

# Fraud and Corruption Control Policy

<b>Version Control and Objective ID</b>	Version No: 1	Objective ID:
<b>Approved by Council on</b>	TBA	
<b>Date of Review</b>	TBA	

## 1. Statement

The risk of fraud and corruption in Ipswich City Council (ICC) is an extremely serious matter for ICC and for the community. Not only does such conduct potentially involve the commission of criminal offences attracting severe penalties, it can have a direct and adverse impact on the community and seriously undermine public confidence in ICC.

Underpinning this Policy is the principle that the most effective way to is through the careful design and rigorous implementation of sound policy and good practice calculated to achieve those objectives. This principle is reflected in the training and guidance we provide to manage and mitigate our organisational risks generally, and more particularly in relation to the risks associated with fraud and corruption.

This Policy is meant to inform and assist managers and staff at all levels and in every area of ICC. Given our shared responsibilities for preventing, deterring and detecting fraud and corruption, this Policy is mandatory reading for all ICC employees.

This policy also considers vexatious misuse of this policy for complaints that after careful consideration are found to be unsubstantiated where it can be determined it was used in a vexatious or malicious way to harm the organisation and/or its staff.

## 2. Purpose and Principles

ICC is committed to ensuring robust governance and the ethical conduct of all staff, contractors, consultants and other workers performing services on behalf of ICC by preventing, detecting and investigating all forms of fraud and corruption that may occur.

It is the responsibility of all ICC staff, contractors, consultants and other workers to report all suspected cases of fraud or corruption.

The *Fraud and Corruption Control Policy* identifies the minimum requirements and responsibilities for the governance, prevention, detection, and the response to suspected fraud and corruption within ICC.

The *Fraud and Corruption Control Policy*:

- ensures that our workforce acts legally, ethically and in the public interest;
- enables staff to understand their obligations and implement practices to stop fraud and corruption occurring in ICC; and
- aligns with the vision, purpose and values outlined in the ICC's Long Term Community Plan and supporting Corporate and Operational Plans.

ICC is committed to the detection and prevention of all forms of fraud and corruption and to the creation and embedding of an ethical culture and work environment that discourages and prevents fraud and corruption.

ICC is committed to:

- A zero-tolerance approach to fraud and corruption.
- Keeping staff informed regarding the dangers and traps of fraud and corruption.
- Fraud and corruption control and management as an integral component of effective corporate governance;
- Transparent and accountable processes consistent with sound business practices and organisational standards of compliance;
- Preventing fraud and corruption whilst investigating any suspected incidents and taking appropriate action;
- Establishing and maintaining an annual Fraud and Corruption Control Plan to minimise the impact and reduce the incidence of fraud and corruption within the work environment.

All ICC staff, contractors, consultants and other workers performing services on behalf of ICC must act with integrity and are responsible for the prevention and detection of fraud and corruption as outlined in ICC's Fraud & Corruption Control Policy and Procedure.

Any allegation or suspicion of fraud or corruption will be investigated appropriately in accordance with the requirements of the particular case (i.e. criminal, disciplinary or administrative mechanisms).

ICC will establish a culture and work environment in which fraud and corruption is not tolerated and will demonstrate a commitment to the rigorous management of fraud and corruption risks by implementing a range of mechanisms to prevent, detect and respond to suspected fraud and corruption.

The aim of this Policy and associated documentation is to:

- Avoid any incidence of fraud and corruption;
- Minimise opportunities for fraud and corruption through effective internal controls, awareness and appropriate supervision;
- Encourage ethical dealings at all levels of ICC;
- Ensure compliance with legal and statutory obligations; and
- Prevent any financial or reputational damage to ICC.

### **3. Strategic Plan Links**

This Policy relates to:

- Strengthening our local economy and building prosperity
- Managing growth and delivering key infrastructure
- Caring for the Community
- Caring for the Environment
- Listening, Leading and Financial Management

### **4. Regulatory Authority**

- ICC Employee Code of Conduct
- ICC Fraud and Corruption Control Administrative Directive
- ICC Fraud and Corruption Control Plan (FCCP)
- ICC Enterprise Risk Management Administrative Directive

- ICC Enterprise Risk management Framework and Procedure
- Australian Standard Fraud and Corruption AS 8001-2008
- *Local Government Act 2009*
- *Crime and Corruption Act 2001*
- *Local Government Regulation 2012*
- *Public Interest Disclosure Act 2010*
- *Financial Accountability Act 2009*
- *QLD Crime and Corruption Commission Corruption in focus – A guide to deal with corrupt conduct in the Queensland public sector*
- *QLD Crime and Corruption Commission Fraud and Corruption Control - Best Practices Guide*

## 5. Scope

This Policy applies to all staff, contractors, consultants and other workers performing services on behalf of ICC.

