FRAUD AND CORRUPTION CONTROL PLAN

1. INTRODUCTION

The operational, financial, social and reputational impact of fraud and corruption on our organisation, and the people it supports, can be significant. Fraud and corruption can:

- Undermine the viability of Council
- Compromise the delivery of essential services to our community
- Breach the trust of stakeholders, sometimes irreparably.

Damage to Council's credibility, including the potential loss of public confidence, lower morale and/or reduced productivity and performance, may far exceed any likely financial or material loss caused.

For these reasons McKinlay Shire Council takes a zero tolerance approach to fraud and corruption. It is important we take steps to prevent fraud and corruption from happening, supported by a hierarchy of governance and controls to build an ethical organisational culture.

2. PURPOSE

This Fraud Control Plan (Plan) provides direction and guidance to McKinlay Shire Council officers and stakeholders on the processes for:

- Prevention of fraud and corruption
- Detection of fraud and corruption and
- Responding to fraud and corruption.

The Plan objectives are to:

- Promote a culture that supports prevention of fraud and corruption;
- Minimise the risk of fraud and corruption within and against the council;
- Details how McKinlay Shire Council deals with suspected fraud and corruption through risk management practices; and
- Provide guidance on how suspected instances of fraud are managed and dealt with by McKinlay Shire Council.

3. SCOPE

This plan applies to all McKinlay Shire Council Councillors, employees, contractors and volunteers.

4. RESPONSIBILITIES

The Plan details the different responsibilities and accountabilities of Councillors, managers and employees within council. It requires all public officers to abide by McKinlay Shire Council's Code of Conduct, which prescribes standards of ethical conduct.

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In general, McKinlay Shire Council expects public officers will assist in preventing fraud and corruption within Council by:

- Understanding the responsibilities of their position;
- Familiarising themselves with, and adhering to, McKinlay Shire Council policies and procedures;
- Understanding what behaviour constitutes fraudulent and/or corrupt conduct;
- Maintaining an awareness of Council strategies implemented to minimise Fraud and Corruption;
- Being continuously vigilant to the potential for fraud or corruption to occur; and
- Reporting suspected or actual occurrences of fraud or corruption in accordance with Part 6 of this Plan.

SPECIFIC RESPONSIBILITIES

Role	Responsibilities
Councillors	Collectively, as the decision making body of the Council, **Councillors** are responsible for ensuring that McKinlay Shire Council: • promotes community awareness of Council's commitment to the prevention of fraud and corruption; • 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; • provides mechanisms for receiving allegations of fraud or corruption, including ensuring a responsible officer is appointed; • ensures that, where appropriate, proper investigations are conducted into allegations that involve fraud or corruption; • makes reports of suspicions of fraud in accordance with Part 6 of this Plan and facilitates cooperation with any investigation undertaken by an external authority (such as Queensland Audit Office or the Crime and Corruption Commission); • ensures that all employees are provided with appropriate and regular training to raise awareness of their responsibilities in relation to fraud and corruption • promotes a culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and • undertakes a fraud and corruption risk assessment on a regular basis.
Managers	Managers are responsible for: • the oversight of the conduct of any employees whom they

	supervise;
	• any property under their control and will be held accountable for such;
	• reporting suspicions of fraud in accordance with Part 6 of this Plan;
	• creating an environment in which fraud and corruption is discouraged and readily reported by employees. This should be fostered by the manager's own attitude and behaviours to fraud and corruption and, by the accountability and integrity they both display and encourage from other employees;
	• ensuring that new employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption and, of the standard of conduct expected from all employees as outlined in the McKinlay Shire Council Code of Conduct and Fraud Policy;
	• identifying potential fraud and corruption risks; and
	• leading by example to promote ethical behaviour.
Employees	Employees are responsible for: • performing their functions and duties with care, diligence, honesty and integrity; • conducting themselves in a professional manner at all times; • adhering to these guidelines and other Council procedures that have been established to prevent fraud or corruption; • taking care of Council's property which includes avoiding the waste or misuse of McKinlay Shire Council resources; • maintaining and enhancing the reputation of Council: • remaining scrupulous in the use of Council information, assets, funds, property, goods or services; and • reporting suspicions of fraud in accordance with Part 6 of this Plan.

5.   FRAUD RISK ASSESSMENT

McKinlay Shire Council main objective in the prevention and control of Fraud and Corruption is to minimise the occurrence of Fraud and Corruption within the Council. This objective is generally achieved by:

- identifying fraud and corruption risks;
- determining strategies to control those risks; and
- defining responsibility for and, the time frame within which the strategies will be implemented.

