



WUJAL WUJAL ABORIGINAL SHIRE COUNCIL

FRAUD & CORRUPTION PREVENTION PROCEDURE

Responsible Manager:	Director Finance & Corporate Services
Head of Power:	Fraud & Corruption Policy
Authorised by:	Director Finance & Corporate Services
Authorised on:	23 April 2020
Implemented from:	23 April 2020
To be reviewed on:	30 June 2021
Corporate Plan:	Governance

1. POLICY STATEMENT

- a) Council's obligation as a public sector entity is to protect Council's assets and reputation.
- b) Council's obligation is to eradicate or minimise the risk of fraudulent and corrupt activities through the implementation and review of appropriate control measures.
- c) Council is committed to creating an ethical environment and culture that discourage and prevent fraud. Council has no tolerance to activities related to fraud and corruption.
- d) All staff are responsible for the prevention and detection of fraud and corruption and must comply with the Fraud and Corruption Policy and this Procedure.
- e) All allegations and suspicions of fraud will be investigated and dealt with expeditiously.
- f) All substantiated cases will be dealt with appropriately either by administrative, disciplinary or criminal mechanisms suitable to the particular case, with due regard for the rights of all persons, including any person reporting a fraud and of any alleged perpetrator of fraud.

2. SCOPE

This Procedure applies to all Wujal Wujal Aboriginal Shire Council Councillors, employees, contractors, consultants, work experience students, volunteers and agents.

3. DEFINITIONS

Contractor means a person, organisation or entity that provides services and/or materials to Council under an agreement enforceable by law

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
 - i. a unit of public administration;
 - ii. a person holding an appointment
- 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:
 - i. is not honest or is not impartial;
 - ii. involves a breach of the trust placed in a person holding an appointment either knowingly or recklessly; and
 - iii. 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.

- c) is engaged in for the purpose of providing a benefit to the person or another person, or causing a detriment to another person
- d) would, if proven, 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.

Council means Wujal Wujal Aboriginal Shire Council

False Disclosure means disclosure of information relating to fraud or corruption that is made by a person who knows the information to be false or who is reckless as to whether it is false

Fraud means an intentional dishonest act or omission done with the purpose of deceiving, causing actual or potential financial loss to any person or to the Council. It includes theft of property by employees or persons external to the Council.

This also means 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.

The definition of fraud does not include fraud committed against employees, for example where employees are victims of theft.

Fraud & Corruption Prevention Procedure means the document outlining Wujal Wujal Aboriginal Shire Council's anti-fraud and anti-corruption prevention plan

Risk means the effect of uncertainty on objectives in consideration of fraud and corruption risk that will generally be a negative impact

4. **PURPOSE**

This Procedure provides direction and guidance on Council's processes for:

- (a) prevention of fraud and corruption;
- (b) detection of fraud and corruption; and
- (c) response to fraud and corruption.

5. **RESPONSIBILITIES**

5.1 **General responsibilities**

All Council employees are required to:

- (a) understand what behaviours constitute fraudulent and/or corrupt conduct;
- (b) maintain an awareness of Council strategies implemented to minimise fraud and corruption;
- (c) report suspected or actual occurrences of fraud or corruption in accordance with this Procedure.

5.2 Specific responsibilities

Collectively, as the decision-making body of the Council, Councillors, Chief Executive Officer and Directors are responsible for ensuring that Council:

- (a) creates and promotes a culture and environment in which fraud and corruption are discouraged and are reported should they occur;
- (b) provides adequate security for the prevention of fraud and corruption, including the provision of secure facilities for storage of assets and procedures to deter fraud or corruption from occurring; and
- (c) ensures that all employees are provided with appropriate training to understand and comply with their responsibilities in relation to fraud and corruption.

6. FRAUD RISK ASSESSMENT

6.1 Council's main objective is to eradicate or minimise the occurrence of fraud and corruption within Council. This objective will be achieved by:

- a) identifying fraud and corruption risks; and
- b) determining strategies to control those risks.

6.2 Council already facilitates the systematic identification, analysis and evaluation of all risks within its Operational Plan.

6.3 Factors that may leave Council vulnerable to fraud and corruption include:

- a) changes to delegations
- b) implementation of cost cutting measures
- c) contracting out and outsourcing
- d) the impact of new technology
- e) changes to risk management practices
- f) organisational structure changes

6.4 Examples of conduct that may be corrupt conduct include, but are not limited to:

Internal fraud by Council officers

- a) concealing evidence or the existence of fraud or corrupt conduct
- b) theft of plant and equipment
- c) theft of inventory and stationery
- d) theft of cheques usually involving some form of concealment
- e) theft or infringement of intellectual property
- f) accounts receivable fraud [misappropriation of remittances received]
- g) false accounting
- h) receiving bribes to influence decisions
- i) leaking sensitive information
- j) unfair treatment of tenders or contractors
- k) deliberate authorisation of a payment when a payment is not due
- l) misuse of position to obtain goods or services
- m) redirection of goods or services for personal use
- n) misuse of corporate cards or fuel cards
- o) misuse of telephones, supplies, facilities or equipment
- p) false claims for travel expenses or overtime
- q) misuse of time spent at work
- r) misuse of Council cars or assets
- s) internal misuse of organisational data

External fraud by persons other than Council officers

- t) encouraging employees to divulge sensitive information
- u) offering bribes for fraudulent administration of tendering
- v) encouraging employees to do special favours
- w) claiming payment for goods or services not provided
- x) providing information to Council which is false, knowing that it may be acted on

7. REPORTING ALLEGATIONS OF FRAUD

7.1 Reporting suspicious activity

- a) Any Council employee who suspects, or becomes aware of, fraud or corruption, including any breach of the Code of Conduct, must report the matter to the Chief Executive Officer.
- b) If the allegation is against the Chief Executive Officer, the employee can report the incident confidentially to the Crime and Corruption Commission, online: www.ccc.qld.gov.au/corruption/report-corruption Or by phone on 07 3360 6060 or free call 1800 061 611 outside Brisbane.

