



Strategy

**Fraud and Corruption
Control**

INFORMATION ABOUT THIS DOCUMENT

Endorsement and Review

Date Adopted by Council or Endorsed by the Chief Executive Officer:	22 May 2019
Resolution Number (if appropriate):	2019/05/22.05
Chief Executive Officer Signature (if appropriate):	
Responsible Directorate:	OMCEO, Governance
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Document History

ECM No.	Date Amended	Details/Comments eg Resolution No.
2677106	10 December 2014	Fraud and Corruption Control Framework initially adopted at the 10 December 2014 Ordinary Meeting (Resolution 2014/12/10.11).
3116104	10 February 2016	Original Fraud and Corruption Control Framework repealed. Council adopts amended Fraud and Corruption Control Framework (Resolution 2016/10/02.06).
4746908	February 2019	Fraud and Corruption Control Strategy drafted to replace existing Fraud and Corruption Control Framework. Substantive changes limited to HR related sections and reallocation of responsibility to OMCEO, Governance.
	February 2019	Fraud and Corruption Control Strategy draft document revised in accordance with the Fraud and Corruption Control Best Practice Guide published by the CCC, as supported by the Audit & Risk Committee (19 February 2019).

Further Document Information and Relationships

Related Legislation*	Criminal Code Act 1899 Crime and Corruption Act 2001 Local Government Act 2009 Local Government Regulation 2012 Public Interest Disclosure Act 2010
Related Corporate Plan Outcome/Strategy	Strategy 1.1.1 – Provide open, accountable and transparent leadership that ensures community confidence in Council and achieves positive outcomes for the Whitsunday Region.
Related Policies	Fraud and Corruption Control Policy Complaints about the Public Official Policy Procurement Policy Public Interest Disclosure Policy
Related Procedures, forms, documents, etc.	Councillors Code of Conduct (WRC) Employee Code of Conduct (WRC) Fraud and Corrupt Conduct Register (WRC) Queensland Audit Office Fraud Risk Management Report 6: 2017-18 (QAO) Corruption in Focus: A Guide to Dealing with Corrupt Conduct in the Queensland Public Sector (CCC) Fraud and Corruption Control: Best Practice Guide (CCC)

1. INTRODUCTION

Council's Fraud and Corruption Control Policy confirms Council's commitment to proactive and effective prevention, detection and investigation of fraud and corruption.

This strategy details how Council will fulfil that commitment by managing the risk of fraud and corruption within and against Council, and details the responsibilities of Councillors, senior executive employees and all staff members.

Council acknowledges the multiculturalism of its organisation and recognises that employees, volunteers and contractors may have differing views of right and wrong, and acceptable and unacceptable workplace behaviour. However, this strategy and supporting documents determine what Council considers to be ethical conduct, and it is expected that Councillors, employees, contractors of Council and any person or organisation that acts for or represents Council behave in accordance with Council policy and the relevant Code of Conduct.

2. OBJECTIVE

The objective of this strategy is the:

- minimisation of internally and externally instigated fraud and corruption against Council;
- timely detection of all instances of fraud and corruption against Council if preventative strategies fail;
- recovery for Council of all property dishonestly appropriated or securing of compensation equivalent to any loss suffered as a result of fraudulent or corrupt conduct; and,
- demonstration of a zero-tolerance approach to fraud and corruption.

3. SCOPE

This document is applicable to all Councillors, employees, contractors of Council and to any person or organisation that acts for or represents Council.

4. DEFINITIONS

The following definitions apply to this document:

Bribe (see also Secret Commission)	The act of paying a secret commission to another individual. It is also used to describe the secret commission itself.
Control (also 'internal control')	An existing process, policy or other action that acts to minimize negative risks or enhance positive opportunities.
Councillors Code of Conduct	The Councillors Code of Conduct sets out the principles and standards of behaviour expected of Councillors and Mayors when carrying out their roles, responsibilities and obligations as elected representatives for their communities.
Corruption	See section 15 of the Crime and Corruption Act 2001
Employee Code of Conduct	The Employee Code of Conduct is Council's principal governance policy for staff and is an important foundation for a strong ethical culture.
Evidence	Oral (or where permitted, written) testimony either given in legal proceedings or which a witness indicates he or she is prepared to give under oath or affirmation in legal proceedings. Documents of any description that can legally be admitted as evidence in a Court of Law.
Fraud	Dishonest activity causing actual or potential financial loss to any person or Council, including theft of moneys or other property by employees or persons external to Council and where 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 the assessment of the risk of fraud and corruption within Council.
Investigation	A search for evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the law or the policies and standards set by Council.
Material Loss	For an asset belonging to a local government, a material loss is either: (a) for money—a loss of more than \$500; or (b) for any other asset—a loss valued by the chief executive officer at more than \$1,000.