Council will facilitate the systematic identification, analysis and evaluation of risks within its business operations. Council will maintain a fraud risk register documenting identified fraud risks and the controls that are in place to mitigate them.

The risk assessment considers the combined influences of the following factors on the activities of Council:

- the environment (both internal and external) within which Council operates ;
- the timeframe and deadlines in which Council operates; and
- an overall assessment of Council's internal controls.

Managers must be alert to the potential of fraud and corruption to occur and remain wary of factors which may leave the Council vulnerable to fraud and corruption, including:

- changes to delegations;
- implementation of cost cutting measures;
- contracting out and outsourcing;
- the impact of new technology; and
- changes to risk management practices.

6.   REPORTING ALLLEGATIONS OF FRAUD

Any public officer who suspects, or becomes aware of, breaches of the Code of Conduct, including fraud and corruption, should report the matter without delay to a supervisor or manager.

A number of reporting options are available, including:

- Reporting the incident to the employee's manager/supervisor;
- Reporting the incident to the Director of Corporate & Community Services; and
- Making a Public Interest Disclosure under the *Public Interest Disclosure Act 2010*.

Officers should provide information on the alleged fraud using the *Fraud Allegation Report Form* available within InfoXpert. The information provided includes:

- Details of the suspected offence, and
- Details of the suspected offender(s) where known.

Management recognises that the reporting of fraud and corruption is a sensitive issue (especially against work colleagues). To affirm the integrity of this function therefore, management will, as far as practicable, ensure the confidentiality of information provided. It will achieve this by maintaining the confidentiality of both the complainant and suspect and by avoiding rumours, morale problems and the possibility of wilful destruction of evidence. Regardless of the reporting option exercised, Council will take all practical steps to protect the welfare of the person making the report.

McKinlay Shire Council's Grievance Policy governs reports of suspected or actual fraud or corruption.

An allegation by an officer of a substantial misuse of public resources may fall within the definition of a public interest disclosure (PID) and is covered by the McKinlay Shire Council's Public Interest Disclosure Policy.

7.   VEXATIOUS, MISLEADING OR FALSE REPORTING

There could be occasion when a party may make an allegation of fraud against an employee (or contractor, volunteer, consultant or work experience student) with the intention of causing that person harm, damage or disruption.

Vexatious, misleading or false reporting can waste time and resources in investigating the matter. This can also cause the person who is subject to the allegation a significant amount of emotional trauma and stress.

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

8.   INVESTIGATION PROCESS

All reports, information, complaints and notifications concerning alleged fraud activity or corrupt behaviour are referred to the Director Corporate & Community Services through the investigation process in the first instance and reviewed by the Chief Executive Officer. The reviewer will determine, where appropriate, the proposed investigation scope and appoint an investigating officer. An investigation is then initiated and conducted by the investigating officer.

It is a reasonable and lawful workplace direction for Council to ask that employees participate in the investigation process. Witnesses are 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 from the other during an investigation.

Substantiated allegations of fraud activity or corrupt behaviour may result in formal disciplinary action including dismissal. Any allegation involving criminal offences against the Council by employees or external parties needs to be referred to the Queensland Police Service (QPS).

9.   FRAUD AWARENESS

McKinlay Shire Council recognises that the success and credibility of the Fraud Policy and Fraud Control Plan will largely depend on how effectively they are communicated throughout the organisation and beyond.

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McKinlay Shire Council will therefore, from time to time take proactive steps towards ensuring that the wider community is aware of the Council's zero-tolerance stance towards fraud and corruption.

McKinlay Shire Council will increase community awareness by:

- promoting Council initiatives and policies regarding the control and prevention of fraud and corruption on the Council website and at Council offices;
- including guidance on their website, for both council staff and external parties, on how to report suspicions of fraud;
- making reference to fraud and corruption initiatives in the Council's Annual Report; and
- facilitating public access to all of the documents that constitute the Council's Fraud and Corruption framework.

10. ACTIONS TO PREVENT, DETECT AND, RESPOND TO FRAUD

The Plan is based on the 10 component model detailed in the Crime and Corruption Commission publication *Fraud and Corruption Control: Best Practice Guide (2018)*. The ten areas on which Council focus the fraud and corruption preventions efforts on 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

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PHASE 1: PREVENTION OF FRAUD AND CORRUPTION

This stage outlines the frameworks, systems and processes in place across the local government to promote and support the prevention of fraud and corruption.

