



# FRAUD POLICY

## 1. INTRODUCTION

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

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.

Corruption is a dishonest activity in which a Councillor, executive, manager, employee, volunteer or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust to achieve some personal gain or advantage for him or herself or for another person or entity.

## 2. PURPOSE

This policy defines McKinlay Shire Council's position in relation to fraud and corruption, by:

- Acknowledging Council's obligations as a public sector entity to eradicate all instances of fraudulent and corrupt activities through appropriate control measures; and
- Establishing Council's commitment to the promotion and proper management of the fraud and corruption management framework.

The policy objective is to:

- Protect Council's assets and reputation
- Ensure a sound ethical culture of the Council
- Ensure senior management commitment to identify fraud risk exposures and establish procedures for prevention and detection
- Ensure Councillors and staff are aware of their responsibilities in relation to ethical conduct.

The policy outlines the appropriate actions that must be followed to increase awareness of, and the investigation of, fraud.

## 3. SCOPE

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

#### **4. POLICY STATEMENT**

Council is committed to the control and elimination of all forms of fraud and corruption, and to create an ethical environment and culture that discourages and prevents fraud. Council has zero tolerance to activities related to fraud and corruption.

All staff are responsible for the prevention and detection of fraud and corruption and must comply with the Council's Fraud Policy and Fraud Control Plan.

All allegations and suspicions of fraud 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 fraud and of any alleged perpetrator of fraud).

#### **5. FRAUD AND CORRUPTION MANAGEMENT FRAMEWORK**

Council acknowledges that the Fraud Policy and accompanying Fraud Control Plan must be in place and address the ten components of effective fraud 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. Protections for disclosers
6. External reporting
7. Investigation management processes
8. Code of Conduct
9. Organisational culture change
10. Client and community awareness program

#### **6. RISK ASSESSMENT**

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

#### **7. 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.

#### **8. REPORTING**

Staff must report any concerns or suspicions that they have about fraudulent or corrupt activity to their immediate Supervisor. If the staff member believes that the Supervisor may

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be involved in the activity, then the report must be made to a more senior person or to the Director Corporate and Community Services.

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

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

## **9. INVESTIGATION**

As statutorily required, Council will investigate or otherwise formally enquire into all instances of suspected fraudulent or corrupt conduct exposed because 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.

## **10. EXTERNAL REPORTING**

This includes reporting of fraud and recovery of proceeds of fraudulent activity to the Queensland Audit Office (QAO), Crime and Corruption Commission (CCC) and the Queensland Police Service.

By law, the Chief Executive Officer must report all allegations of fraudulent or corrupt conduct to the CCC, and the QAO as appropriate.

## **11. 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.

## **12. ASSOCIATED DOCUMENTS**

This Policy complements and is to be implemented in conjunction with other Council policies, including (but not limited to):

- Public Interest Disclosure Policy
- Complaints Policy
- Risk Management Policy
- Code of Conduct for Council Employees
- Code of Conduct for Councillors;
- Performance and Misconduct Policy
- Expenses and Reimbursement Policy.

Legislation related to this policy:

- *Crime and Corruption Act 2001*
- *Criminal Code Act 1899*
- *Integrity Act 2009*
- *Public Interest Disclosure Act 2010*
- *Public Sector Ethics Act 1994*
- *Right to Information Act 2009*
- *Local Government Act 2009 and*
- *Local Government Regulations 2012.*

### **13. NEXT REVIEW**

This policy remains in force until amended or repealed by resolution of Council stemming from changes prescribed in the *Local Government Regulation 2012*. Council will determine review dates as required.

**THIS POLICY IS TO REMAIN IN FORCE UNTIL OTHERWISE DETERMINED BY COUNCIL.**

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## APPENDIX - DEFINITIONS

The following definitions apply to this Policy.

CEO	A person holding an appointment under section 194 of the <i>Local Government Act 2009</i> . This includes a person acting in this position.
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: <ul style="list-style-type: none"> <li>• Is not honest or impartial; or</li> <li>• Involves a breach of trust placed in the person as a public officer, either knowingly or recklessly; or</li> <li>• Involves a misuse of Council assets, materials or information; and</li> <li>• Is for the purposes of providing a benefit to the person or another person or causing a detriment to another person;</li> <li>• Would, if proven constitute a criminal offence or is serious enough to justify a dismissal.</li> </ul>
Council Councillor	McKinlay Shire Council The Mayor and Councillors of McKinlay Shire Council within the meaning of the <i>Local Government Act 2009</i> .
Employee	Local government employee - the Chief Executive Officer; or a person holding an appointment under section 196 of the <i>Local Government Act 2009</i> .
False Disclosure	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 Control Plan	A document outlining McKinlay Shire Council anti-fraud and anti-corruption strategies.
Leadership Team	Consists of the CEO and senior executive employees as defined by the <i>Local Government Act 2009</i> .
Manager	Any employee of the Council who is responsible for the direct supervision of other employees, and/or for the management of a local government department and/or function/activity.
Public Officer	Includes: <ul style="list-style-type: none"> <li>• A Council member</li> <li>• A member of a Local Government body (including a subsidiary of a Council established under the <i>Local Government Act 2009</i>)</li> <li>• An employee or officer of the Council</li> </ul>
Public Interest Disclosure	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.
Risk	The effect of uncertainty on objectives in consideration of fraud and corruption risk, this will generally be a negative impact.

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