technology system/s that enable inappropriate secret access to alter or delete [Council's] electronic data and records.

2. Delegations
- Using delegated authority to make a decision for corrupt purposes (eg. wrongful dismissal of an employee or taking unlawful disciplinary action).

- Acting outside your delegation for fraudulent or corrupt purposes.

- Supervisor/manager signing off on fraudulent overtime claims.

3. Facilities and Public Resources
- Taking resources, such as office supplies, stationery or equipment, home for personal use, or to sell for personal benefit.

- Unauthorised use of a motor vehicle.

- Responsibility for arranging the disposal of goods and directing the contractor to make the payments directly to them instead of [Council].

- Destroying financial or administrative written or electronic records pertaining to the disposal of [Council] goods or resources to cover their own corrupt activities.

- Deliberately over-ordering resources to use the surplus for personal gain.

4. Finance
- Manipulating the financial system to make payments to a non-existent supplier and indirectly to their own financial account.

- Colluding with a supplier to produce an invoice price that is higher than necessary in order to receive a payment or some other benefit.

- Approving invoices for private expenses or colluding to do so for others.

- Submitting a false travel or petty cash claim and receiving a benefit to which not entitled by contravening a relevant [Council] policy or procedure.

- Purchasing goods or services by using [Council] resources for private use.

- Senior management inflating balance sheet values to cover up poor performance or mistakes.

- Failing to record purchases properly to misappropriate cash.

- Being bullied, harassed, or threatened to misappropriate case or avoid proper payment for a good or service by a third party.

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- Charging personal expenses to a [Council] corporate credit card.
- Falsifying, destroying, or damaging receipts and other financial records.
- Misusing Cabcharge vouchers for personal use or profit.
- Improperly disclosing personal or banking details to a third party.

5. **Human Resource Management**
- Manipulating recruitment and selection procedures to secure the appointment of an associate, close friend, or family member.
- Management promoting, engaging, or giving an employee advantage over others for personal reasons.
- Management unfairly disadvantaging, bullying, intimidating, or discriminating against employees for personal reasons (eg. unlawful use of power in personal conflicts).
- A selection committee appointing members to the selection panel whom they can influence in order to ensure their favoured and less meritorious candidate will be selected.
- Management taking detrimental action against employees who report official misconduct or maladministration.
- An employee or applicant for a [Council] advertised position falsifying qualifications, employment history, or reference to enhance their prospects of securing the position.
- Management knowingly concealing the corrupt conduct of subordinate employees.

6. **Legal and Contractual Compliance**
- Failure to declare a conflict of interest but continuing to deal with a close associate in exercising your function (eg. recruitment of an employee).
- Solicits or accepts a bribe in order to exercise, or not exercise, authority in a certain way.
- Accepting or soliciting a bribe or secret commission from a tenderer to give partial consideration to them.
- Identifying too closely with the interests of a joint venture partner subsequently leading to a failure to properly monitor the quality of the work performed.

7. **Regulatory Compliance**
- Issuing a license to an individual or business based on factors other than objective assessment criteria (eg. personal relationship).
- Deciding or recommending not to pursuing prosecution because of a personal relationship with the person or business in breach of legislation.
- Choosing not to audit a person or business because of a relationship with that person or business.

8. **Procurement**
- Providing commercial-in-confidence information to a tenderer resulting in them obtaining an unfair advantage over other tenderers in the tender process.
- Knowingly making payments on fraudulent procurement related claims.
- Colluding with a supplier of goods/services to [Council] for personal gain.
- Obtaining kickbacks by organising preferential treatment.
- Not declaring an existing relationship or secondary employment with a tenderer for that contract and seeking to unfairly influence the decision making process.

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