What		How	Who	When
Element	**Component**	**Action Plan**	**Oversight**	**Timeline**
Integrated Policy	Fraud Policy and Control Plan	Senior management to endorse and promote the Plan and to ensure staff awareness of the plan on an ongoing basis.	Chief Executive Officer	Every two years.
		Include relevant staff who are involved in prevention activities in reviews of the Plan.	Chief Executive Officer	Every two years.
Risk assessment	Risk profile and management	Consider and assess fraud and corruption risk and include in the overall Corporate Risk Register	Chief Executive Officer	Review every two years.
Internal Controls	Corporate Governance Framework	Develop, approve, review and update various governance policies e.g. Code of Conduct, Ethics Policy, Conflict of Interest, , Public Interest Disclosure Policy, Fraud Policy, Procurement Policy, Entertainment & Hospitality Policy, Gifts Policy etc. (these are illustrations only)	Chief Executive Officer	Ongoing Suggest review policies every three years
		Outline clear accountability and reporting responsiblities in staff position descriptions.	Chief Executive Officer	
		Where fraud risks are known to exist (e.g. procurement, capital expenditure management, payroll, travel, entertainment recruitment etc), clearly document work processes and make available to council officers.	Respective managers	
		Conduct screening of potential new employees. As a minimum all employees should be subject to referee checks, but also consider undertaking Police checks.	Human resources	
	Accountability and responsibility structures	Monitor recordkeeping for adherence to record keeping and document management policies.	Chief Executive Officer	As required
		Supervisors to monitor compliance with work procedures.	Respective managers	Ongoing

		Supervisors to ensure proper and adequate advice and support is provided to staff on procedures where needed.	Respective managers	
		Senior executives and managers to demonstrate adherence to work procedures.	Senior Management group	
		Organisation chart to be kept updated and available to all officers.	Corporate Service Director/HR Manager	
		Include prevention of fraud and corruption as part of job description documentation for all staff	HR Manager/ Director Corporate Service	As required
		Review and update delegations register regularly.	Chief Executive Officer	Ongoing and regular
	Internal Audit	Internal Audit to regularly review governance, risk management and internal control processes, and issue and provide recommendations for improved systems.	Audit Committee	Ongoing
	Conflicts of Interest and Personal disclosures	Regularly review Conflict of Interest Policy and procedures and keep up to date.	Chief Executive Officer	Annually
		Register of Interests for councillors and senior executives must be kept up to date and disclosed where appropriate.	Chief Executive Officer and Mayor	Ongoing and regular
		All staff to make annual declarations of conflict of interests and related party transactions; and a register of interests maintained.	Human Resource Manager	Annually
	Committees and Workgroups	Form Governance committee to specifically address fraud and corruption risk (e.g. audit committee, governance & finance committee etc).	Council	Ongoing
Staff Education and awareness	Policies and procedures	Policies and procedures and other related processes and information must be made available on intranet	Chief Executive Officer	Ongoing as required
	Training and awareness	Provide appropriate training to all staff on the contents and purposes of the Fraud Policy and Fraud Control Plan	Human Resource Manager	Annually

		Corporate Plan to refer to values and ethical conduct and how the local government tracks this aspect.	Chief Executive Officer	Ongoing as required
Code of Conduct	Induction program	Provide each new employee information on fraud and corruption control.	Human Resource Manager/ Director Corporate Service	Within one month of arrival
	Staff training	Promote ethical culture and awareness of fraud and corruption prevention and controls through the code of conduct training.		Annually and when the Code is revised
	Staff performance and development	Include culture, values and an organizational understanding in the performance appraisal and performance development processes of each council employee.		Every twelve months
Client and Community Awareness	Policies and procedures	Include Fraud and Corruption Policy and Fraud Control Plan on the website. Keep it available for anyone who requests a copy.	Chief Executive Officer	Ongoing as required
	Training and awareness	Make external parties dealing with the local government aware of the Fraud and Corruption Policy and Plan. Publish guidance on Council website on how to make a complaint or report suspicions of fraud.	All staff and officers making procurements	
	RTI, Privacy requests and RTI Disclosure Log	Promptly actions requests for information on the plan and publish required information on website.	Chief Executive Officer	

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PHASE 2: DETECTION OF FRAUD AND CORRUPTION

This stage outlines the systems and processes in place across the local government to detect and expose fraud and corruption.