The application of fraud and corruption control across ICC is undertaken at several levels including:

- Organisational
- Recruitment
- Departmental/Branch
- Operational
- Workplace, health and safety
- Project management and
- Procurement

### 5.1 Examples of Fraud and Corruption

Fraud can occur internally within the organisation or be generated by external sources. There are a range of different types of fraud with the potential to impact negatively on ICC. Outlined below are examples of fraud and corruption taken in part from AS 8001-2008 *Fraud and Corruption Control*.

#### Fraud:

- Theft of cash or assets (including plant and equipment).
- Non-authorized use of equipment, property or services.
- Falsification of hours worked or expenses claimed.
- False invoicing.
- Creation of a 'ghost' employee whose wages are deposited into the fraudsters bank account.
- Failure to remove a former employee from the payroll system, where wages are deposited into the fraudster's bank account.
- Duplication of companies or businesses in procurement systems in order to process fraudulent payments.
- Lodgement of a false claim against council e.g. workers' compensation or public liability.
- Falsification or forgery of documents in order to receive a benefit.
- Use of Council monies or funds for private benefit.
- Running a private business during work hours.
- Credit card fraud.
- Abuse of Council facilities or assets for personal use.
- Making false statements or altering signatures or other information and materials so as to mislead or misrepresent a position or hide wrongdoing.

- Destroying or removing records without approval for personal gain or to conceal fraudulent activity.

### Corruption

- Provision of false credentials, references or identification by an applicant to gain a position within Council.
- Payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver and may relate to a specific decision or action by the receiver or generally.
- Release of confidential information in exchange for financial benefit or some form of non-financial benefit or advantage to the employee releasing the information.
- Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
- Payment or solicitation of donations for an improper political purpose.
- Serious conflict of interest involving an Officer acting in his or her own self-interest rather than the interests of Council.
- Manipulation of the procurement process by favouring one tenderer over another for personal reasons or selectively providing information to some tenderers.
- Reprisal against a Public Interest Discloser and subject officers.

### 5.2 Ethical Conduct Training and Awareness

Training and awareness of ethical principles and ethical decision-making are essential elements of fraud and corruption control. Council is committed to providing staff access to training and awareness programs that builds on the Code of Conduct and provides clear understanding of fraud and corrupt conduct; including relevant scenarios or case studies that encourage participation and links training to everyday local government work situations.

- Council's values, policies, code of conduct, reporting arrangements
- Public Interest Disclosure
- How to respond to suspicions of fraud and corruption
- The risk areas identified in Fraud and Corruption risk assessments
- Case studies and techniques to further develop ethical decision making skills

Training will be designed and relevant to the various positions of officers in Council:

Audience/ Officer	Training Outcome
Job applicants	Council's stance on fraud and corruption Code of conduct
New starters including temps, volunteers and contractors	Council's values, policies, code of conduct; reporting arrangements, PIDs How to respond to suspicions of fraud and corruption
CEO and General Managers members Elected officials Senior managers	Risk areas identified in risk assessment Importance of modelling Case studies and techniques to further develop ethical decision-making skills Code of conduct
All supervisors	How to deal with complaints received or fraud detected Handling PIDs

Audience/ Officer	Training Outcome
All officers including elected officials	Refresher on code of conduct and PIDs Any changes to policies etc. in last year Refresher on ethical decision-making skills Fraud and corruption
Employees who work in high-risk functional areas identified in the organisation risk assessment	Policies and procedures Internal controls

## 5.2 Fraud & Corruption Control Risk Assessments

The risk assessment of routine work matters can identify internal control weaknesses that could increase the organisation's exposure to fraud and corruption. Fraud and corruption control risk assessments will assist ICC in identifying those areas that have the potential to involve instances of fraud and/or corruption, and to implement measures to reduce risks. ICC will undertake three monthly fraud and corruption control risk assessments and review of the Fraud and Corruption Control Risk register. Also on an annual basis review and update the Fraud and Corruption Prevention Plan.