<p>Reportable Loss</p>	<p>For an asset belonging to the local government, a reportable loss is s a loss resulting from:</p> <p>(a) the commission of an offence under the <u>Criminal Code</u> or another Act; or (b) the corrupt conduct of a councillor, local government employee or local government worker; or (c) conduct of a contractor of the local government that would be corrupt conduct if the contractor were a councillor, local government employee or local government worker.</p>
<p>Risk</p>	<p>The chance of something happening that will have an impact upon objectives. In consideration of fraud and corruption risk, this will generally be a negative impact.</p>
<p>Secret Commission (see also Bribe)</p>	<p>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 Council, is contrary to the Council’s policy on a given issue or is against the public interest.</p> <p>Secret commissions, by definition, will typically be paid without the knowledge or express or implicit agreement of the principal or Council 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.</p>
<p>Standard of Proof</p>	<p>In investigations concerning alleged fraudulent or corrupt conduct the appropriate standard of proof is “the balance of probabilities”. This means it must be more probable than not that the allegation(s) are made out.</p>

5. RESPONSIBILITIES

Council is committed to making the necessary resources available to assist those with responsibilities as detailed in this document.

Role	Responsibility
Council (the elected body)	Accountable for managing the risk of fraud and corruption in the exercise of policy setting and decision-making powers.
Audit & Risk Committee	<p>Responsible for monitoring Council's fraud and corruption control arrangements and:</p> <ul style="list-style-type: none"> a) Reviewing and discussing with management their philosophy with respect to business ethics and corporate conduct, including Council's Codes of Conduct and the programme it has in place to promote and monitor compliance with those codes. b) Monitoring the level of and issues raised in relation to Public Interest Disclosures, customer complaints, and internal and external conduct investigations (for example by the Crime and Corruption Commission). c) Reviewing Council's assessment of the level of exposure to fraud and corruption. d) Receiving and reviewing management's strategies and controls to manage fraud and corruption risks.
Chief Executive Officer (Public Official)	<p>Responsible for:</p> <ul style="list-style-type: none"> a) Ensuring the implementation of Council's Fraud and Corruption Control Policy and Strategy. b) Promoting ethical behaviour and awareness that fraud and corruption will not be tolerated. c) Receiving reports of suspected fraud and corrupt conduct, and receive allegations of reprisal action, in accordance with Council's Public Interest Disclosure Policy and Employee Code of Conduct. d) Notifying the Crime and Corruption Commission of complaints, information or matters involving, or potentially involving corrupt conduct, in accordance with s38 of the Crime and Corruption Act 2001. e) Keeping records of decisions made as the public official that a complaint, information or matter involving, or potentially involving alleged corrupt conduct,

	<p>not be notified to the CCC under s38 of the Crime and Corruption Act 2001 (see s40A of the Act).</p> <ul style="list-style-type: none"> f) Keeping records of material and reportable losses and notifying the relevant agencies where appropriate in accordance with s307A of the Local Government Regulation 2012 g) Making decisions about reporting criminal matters to the Queensland Police Force. h) Receiving summary information about investigations undertaken into suspected fraud and corruption. i) Ensuring that Council's Fraud and Corruption Control Strategy and related policies and procedures are adequate, and that regular reviews and checks are undertaken to detect irregularities. The Audit & Risk Committee may assist in this process. j) Making decisions regarding restitution and criminal charges in all cases of fraud and corruption. k) Deciding what disciplinary action is appropriate for employees involved in fraud and corruption.
<p>OMCEO, Governance</p>	<p>Responsible for:</p> <ul style="list-style-type: none"> a) Ensuring the day-to-day tasks required to implement Council's fraud and corruption control strategy are implemented and that processes operate effectively. b) Coordinating Council's fraud risk assessment. c) Maintaining Council's fraud and corrupt conduct register. d) Advising the Chief Executive Officer on matters within the CEO's responsibilities as required. e) On instruction from the CEO, initiate appropriate recovery action where there is clear evidence of fraud or corruption and where the likely benefits of such recovery will exceed the funds and resources invested in the recovery action.
<p>Directors (individually and collectively)</p>	<p>Responsible for actively fostering an ethical culture and supporting and promoting the objectives of the Fraud and Corruption Control Policy and Strategy throughout the organisation by:</p> <ul style="list-style-type: none"> a) Setting an example of observable adherence to Council's Employee Code of Conduct, Fraud and Corruption Control Policy and Strategy, and other related Council policies and procedures. b) Supporting and promoting ongoing identification, analysis, mitigation and review of fraud and corruption risks and internal controls.

