

FRAUD AND CORRUPTION CONTROL POLICY

Purpose

Douglas Shire Council (Council) is committed to ethical practices and the prevention of fraud and corruption across all levels of operation. This includes ensuring robust governance and the ethical conduct of all employees by preventing, detecting and investigating all forms of fraud and corruption that may occur.

Fraud and corruption can cause significant financial and reputational damage, affect employee morale and undermine the public's confidence in the delivery of services. As such, the risk of fraud and corruption is an extremely serious matter for Council and for the community.

The purpose of this Policy is to inform and assist employees at all levels of Council to prevent, deter and detect fraud and corruption. This Policy aims to:

- ensure that Council's workforce acts legally, ethically and in the public interest
- enables employees and contractors to understand their obligations and implement practices to stop fraud and corruption occurring in Council, and
- aligns with the vision, purpose and values outlined in Council's strategic plans.

Scope

This policy applies to all Councillors, employees, consultants, contractors and volunteers.

What is fraud and corruption?

Fraud is any deceitful conduct or omission to cause actual or potential loss to any person or entity for the benefit of any person or entity. It is an intentionally dishonest activity normally characterised by deliberate deception to facilitate or conceal the misappropriation of tangible or intangible assets. Fraud can relate to theft, false representations, concealment, destruction and unauthorised use of information. In complex fraudulent activity, there may be collaboration between employees, contractors and/or external service providers.

Corruption is dishonest activity by a Councillor or Council employee which is contrary to the interest of Council or its customers and abuses their position of trust to achieve some personal gain or advantage for themselves or for another person or entity. Corruption involves a breach of trust in the performance of official duties.

An incident of corruption may include an element of fraud or deception. Accepting benefits which may be perceived to conflict with public duties, or using information obtained from working for Council for personal benefit, is corruption.

Under the *Crime and Corruption Act 2001* (CC Act), fraudulent and corrupt conduct by Council employees falls within the category of "corrupt conduct". Under the CC Act, "corruption" refers to corrupt conduct in the Queensland public sector, which includes local governments.

Many forms of corruption are also offences under Queensland's *Criminal Code 1899* which includes offences such as extortion, abuse of office, disclosure of official secrets, computer hacking, false claims, stealing, issuing false certificates, receipt or solicitation of secret commissions, forgery and election fraud.

Definitions

TERM	DEFINITION
Corrupt Conduct	<p>As defined under 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:</p> <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. <p>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.</p>
Public Officer	<p>Includes:</p> <ul style="list-style-type: none">• An elected member• A member of a Local Government body (including a subsidiary of a Council established under the <i>Local Government Act 2009</i>)• An employee or officer of the Council
Public Interest Disclosure	<p>A disclosure made under the <i>Public Interest Disclosure Act 2010</i> (PID Act) and includes all information and help given by the discloser to the proper authority for the disclosure.</p>
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, or• conduct of a contractor of the local government that would be corrupt conduct if the contractor were a Councillor or local government employee.

Policy Statement

Council recognises its responsibility to protect public resources and assets from fraud and corruption and to ensure that decisions and actions are free from any corruption. Council has zero tolerance for corrupt conduct, fraudulent activities or maladministration in line with its Employee Code of Conduct and risk appetite statement.

Council is committed to:

- Adopting a best practice fraud management approach that emphasises prevention, detection and response strategies and addresses the ten-components outlined in the Queensland Crime and Corruption Commission - *Fraud and Corruption Control Best Practice Guide 2018*
- Maintaining an effective governance system and clarity of roles and responsibilities at all levels of the organisation in relation to fraud and corruption control
- Developing a Fraud and Corruption Control Plan that outlines the specific fraud and corruption control processes, actions, responsibilities and timelines that is reviewed regularly
- Taking an integrated and consistent risk management approach, ensuring fraud and corruption risk assessment forms part of Council's enterprise risk management strategies
- Developing and implementing strong and effective internal control mechanisms as the first line of defence against fraud
- Creating an ethical culture through enhanced awareness, education, training, communication and reporting of fraud and corruption risk
- Establishing a supportive reporting environment where employees are encouraged to report suspected cases of fraud and corruption
- Investigating or otherwise formally enquiring into all allegations and suspicions of fraud or corruption in accordance with the requirements of the particular case
- Quantifying fraud losses and maximising the recovery of losses, including pursuing all reasonable avenues, including civil legal action, and
- Creating awareness in the community of Council's zero tolerance towards fraud and corruption.