## 5.3 Internal Controls

ICC is committed to maintaining a strong internal control system and promotes and monitors the use of effective internal controls, i.e. Policies, Administrative Directives, Frameworks and Procedures. Effective, appropriate and sufficient internal controls will continue to be developed and maintained through the administration of all ICC activities and operations.

## 5.4 Internal Reporting

As per ICC's Code of Conduct, staff who know or have good reason to suspect any fraudulent, corrupt, criminal or unethical conduct must report it immediately.

ICC encourages the reporting of any concerns or suspicions about fraudulent or corrupt activity to:

- Their immediate supervisor; or
- Their section/branch manager; or
- The Chief Executive Officer; or
- A member of the Executive Leadership Team; or
- The Manager People and Culture; or
- The Ethical Standards Manager; or
- The Chief Audit Executive as the CCC Liaison Officer
- Report a Concern (Report a Concern is an external service facilitated by ICC that allows staff to anonymously report instances of fraud and corruption independently of ICC).

All reports of alleged fraud and corruption will be treated confidentially to the fullest extent possible under the law, but anonymity cannot be guaranteed.

The Chief Executive Officer (or his / her delegate) has a specific role in determining how the alleged conduct is to be investigated and ultimately addressed, particularly if further investigation is required through an external agency.

## 5.5 External Reporting

In Queensland's public sector there are a number of independent agencies which are responsible for promoting good governance, accountability and integrity and that provide law enforcement or need to be informed of such matters as appropriate:

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

The Chief Audit Executive is ICC's delegated contact officer for reporting any suspected fraudulent or corruption conduct to the appropriate agency.

## 5.6 Recording and Notifying Loss of an ICC Asset

Council's Risk Management Coordinator is to be notified of any theft or loss of ICC assets in order to determine whether the matter should be treated as a fraud and also because a claim for losses may be able to be made against an ICC insurance policy. The Risk Management Coordinator through the Chief Audit Executive will then notify the relevant external agencies as per section 307A of the *Local Government Regulation 2012*.

## 5.7 Public Interest Disclosures

ICC has certain obligations under the *Public Interest Disclosure Act 2010* to any person who makes a public interest disclosure. Those obligations, depending on circumstances, may extend to a person who discloses suspected fraud or corruption conduct.

For further information, please refer Council's Public Interest Disclosure Policy.

## 5.8 Investigations

The Ethical Standards Manager, under the direction of the Chief Executive Officer, will coordinate the investigation in relation to any fraudulent or corrupt conduction to ensure that the appropriate processes have been adhered to.

## 5.9 Code of Conduct

Implementation of the Fraud and Corruption and Control Plan (FCCP) will be based on the standards outlined in the Employee Code of Conduct. This provides guidance on the standards of behaviour expected of all employees and others associated with ICC in any significant way.

The Code of Conduct is founded on the *Public Sector Ethics Act 1994* and the following four ethics principles:

- Integrity and Impartiality;
- Promoting the Public Good;
- Commitment to the System of Government; and
- Accountability and Transparency.

The Code of Conduct does not cover all eventualities. To assist in the resolution of more complex ethical and fraud-related issues, Council officers should seek the advice of their supervisors and more senior management where necessary.

Full details of ICC's application of fraud and corruption control is contained in the ICC Fraud and Corruption Control Plan.

## **6. Roles and Responsibilities**

### **Chief Executive Officer (CEO)**

Overall responsibility for the prevention and detection of fraud and corruption within ICC. Ensures accountability and transparency in the management of ICC's resources and promotes integrity consistent with the values and principles of ICC's Code of Conduct.

### **General Managers and Branch Managers**

Display ethical leadership in the management and promotion of Council's fraud and corruption control plan and associated Fraud and Corruption Risk Register. Visibly promote and conduct themselves in a manner consistent with the values and principles of Council's Code of Conduct in fulfilling their responsibilities to:

- Safeguard the physical and intellectual assets under their control;
- Safeguard and ensure the legitimate use of information;
- Assure the efficient use of resources;
- Promptly investigate allegations or suspicions of fraudulent activity;
- Inform subordinate staff of their responsibilities for implementing internal controls and the prevention and detection of fraud and corruption;
- Identify areas of potential fraud and corruption risk;
- Develop or modify local work practices to reduce the risk of fraud and corruption;
- Be aware of their obligations with respect to losses, deficiencies and shortages;
- Receive reports and in turn report suspected fraud and corruption;
- Ensure effective implementation of Council's Public Interest Disclosure Policy;
- Maintain open, honest and full communication with staff so far as possible;
- Ensure staff awareness and participation in training and development activities; and
- Responsible for effective, appropriate and sufficient controls;
- Protection of Public Interest Disclosers and subject officers.