	<ul style="list-style-type: none"> c) Setting an example of internal control adherence in relation to identified fraud and corruption risks. d) Implementing recommendations arising from fraud and corruption detection systems and internal audits. e) Supporting fraud and corruption awareness programs for Councillors and members of staff. f) Supporting the continued operation of Council's Audit & Risk Committee in the pursuit of successful enterprise risk management. g) Fostering a work environment free of harassment, discrimination, victimisation, corruption, fraud, maladministration and waste.
Executive Manager Procurement, Property and Fleet	Responsible for ensuring that effective third-party management systems are implemented throughout Council to reduce the risk of fraud and corruption to the organisation through procurement activities.
All Staff Members (individually and collectively)	<p>Responsible for:</p> <ul style="list-style-type: none"> a) Preventing and mitigating fraud, corruption, maladministration and waste within their area of operation and responsibility by, at a minimum, implementing and abiding by relevant internal controls and adhering to the Fraud and Corruption Control Policy and Strategy. b) Reporting all instances of suspected or attempted fraudulent or corrupt conduct in accordance with Council's Employee Code of Conduct. c) Protecting colleagues who have made reports of fraud or corruption from detrimental action. d) Having regard to fraud and corruption related risks when undertaking risk assessments in relation to Council's daily functions and operations, when specific projects or events are planned, or when changes to Council's systems, processes or functions occur. e) Providing co-operation and assistance to investigators or officials investigating suspected or reported fraud or corruption.
Internal Auditor	Responsible for providing an independent review function to Council. In accordance with an agreed internal audit program, the internal audit conducts regular reviews across Council's activities and identifies areas of risk and scope for improvement.

6. PLANNING AND RESOURCING

6.1 Integrated Approach

This strategy exists to ensure that Whitsunday Regional Council has in place the necessary policies, systems and procedures to minimise fraud and corruption in all areas and at all levels of the organisation. These policies, systems and procedures will be proportionate and specific to the fraud and corruption risks faced by Council.

All of the supporting elements of this strategy will be effectively drawn together to form a holistic and integrated array of fraud and corruption control measures.

6.2 Responsibility Structures

Council will ensure that there is clear accountability and responsibility for the implementation and monitoring of the Fraud and Corruption Control Strategy, as well as all supporting policies, procedures and initiatives. It is also important that all staff know this accountability, and that there is a common understanding that everyone in the Council has a key role to play in effective fraud and corruption control management.

6.3 Organisational Integrity and Leadership

The establishment and perpetuation of an organisational culture that rejects fraudulent and corrupt practices is an essential component of the fraud and corruption controls overall framework. Commitment from the Executive Team and Councillors is essential in establishing a behaviour model for all Council employees.

Council will establish and maintain a fraud-resistant culture by:

- employing staff at all levels who will be positive role models for ethical behaviour;
- providing regular training for new and existing staff on the Employee Code of Conduct;
- adopting and enforcing policies that emphasise the importance of ethical behaviour;
- issuing clear standards and procedures to minimise opportunities for fraudulent and corrupt behaviour, and enhance detection mechanisms; and
- ensuring all staff are accountable for their own actions.

7. FRAUD AND CORRUPTION PREVENTION

7.1 Fraud and Corruption Risk Assessment

Council's Organisational Risk Register identifies fraud and corrupt conduct as a risk to Council.

Therefore, Council will undertake a risk-based approach to the fraud and corruption controls and complete a fraud and corruption risk assessment in accordance with, but not limited to, the potential inherent fraud risks identified by the Queensland Audit Office, and other methods of risk identification, including:

- Records of prior losses
- Complaints by staff, clients or stakeholders
- Using knowledge and judgement of work colleagues if they know of how the existing controls could be bypassed i.e. identifying flaws
- Directly observing workplace activities
- Maintaining contemporary knowledge of risks identified in similar organisations
- Advice and recommendations of other relevant organisations

This risk assessment will assist in identifying areas of high risk of fraud and corruption within Council and in turn, assist in the development of management strategies in response to such risks.