All allegations and suspicions of fraud and corruption will receive attention. All substantiated cases will be dealt with appropriately either by criminal, disciplinary or administrative mechanisms suitable to the particular case, having due regard for the rights of all persons, including any person reporting a matter and of any alleged perpetrator/s.

Council will dismiss an allegation about suspected fraud or corruption if it is assessed as malicious, frivolous, vexatious or not made in good faith.

Roles and Responsibilities

All public officers have a responsibility and obligation to report any suspected or known incidents of fraud and corruption immediately. Reports can be made directly to the Crime and Corruption Commission, the Chief Executive Officer, Manager Governance or a manager or supervisor.

Council will provide support to an employee or others who make disclosures about matters in the public interest. Reprisals against employees for reporting fraud or corruption will not be tolerated.

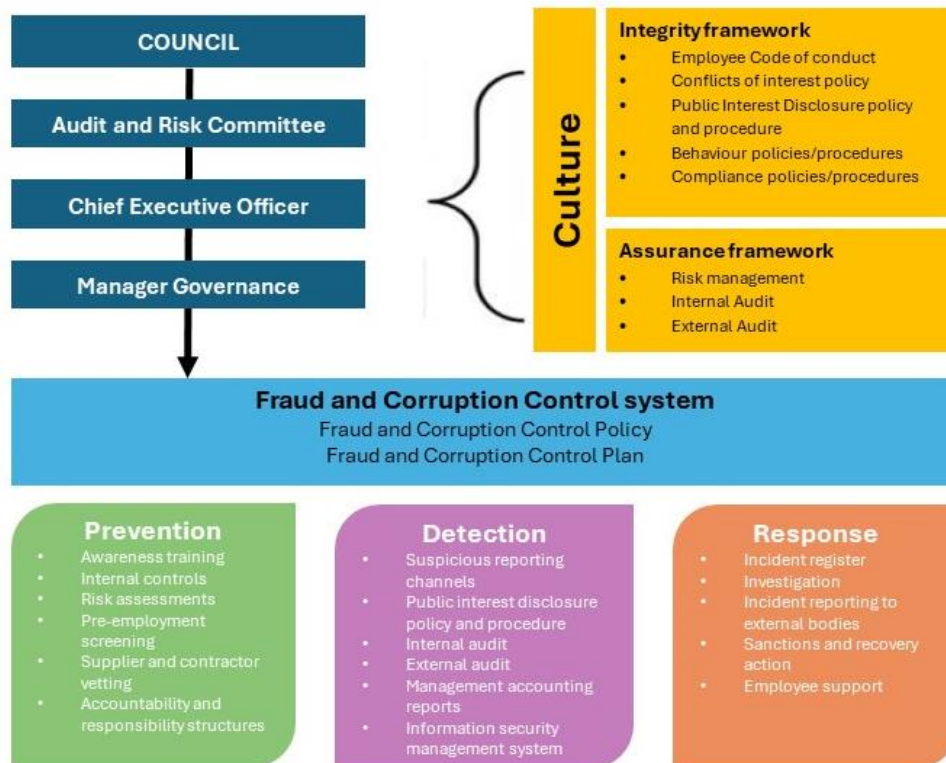
Council expects everyone to assist in preventing fraud and corruption by:

- Understanding the responsibilities of their position
- Understanding the behaviour that constitutes fraud and corruption
- Understanding and adhering to the law, code of conduct, and other policies, procedures and operational directives
- Maintaining an awareness of Council's control strategies to minimise fraud and corruption, and
- Being continuously vigilant to the potential for fraud or corruption to occur.