7.2 Vexatious, misleading or false reporting

There could be occasion when a party may make an allegation of fraud against a Council officer with the intention of causing that person harm, damage or disruption.

Any vexatious, misleading or false reporting of any allegation of fraud will not be tolerated and may have serious consequences to the person bringing about such an allegation.

8. INVESTIGATION PROCESS

Upon notification, the Chief Executive Officer appoints an Investigating Officer and an investigation is then initiated and conducted by the Investigating Officer.

It is a reasonable and lawful direction for Council to ask that employees participate in the investigation process.

Witnesses shall be informed of their rights and obligations before an investigation, including information about the terms of reference of the investigation, employee's legislative obligations, the investigation process, natural justice, interviews and what each party can expect during an investigation.

9. FRAUD AWARENESS

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

Council will raise internal and external awareness by:

- (a) Promoting Council's Policy on the control and prevention of fraud and corruption on the website, tool box meetings, induction and training programs and at Council offices;
- (b) Facilitating public access to all the documents that constitute the Council's Fraud and Corruption Prevention plan [subject to privacy considerations];
- (c) Making reference to fraud and corruption initiatives in Council's Annual Report.

10. PROCEDURE TO PREVENT, DETECT AND RESPOND TO FRAUD

10.1 Elements of effective fraud control

This Procedure is based on the ten elements of effective fraud control identified in the Crime and Corruption Commission's publication, *Fraud and Corruption Control: Guidelines for Best Practice, 2005*.

The ten elements are:

- I. a clear and integrated policy
- II. effective and continuing fraud and corruption risk management
- III. internal controls with clear accountability and responsibility structures
- IV. effective internal reporting systems and procedures
- V. an effective system of external notification and reporting
- VI. robust public interest disclosure mechanisms
- VII. a clear Code of Conduct and disciplinary standards
- VIII. comprehensive staff awareness and appropriate training programs
- IX. competent investigation processes and standards
- X. effective stakeholder and community awareness programs

The ten elements are distributed along the three phases of prevention, detection and response.

10.2 Phase 1: Prevention of fraud and corruption

This stage outlines the framework, systems and processes in place across Council to promote and support the prevention of fraud and corruption.

- a) Council has in place a Fraud and Corruption Policy, authorised by Council on 23 April 2020
- b) Council has in place the following fraud and corruption risk management tools:
 - i. fraud and corruption risks are reviewed yearly or as needs arise
 - ii. Executive Management ensures staff awareness of the Policy and Procedure through the review of Council internal controls:
 - Complaints Management General Policy
 - Complaints Management Policy- Councillors
 - Procurement Policy
 - Entertainment and Hospitality Expenditure Policy
 - Expenses Reimbursement for Councillors Policy
 - Receipt of Benefits, Gifts and Prizes Policy
 - Public Interest Disclosure Policy
 - Public Interest Disclosure Procedure
 - Corporate Card Procedure
 - Information Management Policy
 - Register of Interests for Councillors and Executives
- c) Council's Corporate Plan is implementing its goal "Management of risk in a structured robust manner" with the delivery of enterprise-wide risk management planning.

10.2 Phase 2: Detection of fraud and corruption

This stage outlines the systems and processes in place across Council to detect fraud and corruption.

- a) Council maintain a Register of allegation of fraud or corruption received.
- b) Council analyses the root cause of the allegations through the collection of data related to the fraud or corruption allegation.
- c) Council reviews the processes that led to the incident.

10.3 Phase 3: Response to fraud and corruption

This stage outlines the systems and processes in place across Council to respond to fraud and corruption within Council and the various channels to ensure systems and processes are improved to decrease or eradicate the risk of fraud and corruption.

- a) Council employees report all alleged or proven fraud and/or corruption instances.
- b) Chief Executive Officer directs investigation process and decides whether the allegation constitutes improper conduct.
- c) Chief Executive Officer reports to Councillors on the outcomes of any monitoring and evaluation activities.
- d) Council measures loss due to fraud and keep accurate records
- e) Council reviews processes for potential implementation of additional controls.
- f) Chief Executive Officer reports all suspected corrupt conduct to the Crime and Corruption Commission.
- g) Council notifies reportable losses to the Auditor-General and Queensland Police Service
- h) Council implements and communicates all Crime and Corruption Commission recommendations to staff.

AUTHORISATION

This page and the previous bearing my initials were duly authorised by me as the **Wujal Wujal Aboriginal Shire Council Fraud & Corruption Prevention Procedure** on the 23 April 2020 and shall hereby supersede any previous Procedure of the same intent.



Harish Nair
Director Finance & Corporate Services

Date: 23 April 2020