7.2 Staff Member Education and Awareness

Council will ensure that all members of staff understand the ethical behaviour required of them in the workplace, and that adequate training programs are in place covering ethical behaviour and fraud and corruption risks.

All members of staff will be made aware of Council's ethical conduct expectations by:

- The inclusion of information on Council's Fraud and Corruption Control Policy and the Employee Code of Conduct for new staff members on induction to inform new starters of ethical conduct requirements and expectations;
- The inclusion of fraud and corruption control related responsibilities in position descriptions where appropriate;
- Refresher awareness training for all staff on Council's Employee Code of Conduct, with specific reference to fraud and corrupt conduct, on a biannual basis;
- Regular discussions regarding ethical standards or behaviours at team meetings; and
- An ongoing awareness initiative internal to the organisation which provides examples of fraud and corrupt conduct, promotes an understanding of why fraud may be committed (e.g. the fraud diamond) and informs when relevant corruption cases are made public, in order to educate and discourage corrupt and fraudulent behaviour (eg CCC's Culture and Corruption Risks in Local Government: Lessons from an investigation into Ipswich City Council (Operation Windage)).

Staff with particular responsibilities, such as cash handling and purchasing authority, will be given specific training in approved cash handling and purchasing procedures.

7.3 Community Awareness

The community should understand that Council will not accept fraudulent or corrupt behaviour in its dealings and be aware of the consequences of such fraudulent or corrupt behaviour.

In order to increase awareness and encourage the reporting of fraudulent and corrupt conduct, Council will:

- Publish the Councillors Code of Conduct and Fraud and Corruption Controls Policy on Council's website;
- Advertise on Council's website the various methods by which members of the public can report instances of fraudulent conduct that they may become aware of; and,
- Provide feedback to all persons who report suspected corrupt or fraudulent conduct on any action that has been taken.

An example Fraud and Corruption Risk Assessment is included at Appendix B of this Strategy.

7.4 Pre-employment Screening

To maintain public confidence in the integrity of our staff, Council undertakes to complete the following screening of employees:

- Verification of identity
- Verification of right to work in Australia
- Police criminal history check for roles that have been identified as high risk
- Reference check
- Verification or sighting of mandatory formal qualifications for technical roles or where specific mandatory licences are required

Council recognises that the roles requiring the most thorough screening processes are not necessarily just the most senior or well paid, and that the potential corruption risks in less senior roles require assessment.

7.5 Information Security Management System

Council's information systems and networks are exposed to security threats, including fraud, from a wide range of internal and external sources. Council will implement an information security management system (ISMS), which is a systematic and structured approach to managing information so that it remains secure. Council's ISMS implementation will be guided by ISO 27001 and include policies, processes, procedures, organisational structures and software and hardware functions. ISO 27001 does not mandate specific actions but includes suggestions for documentation, internal audits, continual improvement, and corrective and preventive action. Council is not seeking ISO 27001 certification at this time but may do so as its supporting processes and organisational structures mature.

7.6 Third Party Management Systems

Third Party Due Diligence

Council maintains sound contracting principles in all its procurement activities, as detailed in Council's Procurement Policy.

Members of staff involved in procurement are to behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives.

Council will ensure third party due diligence and clear contractual obligations and accountabilities by conducting structured, risk-based due diligence before engaging contractors or third parties, including:

- Search on company register
- ABN confirmation
- Verification of personal details of directors
- Director bankruptcy search
- Disqualified Director search
- Search of legal proceedings pending, and judgements entered

Procurement Contract Review

Council will minimise the risk of fraud through conducting a periodic review of contracts with external providers. This review may include:

- Deliverables
- Performance reviews
- Appropriate documentation and record-keeping
- Ongoing supplier due diligence
- Value for money
- Opportunity/capability for conflict of interest
- Verification of invoices.

Council will consider ongoing commercial relationships and reassess a future working relationship if it is found that there is an increased risk of fraud or corruption.

7.7 Staff Disclosures

Conflicts of Interest

All Council employees are required to declare conflicts of interest in accordance with the Employee Code of Conduct.

Registers of Interest

In accordance with the Local Government Act 2009, Councillors, the Chief Executive Officer and senior executive staff are required to complete and continuously update a register of interest as necessary.