Fraud and Corruption Management Framework

Council's Fraud and Corruption Control Management Framework is based on the Crime and Corruption Commission's publication, *Fraud and Corruption Control Best Practice Guide (2018)*.

The Framework is outlined in the diagram below:



Council will develop a Fraud and Corruption Control Plan to address the ten elements of effective fraud and corruption control, identified in the Crime and Corruption Commission's publication, *Fraud and Corruption Control Best Practice Guide (2018)*.

The ten components are:

1. Coordination mechanisms
2. Risk Management System
3. Internal controls
4. Reporting processes
5. Protection for disclosers
6. External reporting
7. Investigation management processes
8. Code of Conduct
9. Organisational culture change
10. Client and community awareness program

Risk Assessment

Council will undertake a fraud and corruption risk assessment at least every two years. After each review Council will update its Fraud and Corruption Control Plan.

Internal Controls

Council will maintain an internal control structure to minimise exposure to fraud and corruption. The primary mechanism for this control will be Council's Internal Control Framework, operating in conjunction with established audit and financial management practices such as Council's Audit and Risk Committee.

Reporting

Employees must report any concerns or suspicions that they have about fraudulent or corrupt activity to their immediate Supervisor. If the employee believes that the Supervisor may be involved in the activity, then the report must be made to a more senior person, the Manager Governance or to the Chief Executive Officer.

Concerns and suspicions must be reported as soon as possible. An employee must not attempt to investigate the matter themselves.

Council must ensure that any report of suspected fraud or corrupt activity is treated confidentially to the fullest extent possible under the law.

Council will also report such matters to the following external independent agencies in Queensland's public sector, as appropriate:

- Crime and Corruption Commission for cases with reasonable suspicion of corrupt conduct
- Queensland Audit Office for reportable losses and to inform of matters to consider during their audit
- Office of the Independent Assessor for Councillor misconduct
- Queensland Ombudsman for administrative practice in government and public interest disclosures
- Queensland Police Service for criminal and corrupt conduct, and
- Minister responsible for local government for reportable losses.

The Chief Executive Officer is required to report any reasonable suspicion of corrupt conduct to the Crime and Corruption Commission and ensure that full records of any decisions about allegations of corrupt conduct are kept.

Investigations

As statutorily required, 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.

Investigations must be in accordance with the rules of procedural fairness or natural justice.

Appropriate actions will follow these investigations including, where applicable, actions to recover money or other property should a cost benefit analysis justify such action.

Public Interest Disclosure

Council acknowledges that under the *Public Interest Disclosure Act 2010* it has obligations to any person who makes a public interest disclosure. These obligations may extend to a person who discloses fraud or corruption. Refer to Council's Public Interest Disclosure Policy.

Related Legislation

Crime and Corruption Act 2001

Criminal Code Act 1899

Information Privacy Act 2009

Integrity Act 2009

Public Interest Disclosure Act 2010

Public Sector Ethics Act 1994

Right to Information Act 2009

Local Government Act 2009

Local Government Regulations 2012

Policy Review

This policy is to be reviewed whenever legislation changes, or every 2 years if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

Policy Details

Policy Name	Fraud and Corruption Prevention Policy
Policy Number	23
Policy Version	4
Document Number	810190
Endorsed by	Chief Executive Officer
Policy Type	Council
Approval Authority	Council
Date Adopted	26/11/2024
Time Period	2 Years
Review Date	26/11/2026
Policy Department	Governance
Link to Corporate Plan	Robust Governance and Efficient Service Delivery
Revoked/Superseded	

This policy is to remain in force until otherwise determined by Council.