What		How	Who	When
Element	**Component**	**Action Plan**	**Oversight**	**Timeline**
Internal Controls	Work processes	Each functional area should develop clearly documented work procedures which are communicated to staff. Awareness and training of workflows and work processes must be provided	Respective managers	Ongoing
		Specific functional area processes must be complied with.	Respective managers	
Public Interest Disclosures	Management of Public Interest Disclosure	Public Interest Disclosure policy and processes will be reviewed and kept updated	Chief Executive Officer	Biannual
		Management to take all reasonable steps to protect disclosers and ensure all victimisation is dealt with swiftly and appropriately	Senior management group	Ongoing
		All staff must comply with the policy and procedures	Respective managers	Ongoing
Internal Reporting	Fraud allegations	Make Fraud Allegation Reporting form readily available to all staff to allow reporting of suspicions of fraud.	Corporate Governance Manager	Ongoing
		Maintain appropriate register and records of all allegations received.		
	Internal audit	Ensure that the internal audit plan takes into account fraud risk incidents as reported in the Risk Register.	Audit Committee	Ongoing as required but minimum as per the Strategic Audit Plan
		Council to respond promptly to audit findings and recommendations.	Chief Executive Officer	
	Informal reporting	Culture of reporting to be supported and promoted through induction, training, the intranet, organisational planning and policies and procedures.	All managers	Ongoing

Investigations	Investigation process and procedures	Staff must report all suspected instances of misconduct to the HR manager or Director of Corporate & Community Services or directly to the CEO	Chief Executive Officer	As required

PHASE 3: RESPONSE TO FRAUD AND CORRUPTION

This stage outlines the systems and processes in place across the local government to respond to fraud and corruption within local government and the various channels to ensure improvements or remedies for fraud and corruption.

What		How	Who	When
Element	**Component**	**Action Plan**	**Oversight**	**Timeline**
Risk Management System	Fraud Incident Register	Report all alleged or proven fraud and/or corruption instances as a risk incident and record in the Fraud Incident Register.	Chief Executive Officer	Report Incident within 24 hours of identification

Update Register within 48 hours of incident reporting |
	Fraud Risk reporting	Risk incidents and periodical risk reports are to be used to identify risks, review risks mitigation strategies.	Chief Executive Officer	As required and quarterly
Investigation Management processes	Conduct investigations	Conduct investigations according to Disciplinary Policy and Procedures, Public Interest Disclosures Policy & Procedures.	Chief Executive Officer	Ongoing as required
		The HR Manager, Director of Corporate Service and the CEO will decide whether the allegation constitutes improper conduct.		
	Report investigations	Investigation outcomes are to be supported and implemented by such means as are determined by the Senior management team	Senior Management team	
Internal Controls	Policies and Procedures	Review policies and procedures taking into account recent risk incidents and in response to recommendations made by investigators, internal or external	Chief Executive Officer	Ongoing as required

		audit.		
Client and Community Awareness program	Training/ Awareness program	Reinforce awareness of internal controls/prevention mechanism through training on any new processes or procedures	Human Resource Manager	Ongoing as required
		State and reinforce Council's stance on fraud and corruption through relevant corporate communications.	Chief Executive Officer	
External reporting	Mandatory reporting	Report fraud and corruption to following agencies in line with legislation: • Report suspected corrupt conduct, which includes fraud, to CCC • Notify reportable losses to Auditor General, Minister and Police if relevant. Implement all CCC recommendations	Chief Executive Officer	Ongoing as required
	Governance publications	Report fraud prevention and control matters in Annual Report, Corporate Plan and Operational Plan.	Chief Executive Officer	Annually and as required

*Oversight - This refers to the person or group who is to ensure the item in the action plan is done, as distinct from the person or group who is responsible for actioning the item. The exception to this is a reference to "All staff" where oversight is not practical.

11. REVIEW

The Plan will be reviewed biannually, however, the following may trigger an earlier review:

- Significant fraud or corruption event affecting the local government;

- Identification of any significant trends in fraud or corruption locally or globally.

12. RESOLUTION

Adopted by Council on the 18th June 2019 by Council Resolution 204/1819.

_____   _____

Chief Executive Officer   Date

THIS PLAN IS TO REMAIN IN FORCE UNTIL OTHERWISE DETERMINED BY COUNCIL.
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Officer responsible for review: Director Corporate & Community Services

Current adoption: June 2019

Previous Adoption   November 2016

Version No: 1.1

Date for review: June 2021