Secondary Employment

All members of staff are required to seek approval from the Chief Executive Officer to undertake secondary employment. Records of members of staff undertaking secondary employment will be maintained by OMCEO, Governance and will be reported to the Executive Team for regular review.

8. FRAUD AND CORRUPTION DETECTION

8.1 Detection Systems

Internal Audit Plans

Council's internal audit plans will be prepared in partnership with Council's internal auditors to ensure that reviews provide assurance on the effectiveness of internal controls established by management, including those to prevent and detect fraud and corruption.

Identification of Early Warning Signs

Through the ongoing awareness training and education provided to Council employees, employees will be equipped to detect and identify early warning signs of fraud and corrupt conduct. Warning signs are either transactional or behavioural in nature and include, but are not limited to, the following:

Transactional (unusual or out of the ordinary exchanges related to common business activities):
<ul style="list-style-type: none"> • Transaction occurring at an unusual time (of day, week, month, year or season) • Frequency of the transaction is unusual (too many or few) • Place of transaction is unusual (eg invoice not usually received from a country or region) • Amount of the transaction is unusual (too high, too low, too alike, too different) • Unusual relationships between persons (related parties, perceived strange relationship between parties, management performing administrative functions)
Behavioural (unusual actions, behaviours or traits by a person):
<ul style="list-style-type: none"> • Employee lifestyle changes (expensive cars, jewellery, homes, clothes) • Exorbitant/excessive lifestyle, personal circumstances or purchases not matched with income (eg significant gambling addiction may increase the likelihood of committing fraud) • Significant personal debt and credit problems • Creditors or collectors appearing at the workplace • Refusing vacations, sick leave or promotions – may have a fear of detection • Lack of a strong code of personal ethics • A strong desire to beat the system • Criminal history • Persistent and/or unnecessary taking control of records • Insisting on working unusual or non-standard business hours • Avoiding or delaying provision of documentation when requested by auditors

8.2 Internal Reporting Systems

Council's Employee Code of Conduct provides the parameters through which members of staff are required to immediately report suspected or known fraud or corrupt conduct.

Staff are required to report through line management in the first instance, who will arrange for the matter to be referred to the Chief Executive Officer. For instances where this is not appropriate, a staff member may report the matter directly to the Chief Executive Officer. Staff should endeavour to manage information confidentially and, once a report is made, take no further action until advised further by the Chief Executive Officer.

If the matter involves or may involve corrupt conduct of Council's public official (the CEO), then Council's Complaints about the Public Official Policy takes precedent.

Council will ensure complaints and disclosures are managed impartially and provide support and protection from reprisals to disclosers.

8.3 External Reporting Systems

Queensland Police Service

The Queensland Police Service is responsible for upholding law and order in Queensland, for detecting offenders (including fraud and corruption offenders) and bringing them to justice.

If the CEO is satisfied that a material loss is also a reportable loss resulting from the commission of an offence under the Criminal Code or another Act, they must report this to the QPS.

Crime and Corruption Commission

The Crime and Corruption Commission (CCC) is a statutory body set up to combat and reduce the incidence of major crime and corruption in the public sector in Queensland. Its functions and powers are set out in the Crime and Corruption Act 2001.

The CCC receives complaints about suspected corrupt conduct and determines the most appropriate action to deal with them. The CCC has the power to investigate cases of serious or systemic corrupt conduct in the public interest or to refer the matter to the organisation for it to deal with. When it refers a complaint to a department or other agency to investigate, the CCC monitors the quality of the organisation's investigation to ensure that the outcome is reasonable and appropriate. It also assists organisations to enhance their capacity to prevent and deal with corrupt conduct.

The Chief Executive Officer, as Council's public official, has a statutory obligation to report any suspicion of corrupt conduct to the CCC.

If the CEO is satisfied that a material loss is also a reportable loss resulting from the corrupt conduct of a Councillor or Council employee/worker, they must report this to the CCC.

Queensland Ombudsman

The QLD Ombudsman is an independent complaint handling body for public authorities including local councils which reviews actions and decisions which may be:

- made for an improper purpose or on irrelevant grounds
- illegal or contrary to law
- unreasonable, unjust, improperly discriminatory
- based on a mistake of law or fact
- made without giving reasons, or
- simply wrong.

Some of these actions or decisions may indicate fraud or corruption.

The Ombudsman is also the oversight agency for Public Interest Disclosures under the Public Interest Disclosure Act 2010.