### **Staff**

Staff are encouraged to contribute to the development of improved systems and procedures that will enhance ICC's resistance to fraud and corruption. All staff should:

- safeguard assets under their control;
- indicate any lack or weakness in controls;
- Report suspected fraud and corruption;
- Report maladministration;
- Clearly understand their obligations with respect to any losses, deficiencies and shortages;
- Ensure all personal claims are accurate;
- Report any misconduct, including corrupt conduct; and
- Report behaviour that is in breach of the Code of Conduct.

### **Ethical Standards Manager**

- Report suspected corrupt conduct through the appropriate channels to the appropriate external agency;
- Investigate allegations of corruption conduct; and
- Workload and resources permitting, advises and reviews operational areas on implementing effective fraud and corruption control practices.

### **Legal and Governance Branch**

The Branch's responsibilities with respect to fraud and corruption control include:

- Developing and promulgating this Policy, the Fraud and Corruption Control Administrative Directive, Fraud and Corruption Control Plan and Fraud and Corruption Control Risk Register;
- Evaluating the effectiveness of ICC's Fraud and Corruption Control Administrative Directive, Fraud and Corruption Control Plan and Fraud and Corruption Control Risk Register;
- Providing a risk management consultancy service across ICC;
- Facilitating fraud workshops;
- Providing fraud and corruption awareness training and education; and
- Developing and ensuring an annual review of the Fraud and Corruption Control Risk Register

### **Internal Audit (IA)**

IA supports Council's efforts to establish an organisational culture that embraces ethics, honesty, and integrity. IA assists ICC with the evaluation of internal controls used to detect or mitigate fraud, evaluates the organisation's assessment of fraud risk, and is involved in any fraud investigations. The Chief Audit Executive (CAE) currently acts as the Liaison Officer to the Crime and Corruption Commission (CCC) and provides advice on fraud and corruption prevention matters. Although IA considers fraud and corruption within its audit plans and performs audits, it is important to note:

- The responsibility for prevention of irregularities rests with ICC and management through the implementation and continued operation of an adequate internal control system. Internal Auditors are responsible for examining and evaluating the adequacy and the effectiveness of actions taken by management to fulfil this obligation.<sup>1</sup>
- Although preventing fraud and corruption is a specific objective of IA's function, it is not IA's role to prevent fraud – it is management's.<sup>2</sup>

### **Audit and Risk Management Committee (ARMC)**

- Monitor the implementation of risk management (including fraud and corruption matters) and independently recommend actions to improve management frameworks; and
- Monitor the internal audit function to ensure audits include key fraud and corruption risks and that audits are risk based.

---

<sup>1</sup> [ICC Internal Audit Charter](#) section 7.2

<sup>2</sup> Australian Standard Fraud and Corruption AS 8001-2008



## 7. Key Stakeholders

The following will be consulted during the review process:

- Audit and Risk Committee
- Executive Leadership Team
- Legal and Governance Branch

## 8. Monitoring and Evaluation

The Fraud and Corruption Control Risk Register will be monitored and reviewed every three months by the Legal and Governance Branch. This policy, administrative directive, fraud and corruption control plan and any other associated documents are to be reviewed and updated on an annual basis.

## 9. Dealing with vexatious complaints

- Under sections 216 and 216A of the Crime and Corruption Act it is an offence for a person to make or ask someone else to make a vexatious or mischievous, reckless or malicious complaint.
- The CEO as public official must deal with corrupt conduct complaints but will dismiss a complaint that is assessed as being frivolous, vexatious or lacking in substance or credibility.
- If a complaint is dismissed as vexatious, not in good faith, or primarily for a mischievous purpose, or reckless, or malicious, the CEO will warn the person making the complaint that if they make the same, or substantially the same complaint again, the person may be committing an offence.

## 10. Definitions

Abbreviations	Description
ARMC	Audit and Risk Management Committee
CAE	Chief Audit Executive
CCC	Crime and Corruption Commission
CEO	Chief Executive Officer
ELT	Executive Leadership Team
FCCP	Fraud and Corruption Control Plan
IA	Internal Audit
ICC	Ipswich City Council

## 9. Policy Owner

The General Manager Corporate Services is the policy owner and the Manager Legal and Governance Branch is responsible for authoring and reviewing this policy.