Queensland Audit Office

The Queensland Audit Office is the independent auditor of the Queensland public sector. Their role is to:

- conduct financial audits of all state and local government public sector entities
- conduct performance audits of important aspects of public services—examining efficiency and effectiveness
- investigate matters raised about financial waste and mismanagement related to public services
- produce reports about the results of our audits for tabling in parliament, promoting accountability and transparency
- provide advice and assistance to our clients, sharing information about good practice and promoting better public services.

If the CEO is satisfied that a material loss is also a reportable loss, they must inform the Auditor-General of Queensland no more than 6 months after the CEO becomes aware of the loss.

Department of Local Government, Racing and Multicultural Affairs

The DLGRMA is responsible for local government across QLD and provides best practice advice to local councils in such areas as policy and legislation with an investigative focus on finance, governance, performance and community engagement. It is the key advisor to the QLD Government on Local Government matters.

If the CEO is satisfied that a material loss is also a reportable loss, they must inform the Minister for Local Government no more than 6 months after the CEO becomes aware of the loss.

9. RESPONDING TO DETECTED FRAUD AND CORRUPTION INCIDENTS

9.1 Investigation

Council recognises that it will not always be successful in its efforts to prevent fraud and it will therefore assess, 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.

Depending upon the circumstances of the alleged fraud, an internal investigation may be undertaken, or the matter referred to an external body such as QLD Police, the CCC or the QLD Ombudsman.

Any internal investigation undertaken by Council will be in accordance with the CCC's publication Corruption in Focus: A Guide to Dealing with Corrupt Conduct in the Queensland Public Sector.

9.2 Protection for Persons Making a Public Interest Disclosure

The Public Interest Disclosure Act 2010 supports the disclosure of improper conduct or wrongdoing and has powerful provisions for the protection of people who make a public interest disclosure.

Council's Public Interest Disclosure policy, in accordance with Chapter 4 of the Public Interest Disclosure Act 2010, determines that Council will provide support and protection from reprisal to any person making a public interest disclosure.

9.3 Conduct and Disciplinary Action

Council expects all employees to act in an ethical manner in accordance with the standards of behaviours set out in the Employee Code of Conduct.

Fraud and corruption will not be tolerated by Council, and those found to have engaged in such conduct will face disciplinary action in accordance with relevant legislation, policies and the principles of natural justice. Actions may include, but are not limited to:

- Reprimand
- Reduction in the level of remuneration
- Transfer or redeployment
- Termination of employment

9.4 Internal Control Review

For a fraudulent or corrupt act to be established, the evidence must satisfy the standard of proof.

Once a fraudulent or corrupt act has been identified, investigated and established, strategies and procedures will be implemented to ensure that the act will not be repeated. This may include:

- Disciplinary action and/or dismissal of Council employees involved in fraudulent conduct;
- Review and alteration of operating procedures;
- Additional training for employees;
- Making other employees aware of the situation in general terms in order to discourage similar conduct in the future; or
- Improvements in the physical security of assets.

9.5 Recovery Action

Council will initiate appropriate recovery action where there is established evidence of fraud or corruption and where the likely benefits of such recovery will exceed the funds and resources invested in the recovery action.

9.6 Fraud and Corrupt Conduct Register

Council will maintain a register which contains all reports of suspected incidents of fraud and corruption, action taken and outcomes, including decisions made in accordance with section 40A of the Crime and Corruption Act 2001.

9.7 Insurance

Council will maintain an extensive Fidelity Guarantee Policy that insures the Council against the risk of loss arising from internal fraudulent conduct.

10. APPENDICES

APPENDIX A – Program of Key Fraud and Corruption Control Activities

Action	Description	Responsibility	Timeframe
Review Fraud and Corruption Control Policy	Review the currency and effectiveness of the organisations Fraud and Corruption Control Policy	Council (elected body) to adopt following review by the Audit & Risk Committee	Every four years (or within 12 months of new Council being elected)
Review Fraud and Corruption Control Strategy	Review the currency and effectiveness of the organisations Fraud and Corruption Control Strategy	Executive Team to adopt following review by the Audit & Risk Committee	Annually
Fraud and Corruption Risk Assessment	Council will conduct a fraud and corruption risk assessment of the organisation	OMCEO, Governance	Annually (Commence risk assessment in February, to be reported to Audit & Risk Committee in May)
Internal reporting on Fraud and Corruption Controls	Fraud/Corrupt conduct prevented, detected and/or investigated is reported to Executive Team and Audit & Risk Committee as required	OMCEO, Governance	Quarterly (in February, May, August and November)
Conflicts of Interest	Executive Team to receive quarterly updates on conflicts of interest declared by Council employees	OMCEO, Governance	Quarterly (in February, May, August and November)
Secondary Employment	Executive Team to receive quarterly updates on Council employees undertaking secondary employment	OMCEO, Governance	Quarterly (in February, May, August and November)

Procurement Contract Review	Review of commercial relationships entered by Council	Executive Manager Procurement, Property and Fleet	On-going
Fraud and Corrupt Conduct Register	Ensure continuing maintenance of Council's fraud and corrupt conduct register, recording known and alleged incidents of fraud and corruption, and details of decisions regarding the referral (or lack thereof) to the CCC under s40A of the Crime and Corruption Act 2001.	OMCEO, Governance	On-going
Communication/Training	Ensure all staff and the community is aware of the Fraud and Corruption Control Policy and Strategy	OMCEO, Governance	On-going (Emphasised during International Fraud Awareness Week annually in November)

APPENDIX B – Example Fraud and Corruption Risk Assessment

Risk			Residual Risk Rating				Treatment Option	Risk Treatment Plan	Control/Treatment Effectiveness	Target Risk Rating	Risk Owner
No.	Category	Activity	Existing Controls	Consequence	Likelihood	Rating					
1	Procurement and Purchasing	Employee manipulating the financial system to make payments to a non-existent supplier, and indirectly to their own financial account									
2		Employee providing commercial-in-confidence information to a tenderer resulting in them obtaining an unfair advantage over other tenderers in the tender process									
3		Employee not declaring an existing relationship or secondary employment with a tenderer and seeking to unfairly influence the decision-making process									
4		Employee colluding with a supplier to produce an invoice price that is higher than necessary in order to receive a payment or some other benefit from the transaction									
5		Employees deliberately over-order goods to keep the surplus for personal gain									
6		Employees regularly taking resources, such as office supplies, stationary or equipment home for their own personal use, or to sell for their own personal benefit.									
7		Fraudulent influence by employee on companies included in panel arrangements									
8		Fraudulent contract management by employees									
9		Fraudulent use of corporate cards									
10		Fraudulent invoicing by employees or external scammers									
11		Misusing cab charge vouchers for personal use or profit									
12	Human Resources Management	Fraudulent recording of time worked to increase overtime and other variable payments									
13		Fraudulent manipulation of the rostering process									
14		Fraudulent changes to employee master data									
15		Fraudulent claim for study assistance or leave									
16		Fraudulent reporting to meet government imposed FTE limits									
17	False WorkCover claims by employees										
18		Nepotism in recruitment and selection processes									

19	Recruitment Process	Corruption in internal promotion process										
20		Deliberate manipulation of recruitment selection panels										
21		Fraudulent misrepresentations by applicants in recruitment and selection processes										
22	Asset Management	Employee misappropriates assets										
23		Employee misappropriates use of motor vehicles										
24	Financial	Manipulation of financial information to present a better financial result										
25		Claims for reimbursement for non-work-related expenses										
26		Fraudulently awarding a grant or making grant payments outside the terms and conditions of grant agreements										
27	Information Management and Information Technology	Fraudulent disclosure of confidential information by a current or terminated employee										
28		Employees creating fraudulent documentation and providing it to the public to gain a personal benefit										
29		Fraudulent disposal or amendment of information/documentation to enable a cover up or to aid a third party										
30		Taking advantage of temporarily inoperative information systems to act in a corrupt way										
31		Employees leaking sensitive information to a member of the public										
32		Employees using information obtained through the performance of their work for private purposes such as debt collection, intimidation or stalking										
33		Employee placing malware on Council's systems in an attempt to damage software or information held on the system										
34		Employee using another employee's computer and/or log-in										
35		Employee gaining access to electronic record without proper authority or approval										
36		IT contractor building a 'back door' into information technology systems which enable inappropriate secret access to alter or delete Council electronic data and records										

37		Employee issuing a licence to an individual or business based on factors other than objective assessment criteria									
38	Regulatory Compliance	Employee deciding or recommending not to pursue prosecution because of a personal relationship with the person or business in breach									
39		Employee choosing not to audit a person or business because of a relationship with that person or business									
40	Other	Fraudulent operational reporting by management									
41		Employees concealing the corrupt conduct of another employee									